

ALPHA CAPITAL (PRIVATE) LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2023**

**Independent Auditor's Report
To the Members of Alpha Capital (Private) Limited
Report on the Audit of the Financial Statements**

Opinion

We have audited the annexed financial statements of the **Alpha Capital (Private) Limited** which comprise the statement of financial position as at June 30, 2023 and the statement of profit or loss and other 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, the profit and loss statement, 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 its loss and other 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 (the Code) 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

The management is responsible for the other information. The other information comprises the information included in the Annual 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 or 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

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misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 are 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

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- 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

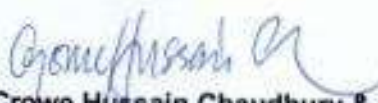
Based on our audit, we further report that in our opinion:

- 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 and other 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) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).
- e) the Company was in compliance with the requirements of section 78 of the Securities Act, 2015 and the relevant requirements of Securities Brokers (Licensing and Operations) Regulations, 2016 as at the date on which the statement of financial position was prepared.

Other Matters

The financial statements of the Company for the year ended June 30, 2022 were audited by another firm of chartered accountants who expressed unmodified opinion dated October 07, 2022

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


Crowe Hussain Chaudhury & Co.
Chartered Accountants

Karachi

Date: 30 OCT 2023

UDIN: AR202310207jb8VHIPyu

**ALPHA CAPITAL (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023**

| | Note | 2023 -----Rupees----- | 2022 |
|---|------|--------------------------|--------------------|
| ASSETS | | | |
| Non-Current Assets | | | |
| Property and equipment | 5 | 18,505,885 | 20,250,005 |
| Intangible assets | 6 | 3,998,753 | 4,137,497 |
| Long-term deposits | 7 | 5,264,000 | 5,264,000 |
| Deferred tax asset | 8 | - | - |
| | | 27,768,638 | 29,651,502 |
| Current Assets | | | |
| Trade debts | 9 | 23,232,042 | 42,179,398 |
| Loans and advances | 10 | 1,177,631 | 10,126,448 |
| Deposits, prepayments and other receivables | 11 | 34,825,088 | 53,511,472 |
| Short-term investments | 12 | 12,825,410 | - |
| Taxation-net | 13 | 5,947,327 | 5,338,334 |
| Cash and bank balances | 14 | 65,477,168 | 80,140,491 |
| | | 143,484,666 | 191,296,143 |
| Total Assets | | 171,253,304 | 220,947,645 |
| EQUITY AND LIABILITIES | | | |
| Share Capital and Reserves | | | |
| Authorized share capital | | | |
| 10,000,000 Ordinary shares of Rs. 10 each | | <u>100,000,000</u> | <u>100,000,000</u> |
| Issued, subscribed and paid-up capital | 15 | 50,490,000 | 50,490,000 |
| Revenue reserve | | | |
| Unappropriated profit | | 45,411,213 | 77,025,272 |
| Capital reserve | | | |
| Surplus on revaluation of property | 16 | - | 1,368,357 |
| Shareholders' equity | | <u>95,901,213</u> | <u>128,883,629</u> |
| Non-Current Liabilities | | | |
| Deferred liabilities | 17 | 5,719,391 | 4,970,324 |
| Current Liabilities | | | |
| Trade and other payables | 18 | 69,632,700 | 79,191,637 |
| Mark-up accrued | | - | 3,529 |
| Short-term borrowings | 19 | - | 7,898,526 |
| | | <u>69,632,700</u> | <u>87,093,692</u> |
| Contingencies and Commitments | | | |
| Total Equity and Liabilities | 20 | <u>171,253,304</u> | <u>220,947,645</u> |

The annexed notes from 1 to 34 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER



DIRECTOR



**ALPHA CAPITAL (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2023**

| | <i>Note</i> | 2023 -----Rupees----- | 2022 |
|--|-------------|----------------------------|----------------------------|
| Operating revenue - net | 21 | 30,362,324 | 53,223,703 |
| Commission paid to agents | 21 | <u>(3,206,589)</u> | <u>(4,347,282)</u> |
| | | 27,155,735 | 48,876,421 |
| Operating and administrative expenses | 22 | (68,784,511) | (61,101,268) |
| Finance cost | 23 | <u>(226,732)</u> | <u>(607,366)</u> |
| Operating (loss) | | (41,855,508) | (12,832,213) |
| Other charges | 24 | (461,110) | (6,587,640) |
| Other income | 25 | 10,951,656 | 9,772,237 |
| (Loss) before taxation | | (31,364,962) | (9,647,616) |
| Taxation - net | 26 | <u>(1,617,454)</u> | <u>(1,952,726)</u> |
| (Loss) after taxation | | (32,982,416) | (11,600,342) |
| Other comprehensive income | | - | - |
| Total comprehensive (loss) for the year | | <u>(32,982,416)</u> | <u>(11,600,342)</u> |

The annexed notes from 1 to 34 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER



DIRECTOR



ALPHA CAPITAL (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2023

| Description | Issued, Subscribed and Paid-up Capital | Reserves | | Total reserves | Total Shareholders' Equity |
|--|--|-------------------------------------|---|-------------------|-------------------------------|
| | | Revenue Unappropriated Profit | Capital Surplus on Revaluation of Property | | |
| ----- Rupees ----- | | | | | |
| Balance as at June 30, 2021 | 50,490,000 | 84,286,290 | 5,707,681 | 89,993,971 | 140,483,971 |
| Total comprehensive income for the year | - | (11,600,342) | - | (11,600,342) | (11,600,342) |
| Transferred from surplus on revaluation on account of disposal of assets - net of deferred tax | - | 4,168,376 | (4,168,376) | - | - |
| Transferred from surplus on revaluation on account of incremental depreciation - net of deferred tax | - | 170,948 | (170,948) | - | - |
| Balance as at June 30, 2022 | 50,490,000 | 77,025,272 | 1,368,357 | 78,393,629 | 128,883,629 |
| Total comprehensive income for the year | - | (32,982,416) | - | (32,982,416) | (32,982,416) |
| Transferred from surplus on revaluation on account of disposal of assets - net of deferred tax | - | 1,368,357 | (1,368,357) | - | - |
| Transferred from surplus on revaluation on account of incremental depreciation - net of deferred tax | - | - | - | - | - |
| Balance as at June 30, 2023 | 50,490,000 | 45,411,213 | (0) | 45,411,213 | 95,901,213 |

The annexed notes from 1 to 34 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER



DIRECTOR

DIRECTOR

ALPHA CAPITAL (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

2023 2022

-----Rupees-----

CASH FLOWS FROM OPERATING ACTIVITIES

| | | |
|---|---------------------|-------------|
| (Loss) before taxation | (31,364,962) | (9,647,616) |
| Adjustment for: | | |
| Depreciation | 3,726,455 | 2,765,710 |
| Amortization | 138,744 | 279,467 |
| Provision in respect of employees gratuity fund | 749,067 | 1,051,400 |
| Financial charges | 226,732 | 607,366 |
| Bad debts expense | - | 90,045 |
| Provision for doubtful debts made / (reversed) | - | (79,196) |
| Capital gain on disposal of investments | (859,327) | (30,337) |
| Unrealized Loss on investment | 706,610 | - |
| Gain on disposal of fixed assets - net | (5,679,067) | (4,762,046) |
| Cash outflows / inflows before working capital changes | (32,355,748) | (9,725,207) |

(Increase) / decrease in current assets

| | | |
|---|--------------------|--------------|
| Trade debts | 18,947,356 | 18,520,290 |
| Loans and advances | 8,948,817 | 14,805,820 |
| Deposits, prepayments and other receivables | 18,839,101 | 5,432,378 |
| Increase / (decrease) in current liabilities | | |
| Trade and other payables | (9,558,937) | (44,600,489) |

Cash generated from operations

| | | |
|---|--------------------|--------------|
| | 37,176,337 | (5,842,001) |
| Financial charges paid | (230,261) | (1,092,846) |
| Income taxes paid | (2,226,447) | (2,780,878) |
| Refunds received | - | - |
| Net cash (used in) / generated from operating activities | 2,363,881 | (19,440,932) |

CASH FLOWS FROM INVESTING ACTIVITIES

| | | |
|---|---------------------|--------------|
| Capital expenditure incurred | (4,503,268) | (13,750,415) |
| Proceeds from sales of office premises | 8,200,000 | 15,024,500 |
| Short term investments | (12,825,410) | 30,337 |
| Net cash generated from investing activities | (9,128,678) | 1,304,422 |

CASH FLOWS FROM FINANCING ACTIVITIES

| | | |
|---|---------------------|--------------|
| Short term borrowings (repaid) / obtained - net | (7,898,526) | (19,444,426) |
| Net cash (used in) / generated from financing activities | (7,898,526) | (19,444,426) |
| Net (decrease) / increase in cash and cash equivalent | (14,663,323) | (37,580,936) |
| Cash and cash equivalents at the beginning of the year | 80,140,491 | 117,721,427 |
| Cash and cash equivalents at the end of the year | 65,477,168 | 80,140,491 |

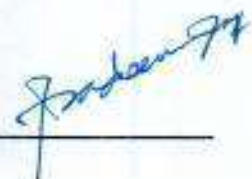
The annexed notes from 1 to 34 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER



DIRECTOR



**ALPHA CAPITAL (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

1 THE COMPANY AND GENERAL INFORMATION

1.1 Legal status and operations

Alpha Capital (Private) Limited (the 'Company') was incorporated in Pakistan on November 21, 1994, by the name of Alfa Adhi Securities (Private) Limited, as a private limited company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The name of the Company was changed to Alpha Capital (Private) Limited on January 20, 2022. The Company is a corporate member of the Pakistan Stock Exchange Limited (PSX) and the Pakistan Mercantile Exchange Limited (PMEX). The principal objects of the Company include share brokerage, money market transactions, consultancy services and underwriting etc. The registered office of the Company is situated at 3rd floor, Shaheen Chamber, KCHS block 7 & 8, Shahrāh e Faisal, Karachi. Other business addresses of the Company is 3rd floor, 308 - 309, New Block, Pakistan Stock Exchange, I.I Chundrigar road, Karachi.

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 issued by the IASB (here-in-after referred to as IFRS for SME's) as notified under the Companies Act, 2017 (the Act); and
- Provisions of and directives issued under the Act.

Where provisions of and directives issued under the Act differ from the IFRS for SME's, the provisions or directives issued under the Act have been followed.

Preparation of financial statements also include disclosure required by the Securities Brokers (Licensing and Operations) Regulations, 2016.

Further, disclosures of liquid capital (note no. 31) are prepared to meet the specific requirements of Securities and Exchange Commission of Pakistan (SECP) in accordance with the guidelines given under Second and Third Schedule to the Securities Brokers (Licensing and Operations) Regulations, 2016 (the Regulations), read with clarifications and guidelines issued by the SECP from time to time.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except stated otherwise. Further, accrual basis of accounting is followed except for cash flow information.

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas where assumptions and estimates are significant to the Company's financial statements or where judgment is exercised in application of accounting policies are as follows:

- Review of useful life and residual value of property and equipment (note 3.1 and 5);
- Intangible assets (note 3.2 and 6);
- Assumptions and estimates used in calculating the provision for trade and other receivables (note 3.4, 10, 11 and 9);
- Revenue recognition (note 3.11 and 21); and
- Provision for taxation including deferred tax (note 3.9, 8 and 26).

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except if stated otherwise.

3.1 Property and equipment

Owned

These are initially stated at cost. Subsequent to initial recognition these are measured at cost less accumulated depreciation and impairment losses, if any, except for office premises which are measured at revalued amounts less accumulated depreciation. Depreciation is charged to income by applying the reducing balance method at the rates specified in the relevant note.

Depreciation is charged from the month in which they are available for use and on deletions up to the month of deletion. Normal repairs and maintenance are charged to profit or loss as and when incurred. Major renewals, if any, are capitalized.

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 asset will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to profit or loss during the financial year in which they are incurred.

The carrying values of property and equipment are reviewed for impairment when event or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Assets are derecognized when disposed off or when no future economic benefits are expected from its use or disposal and significant risks and rewards incidental to ownership have been transferred. Gains or losses on disposal of assets, if any, are recognized in the profit or loss, as and when incurred.

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Revalued assets

Revaluation of leasehold office premises is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. Any revaluation increase in the carrying amount of leasehold premises is recognized, net of tax, in other comprehensive income and presented as a separate component of equity as "surplus on revaluation of property" except to the extent that it reverses a revaluation decrease / deficit for the same asset previously recognised in the profit or loss, in which case the increase is first recognized in the profit or loss to the extent of the decrease previously charged. Any decrease that reverses the previous increase of the same asset is first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset, all other decrease are charged to the profit or loss. The revaluation reserve is not available for distribution to the Company's shareholders. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from revaluation surplus to unappropriated profit as incremental depreciation.

Gains and losses on disposal of revalued assets

Gains and losses on disposal of assets are taken to the profit or loss, and the related surplus on revaluation of property, if any, is transferred directly to unappropriated profit.

3.2 Intangible assets**Membership Card - Pakistan Mercantile Exchange Limited**

This is stated at cost less impairment, if any. This is not amortized due to the fact that it has an indefinite useful life. Useful life can not be ascertained as it is unknown that how long member will hold the card. The carrying amount is reviewed at each statement of financial position date to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds the estimated recoverable amount, it is written down to its estimated recoverable amount.

Trading Rights Entitlement Certificate (TREC)

This is initially measured at apportioned value of carrying value of surrendered card which is apportioned between TREC and Shares of PSX. Subsequent to its initial recognition, it is measured at cost less impairment, if any. This is not amortized due to the fact that it has an indefinite useful life. Useful life can not be ascertained as it is unknown that how long member will hold the card. The carrying amount is reviewed at reporting date to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds the estimated recoverable amount, it is written down to its estimated recoverable amount.

Software

Software are stated at cost less accumulated amortization and any identified impairment loss. Amortization on software is charged to income by applying straight line method at the rates specified in the relevant note. Amortization is charged from the month of acquisition of software, up to the month of deletion. The carrying value of software are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceeds the estimated recoverable amount, the software are written down to their recoverable amount.

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3.3 Financial assets and liabilities

During the year, upon transition from full IFRSs to IFRS for SMEs as fully disclosed in note 2.1 to these financial statements, the Company changed its accounting policy for the financial instruments in accordance with requirements of the IFRS for SMEs. Now financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provision of the instrument. Financial assets are de-recognized when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of ownership of the asset. Financial liabilities are de-recognized when obligation is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liability is recognized in the statement of profit or loss and other comprehensive income of the current period.

The Company's previous accounting policy for recognition and recognition of financial instruments was in accordance with the then applicable full IFRSs under which all financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received and are subsequently measured at fair value or amortized cost as the case may be. The detailed policies for classification, recognition and derecognition of financial instruments and their impairment is not disclosed here with a view to brevity.

This change in accounting policy has been accounted for retrospectively, however, there is no financial impact as there is no change in classification or measurement of any financial instruments of the Company under IFRS for SMEs as compared to previously complied full IFRSs.

3.3.1 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

3.4 Trade debts and other receivables

These are recognised and carried at transaction price less an allowance for impairment. A provision for impairment 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 receivables. 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.

3.5 Loans, advances and deposits

These are recognised and carried at transaction price less an allowance for impairment. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms. The amount of the provision is recognised in the statement of profit or loss. Balances are written-off in the statement of profit or loss when considered irrecoverable.

3.6 Fiduciary assets

Assets held in trust or in a fiduciary capacity by the Company are not treated as assets of the Company and accordingly are not included in these financial statements.

3.7 Cash and cash equivalents

It comprises of cash in hand and cash at bank which are carried at amortized cost. For the purpose of cash flow statements, cash and cash equivalent include cash in hand and bank balances.

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3.8 Trade and other payables

Liabilities for creditors and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for the goods and / or services received, whether or not billed to the Company. Trade payables in respect of securities are recorded at settlement date of transactions.

3.9 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the profit or loss, except to the extent that it relates to the items recognized directly in other comprehensive income or in equity, in which case it is recognized there.

Current

Provision for taxation is based on current year taxable income determined in accordance with the provisions of Income Tax Ordinance, 2001, enacted on the reporting date and only adjustment to tax payable in respect of previous year.

Deferred

Deferred tax is provided in full using the balance sheet liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the reporting date.

Deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit for the foreseeable future will be available against which such temporary differences and tax losses can be utilized.

3.10 Provisions

Provisions are recognized when the company has present legal or constructive obligation as result of past events and it is probable that an outflow of resources will be required to settle the obligation, and reliable estimates of the amount can be made of the amount of obligation. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

3.11 Revenue recognition

Revenue from brokerage services

Revenue is measured at the fair value of the consideration received or receivable, exclusive of sales tax and trade discounts, to the extent the Company has rendered services under an agreement, the amount of which can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company.

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Other revenue

- Profit on deposits and margin financing is recognized on a time proportionate basis, with reference to the principal outstanding and at the applicable effective interest rate.
- Gain on sale of fixed assets is recorded when title is transferred in favour of the transferee.
- Dividend income is recorded when the right to receive the dividend is established.
- Unrealized gains / (losses) arising on revaluation of securities classified as 'financial assets at fair value through profit or loss are included in profit or loss in the period in which they arise.
- Gains / (losses) arising on disposal of investments are included in income currently and are recognized on the date when the transaction takes place.
- Miscellaneous income is recognized on occurrence of transactions on accrual basis.

3.12 Staff retirement benefits**Defined benefit plan - gratuity**

The Company operates an unfunded gratuity scheme for all its eligible employees who have completed their minimum qualifying period of service with the Company. Gratuity payable is accounted for on accrual basis. Provision for the year is made at the rate of last drawn basic salary.

The Company has not deployed the services of any external expert for the valuation of staff retirement benefit obligation as on the reporting date in accordance with the requirements of Projected Unit Credit (PUC) method and has availed the simplifications given under the IFRS for SME's whereby the Company has accounted for the provision of the gratuity while ignoring the estimated future salary increases, future services of existing employees and also ignoring the mortality factors.

3.13 Borrowing cost

Borrowing cost are recognized as expense in the period in which these are incurred.

4 DETAILS OF RELATED PARTIES

Followings are the names of those related parties with whom the company has made transactions during the current financial year:

| Name of related parties | % of holding | Basis of relationship |
|-----------------------------------|---------------------|------------------------------|
| Akseer Research (Private) Limited | 44.02 | Member / Common directorship |
| Mr. Azfar Naseem | 12.98 | Chief Executive |
| Mr. Mohsin Adhi | 7.50 | Director |
| Mr. Muhammad Iqbal Adhi | 13.00 | Director |
| Mr. Shalkh Naseem Ahmed | 22.5 | Shareholder |

CAC

5 PROPERTY, PLANT AND EQUIPMENT

| Particulars | Owned Assets | | | | | Total |
|-----------------------------------|-----------------------|-------------------|------------------|------------------------|------------------|-------------------|
| | Leasehold improvement | Computers | Office equipment | Furniture and fixtures | Generators | |
| ----- Rupees ----- | | | | | | |
| COST | | | | | | |
| Balance as at 01 July 2021 | 16,250,723 | 9,515,959 | 3,526,987 | 4,530,700 | 1,533,691 | 37,054,265 |
| Additions during the year | - | 899,015 | 55,400 | 46,000 | - | 12,250,415 |
| Disposals during the year | (11,275,000) | - | - | (2,992,898) | - | (14,267,898) |
| Balance as at 30 June 2022 | 4,975,723 | 10,414,974 | 3,582,387 | 1,583,802 | 1,533,691 | 35,036,782 |
| Balance as at 01 July 2022 | 4,975,723 | 10,414,974 | 3,582,387 | 1,583,802 | 1,533,691 | 35,036,782 |
| Additions during the year | - | 314,250 | 4,018 | - | - | 4,185,000 |
| Disposals during the year | (3,399,868) | - | - | - | - | (1,643,205) |
| Balance as at 30 June 2023 | 1,575,855 | 10,729,224 | 3,586,405 | 1,583,802 | 1,533,691 | 34,496,977 |
| ACCUMULATED DEPRECIATION | | | | | | |
| Balance as at 01 July 2021 | 2,854,493 | 7,873,089 | 1,686,606 | 1,980,116 | 12,781 | 16,026,511 |
| Charged during the year | 413,676 | 741,207 | 187,271 | 183,193 | 152,089 | 2,765,709 |
| On disposals | (2,357,701) | - | - | (1,647,742) | - | (4,005,443) |
| Balance as at 30 June 2022 | 910,468 | 8,614,296 | 1,873,877 | 515,567 | 164,870 | 14,786,777 |
| Balance as at 01 July 2022 | 910,468 | 8,614,296 | 1,873,877 | 515,567 | 164,870 | 14,786,777 |
| Charged during the year | 192,424 | 583,414 | 170,955 | 106,824 | 136,884 | 3,726,455 |
| On disposals | (919,287) | - | - | - | - | (1,602,853) |
| Balance as at 30 June 2023 | 183,605 | 9,197,710 | 2,044,832 | 622,391 | 301,754 | 15,991,092 |
| CARRYING AMOUNT - 2023 | 1,392,250 | 1,531,514 | 1,541,573 | 961,411 | 1,231,937 | 18,505,885 |
| CARRYING AMOUNT - 2022 | 4,065,255 | 1,800,678 | 1,708,510 | 1,068,235 | 1,368,821 | 20,250,005 |
| RATE OF DEPRECIATION (%) | 5% | 30% | 10% | 10% | 10% | 20% |

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| | Note | 2023 -----Rupees----- | 2022 |
|---|------|--------------------------|------------------|
| 6 INTANGIBLE ASSETS | | | |
| Trading right entitlement certificate (TREC) | 6.1 | 2,500,000 | 2,500,000 |
| Software programs | 6.2 | 1,248,753 | 1,387,497 |
| Membership card of PMEX | | 250,000 | 250,000 |
| | | <u>3,998,753</u> | <u>4,137,497</u> |
| 6.1 Trading right entitlement certificate (TREC) | | | |
| Gross carrying amount | | 2,500,000 | 3,415,954 |
| Provision for impairment | | - | (915,954) |
| Net carrying amount | | <u>2,500,000</u> | <u>2,500,000</u> |
| This represents TREC received from Pakistan Stock Exchange in accordance with the requirements of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012. | | | |
| 6.2 Software programs | | | |
| Movement during the year | | | |
| Opening net book value | | 1,387,497 | 166,964 |
| Addition during the year | | - | 1,500,000 |
| Amortization charge | | (138,744) | (279,467) |
| Closing net book value | | <u>1,248,753</u> | <u>1,387,497</u> |
| As at June 30, | | | |
| Cost | | 2,919,667 | 2,919,667 |
| Accumulated amortization | | (1,670,914) | (1,532,170) |
| | | <u>1,248,753</u> | <u>1,387,497</u> |
| Rate of amortization | | | |
| | | <u>10%</u> | <u>10%</u> |
| 7 LONG-TERM DEPOSITS | | | |
| Deposits | | | |
| NCEL Building Management Limited | | 2,500,000 | 2,500,000 |
| Pakistan Mercantile Exchange Limited | | 1,250,000 | 1,250,000 |
| Central Depository Company of Pakistan Limited | | 100,000 | 100,000 |
| National Clearing Company of Pakistan Limited | | 1,400,000 | 1,400,000 |
| Others | | 14,000 | 14,000 |
| | | <u>5,264,000</u> | <u>5,264,000</u> |

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| | Note | 2023 -----Rupees----- | 2022 |
|--|-------|--------------------------|--------------------|
| 8 DEFERRED TAX ASSET | | | |
| 8.1 Deferred tax liability comprises of the following:- | | | |
| Deductible temporary differences | | | |
| Provision for employees gratuity | | 749,067 | 1,441,394 |
| Provision for doubtful debts | | - | - |
| Tax losses and credits | 8.1.1 | 10,157,562 | 2,920,600 |
| | | <u>10,906,629</u> | <u>4,361,994</u> |
| Taxable temporary differences | | | |
| Accelerated tax depreciation and amortization | | 75,202 | (490,254) |
| Net deductible difference | | <u>10,981,831</u> | <u>3,871,740</u> |
| Deferred tax asset not recognized | 8.1.2 | <u>(10,981,831)</u> | <u>(3,871,740)</u> |
| | | <u>-</u> | <u>-</u> |

8.1.1 Breakup of unused tax losses and tax credits is as follows:

| Normal business losses | Gross Value (Rs.) | Expiry Date | 2023 Rupees |
|-----------------------------|-------------------|---------------|-------------------|
| Unused business loss | 10,314,038 | June 30, 2029 | 2,991,071 |
| Unused business loss | 4,849,084 | June 30, 2025 | 1,406,234 |
| Unused business loss | 10,422,618 | June 30, 2028 | 3,022,559 |
| Unabsorbed tax depreciation | 6,677,837 | Indefinite | 1,936,573 |
| Minimum tax credit | 363,252 | June 30, 2025 | 363,252 |
| Capital loss 2021 | 3,481,882 | June 30, 2024 | 435,235 |
| Capital loss 2022 | 21,101 | June 30, 2025 | 2,638 |
| | | | <u>10,157,562</u> |

8.1.2 Deferred tax asset on the net deductible differences as on reporting date has not been recognized due to the inherent uncertainties in forecasts of sufficient taxable profits in foreseeable future against which such benefits can be utilized.

9 TRADE DEBTS
Considered good

| | | | |
|----------------------------|-----|--------------------------|-------------------|
| From individual clients | 9.1 | 21,104,768 | 38,572,282 |
| From institutional clients | | 2,127,274 | 3,607,116 |
| | | <u>23,232,042</u> | <u>42,179,398</u> |

9.1 From Individual Clients

| | | | |
|------------------------|-------|--------------------------|-------------------|
| - From related parties | 9.1.1 | - | 168 |
| - From others | | 26,156,593 | 38,572,115 |
| | | <u>26,156,593</u> | <u>38,572,282</u> |

Considered doubtful - from others

| | | | |
|-----------------------------------|-------|---------------------------|-------------------|
| Provision for considered doubtful | 9.1.2 | 26,156,593 | 38,572,282 |
| | | <u>(2,924,551)</u> | <u>-</u> |
| | | <u>23,232,042</u> | <u>38,572,282</u> |

9.1.1 Maximum aggregate amount of receivable during the year with respect to month end

Mrs. Sana Mehmood (Close family member)

SM

| | | | |
|--|--|---|-------|
| | | - | 5,056 |
|--|--|---|-------|

| | Note | 2023 -----Rupees----- | 2022 |
|--|------|--------------------------|------------|
| 9.1.2 Movement in provision for doubtful debts: | | | |
| Opening | | - | 79,196 |
| Provision made during the year | 24 | - | - |
| Provision reversed | | - | (79,196) |
| Closing | | - | - |
| 10 LOANS AND ADVANCES | | | |
| Considered good | | | |
| - Loans | | | |
| - to Directors | 10.1 | - | 9,369,193 |
| - to staff | | 1,173,387 | 749,000 |
| | | 1,173,387 | 10,118,193 |
| - Advances | | | |
| - to Nadra E-Sahulat wallet | | 4,244 | 8,255 |
| | | 1,177,631 | 10,126,448 |
| 10.2 Movement of loan to staff during the year: | | | |
| Opening balance | | 749,000 | 201,000 |
| Loan given to employees during the year | | 2,199,019 | 1,463,000 |
| Loan repaid by employees during the year | | (1,774,632) | (915,000) |
| Closing balance | | 1,173,387 | 749,000 |
| 11 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES | | | |
| Deposits | | | |
| - To PSX against Base Minimum Capital | 11.1 | 3,000,000 | 13,650,000 |
| - To NCCPL against Regular Trading Exposure | | 25,000,000 | 27,500,000 |
| Future Trading Exposure | | 3,000,125 | 11,000,125 |
| Future Market Losses | | 1,418,610 | 455,560 |
| | | 32,418,735 | 52,605,685 |
| Prepayments | | | |
| | | 430,095 | 397,609 |
| Other receivables - considered good | | | |
| - Future profit receivable from NCCPL | | 198,377 | 68,118 |
| - Other receivables | | 1,777,881 | 440,060 |
| | | 1,976,258 | 508,178 |
| | | 34,825,088 | 53,511,472 |

11.1 This represents deposit determined as per the criteria given under Schedule I to Chapter 19 of the PSX Rule Book, which is maintained by the Company, as a broker, with the PSX for its eligibility to trade through the Exchange Trading Systems.

etc

| | | Note | 2023 | 2022 |
|--|---------------|-----------------------------------|-------------------|----------|
| | | | -----Rupees----- | |
| 12 SHORT-TERM INVESTMENTS | | | | |
| 12.1 At fair value through profit or loss | | | | |
| | No. of shares | | | |
| | 2023 | 2022 | | |
| | 10,000 | 10,000 | - | - |
| | 10,000 | - | 683,200 | - |
| | 2,500 | - | 3,810,250 | - |
| | 40,000 | - | 3,715,200 | - |
| | 13,000 | - | 5,323,370 | - |
| | | | 13,532,020 | - |
| | | Unrealized loss | (706,610) | - |
| | <u>75,500</u> | <u>10,000</u> | <u>12,825,410</u> | <u>-</u> |
| | | Market Value as at 30 June | | |

12.2 Trading in shares of Dewan Salman Fibre Limited has been suspended by the Pakistan Stock Exchange Limited. Hence the shares are valued at Nil.

13 TAXATION-NET

| | | | |
|----------------------------------|----|------------------|------------------|
| Balance as on July 01, | | 5,338,334 | 4,510,182 |
| Prior year adjustment | | - | - |
| Refunds received during the year | | - | - |
| Taxes paid during the year | | 2,226,447 | 2,780,878 |
| Tax liability for the year | 26 | (1,617,454) | (1,952,726) |
| Balance as on June 30, | | <u>5,947,327</u> | <u>5,338,334</u> |

14 CASH AND BANK BALANCES

| | | | |
|------------------|------|-------------------|-------------------|
| Cash in hand | | 13,513 | 17,817 |
| Cash at banks | | | |
| - Own | | | |
| Current accounts | | 3,954,859 | 2,564,965 |
| Pis account | 14.1 | 719,122 | 371,451 |
| | | 4,673,981 | 2,936,416 |
| - Client | | | |
| Current accounts | | 60,789,674 | 77,186,258 |
| | | <u>65,477,168</u> | <u>80,140,491</u> |

14.1 This amount carries mark-up ranging from 12.75% to 18.25% (2022: 5.5% to 12.75%) per annum.

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| | | Note | 2023 | 2022 |
|--|------------------|------------------|-------------------|-------------------|
| | | | -----Rupees----- | |
| 15 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL | | | | |
| | 2023 | 2022 | | |
| | Number of Shares | | | |
| Ordinary shares of Rs.10 each | | | | |
| | 4,299,000 | 4,299,000 | 42,990,000 | 42,990,000 |
| | 750,000 | 750,000 | 7,500,000 | 7,500,000 |
| | <u>5,049,000</u> | <u>5,049,000</u> | <u>50,490,000</u> | <u>50,490,000</u> |

- 15.1** The ordinary share holders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Company. All shares carry one vote per share in general meetings, without any restriction. Voting rights, board selection, right of first refusal and block voting are in proportion to the shareholding.

15.2 PATTERN OF SHAREHOLDING:

| S. No. | Names | No. of shares | Percentage |
|--------|-----------------------------------|------------------|----------------|
| 1 | Akseer Research (Private) Limited | 2,222,540 | 44.02% |
| 2 | Shaikh Naseem Ahmed | 1,136,025 | 22.50% |
| 3 | Muhammad Azfar Naseem | 655,390 | 12.98% |
| 4 | Muhammad Iqbal Adhi | 656,370 | 13.00% |
| 5 | Mohsin Adhi | 378,675 | 7.50% |
| | | <u>5,049,000</u> | <u>100.00%</u> |

16 SURPLUS ON REVALUATION OF PROPERTY

| | | |
|---|-------------|------------------|
| Gross balance as on July 01, | 1,927,264 | 8,088,985 |
| Transferred from revaluation reserve to unappropriated profit on account of disposal of assets | (1,927,264) | (5,920,949) |
| Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax | - | (170,948) |
| Tax effect on incremental depreciation transferred to unappropriated profit | - | (69,824) |
| Gross balance as on June 30, | - | 1,927,264 |
| Less: Related deferred tax liability | | |
| Opening balance | (558,907) | (2,381,304) |
| Effect of disposal of asset | 558,907 | 1,752,573 |
| Effect of incremental depreciation transferred to unappropriated profit | - | 69,824 |
| Closing balance | - | (558,907) |
| | - | <u>1,368,357</u> |

- 16.1** On April 30, 2017, the Company carried out revaluation of its office premises under the market value basis, by an independent valuer, M/s. Zafar Iqbal & Company. During the year the undelying premises has been sold out for sale proceeds of Rs. 8.2 million.

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| | Note | 2023 -----Rupees----- | 2022 |
|---|------|--------------------------|------------|
| 17 DEFERRED LIABILITIES | | | |
| Defined benefit plan - gratuity | 17.1 | <u>5,719,391</u> | 4,970,324 |
| 17.1 Movement during the year | | | |
| Opening balance | | 4,970,324 | 3,918,924 |
| Provision for the year | | <u>749,067</u> | 1,051,400 |
| | | <u>5,719,391</u> | 4,970,324 |
| 18 TRADE AND OTHER PAYABLES | | | |
| Trade payable | 18.1 | 66,851,883 | 76,908,226 |
| Accrued liabilities | 18.2 | 1,094,200 | 662,510 |
| Retained profit payable | | 356,750 | 103,470 |
| Future exposure payable | 18.3 | 1,007,168 | 1,096,380 |
| Withholding tax payable | | 53,170 | 11,935 |
| Sindh sales tax on services payable - net | | 41,319 | 37,586 |
| Other liabilities | | 228,210 | 371,530 |
| | | <u>69,632,700</u> | 79,191,637 |

- 18.1** This includes Rs. 0.443 (2022: Rs. 0.030) million payable to Directors and their close family members.
- 18.2** This includes Rs. nil (2022: Rs. nil) payable to Akseer Research (Private) Limited (an associated company) on account of research and development charges.
- 18.3** This represents future exposure taken by the clients which is deducted by the Company from the clients on prudence basis and released to clients on net basis at the time of maturity.

19 SHORT-TERM BORROWINGS

From banking companies

| | | | |
|-----------------|------|----------|------------------|
| Running finance | 19.1 | - | 7,898,526 |
| | | <u>-</u> | <u>7,898,526</u> |

- 19.1** The Company has available facility of Rs. 100 (2022: Rs. 100) million at the markup of 3 month KIBOR plus 2% from a banking company to meet working capital requirements. At the reporting date, the unavailed facility amounted to Rs. 100 million (2022: Rs. 92.101) million. These facilities are secured against:

- a) Pledge of shares against as per banks' approved list and margins;

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20 CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

- 20.1. The Company has not recorded provision for Workers' Welfare Fund for the year ended June 30, 2014 amounting to Rs. 218,490, on the ground that the issue of chargeability of WWF on commercial establishment is under litigation before the Honourable High Court of Sindh, whereby stay has been granted to various companies. However, the Company itself has not challenged the levy in the Court and may be required to pay the amount in case tax authorities issue any order in this regard.

20.2 Commitments

Commitments against unrecorded transactions executed before the year end having settlement date subsequent to year end are as follows:

| Note | 2023 -----Rupees----- | 2022 |
|---------------------------------------|--------------------------|-------------------|
| For purchase of shares - ready market | <u>31,153,250</u> | <u>56,720,052</u> |
| For sale of shares - ready market | <u>51,067,282</u> | <u>54,995,242</u> |

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| | Note | 2023 | 2022 |
|--|-----------|-------------------|-------------------|
| | | -----Rupees----- | |
| 21 OPERATING REVENUE - NET | | | |
| Commission income from | | | |
| Equity brokerage including SST | | 35,033,530 | 59,789,118 |
| IPO book building | | 200 | 321,562 |
| | | <u>35,033,730</u> | <u>60,110,680</u> |
| Less: Sindh sales tax on services | | (4,671,406) | (6,886,977) |
| | 21.1 | <u>30,362,324</u> | <u>53,223,703</u> |
| Less: Commission paid to agents | | (3,206,589) | (4,347,282) |
| | | <u>27,155,735</u> | <u>48,876,421</u> |
| 21.1 Breakup of brokerage income excluding sales tax is as follows: | | | |
| - Institutional clients | | 10,570,413 | 14,016,189 |
| - Individual customers | | 19,791,911 | 39,207,514 |
| | | <u>30,362,324</u> | <u>53,223,703</u> |
| 22 OPERATING AND ADMINISTRATIVE EXPENSES | | | |
| Salaries, allowances and other benefits | 22.1 | 18,270,613 | 35,341,087 |
| Directors' remuneration | 27 | 8,440,000 | 5,122,272 |
| Printing and stationery | | 160,670 | - |
| Utilities | | 2,375,928 | 2,266,741 |
| Repairs and maintenance | | 326,252 | - |
| CDC charges | | 1,128,668 | 1,349,259 |
| NCCPL charges | | 3,271,635 | 2,315,952 |
| PSX charges | | 1,806,433 | 2,994,758 |
| Depreciation | 5 | 3,726,455 | 2,765,710 |
| Amortization | 6.2 & 6.3 | 138,744 | 279,467 |
| Rent expense | | 1,975,288 | 2,100,165 |
| Internet and communication | | 1,799,874 | 3,799,327 |
| Traveling expenses | | 8,520 | - |
| Fees and subscription | | 607,613 | 1,258,080 |
| Legal and professional charges | | 580,000 | 175,000 |
| Insurance | | 940,458 | 367,609 |
| Miscellaneous | | 384,023 | 965,842 |
| Provision for doubtful debt | | 2,924,551 | - |
| Written off other receivables | 22.2 | 19,212,176 | - |
| Unrealized loss on investment | | 706,610 | - |
| | | <u>68,784,511</u> | <u>61,101,268</u> |
| 22.1 | | | |
| This includes provision for gratuity amounting to Rs. 0.749 million (2022: Rs. 1.051) million. | | | |
| 22.2 | | | |
| Akseer Research and its affiliates entered into two Share Purchase Agreements on November 18, 2020, and January 10, 2022, with the former management members of the company to acquire a 95% majority shareholding in the company. The pricing of the shares was determined through a calculation mechanism that hinged on the previous management's ability to prove the recoverability of specific outstanding receivables owed to the company. As of June 30, 2023, Akseer Research and its affiliates have successfully acquired 79.5% of the shares in Alpha Capital. | | | |
| To expedite the execution of the Share Purchase Agreements, certain receivables, for which the previous management failed to demonstrate recoverability, were written off and subsequently adjusted in the acquisition price. This adjustment was necessary to finalize the acquisition process in a timely manner. | | | |
| 23 FINANCE COST | | | |
| Bank charges | | 204,123 | 297,964 |
| Mark-up on running finance | | 22,609 | 309,402 |
| | | <u>226,732</u> | <u>607,366</u> |

| | Note | 2023 -----Rupees----- | 2022 |
|---|--|--------------------------|------------------|
| 24 OTHER CHARGES | | | |
| Auditors' remuneration | 24.1 | 410,000 | 320,000 |
| Research and development charges | 24.2 | - | 5,729,623 |
| Bad debts expense | | - | 90,045 |
| Miscellaneous expenses | | 51,110 | 447,972 |
| | | 461,110 | 6,587,640 |
| 24.1 Auditors' remuneration | | | |
| Statutory audit | | 315,000 | 310,000 |
| Out of pocket | | 35,000 | 10,000 |
| Other services | | 60,000 | - |
| | | 410,000 | 320,000 |
| 24.2 | This represents outsourcing of research work by the Company to M/s. Akseer Research (Private) Limited (an associated company) for market research on securities for institutional and retail clients of the Company. | | |
| 25 OTHER INCOME | | | |
| From financial assets | | | |
| Mark-up income on deposits | | 4,278,262 | 4,900,658 |
| Dividend income | | 135,000 | - |
| Reversal of provision for doubtful debts | 9.1.2 | - | 79,196 |
| Reversal of provision for doubtful debts | | | |
| Capital gain on disposal of investments - net | | 859,327 | 30,337 |
| | | 5,272,589 | 5,010,191 |
| From other than financial assets | | | |
| Gain on disposal of fixed assets - net | | 5,679,067 | 4,762,046 |
| | | 10,951,656 | 9,772,237 |
| 26 TAXATION - NET | | | |
| Current | | 1,308,719 | 1,952,726 |
| Prior year | | 308,735 | - |
| | | 1,617,454 | 1,952,726 |
| 26.1 | Returns for the tax year up to 2022 have been filed, which are deemed to be assessment order under provisions of the Income Tax Ordinance, 2001, however the CIT has power to re-assess any of the five preceding tax years. | | |

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26.2 Due to minimum tax there is no relationship builds between tax expense and accounting (Loss)

27 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

| | Chief Executive | | Directors | | Executives | |
|-------------------------|------------------|-----------|------------------|-----------|------------------|-----------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| ----- Rupees ----- | | | | | | |
| Managerial remuneration | 1,080,000 | 1,440,000 | 1,134,000 | 1,440,156 | 2,850,000 | 2,970,000 |
| House rent | 324,000 | 480,000 | 340,200 | 480,052 | 855,000 | 990,000 |
| Conveyance allowance | 216,000 | 240,000 | 226,800 | 240,026 | 570,000 | 495,000 |
| Utilities | 180,000 | 240,000 | 257,727 | 240,026 | 475,000 | 495,000 |
| Commission | - | - | 262,192 | 322,012 | - | - |
| | 1,800,000 | 2,400,000 | 2,220,919 | 2,722,272 | 4,950,000 | 2,450,000 |
| No. of persons | 1 | 1 | 2 | 2 | 1 | 1 |

27.1 Chief Executive is provided with the Company maintained car.

28 FINANCIAL INSTRUMENT BY CATEGORY

Financial Assets

At amortized cost

| | | | |
|--------------------------------|----|--------------------|-------------|
| Long-term deposits | 7 | 5,264,000 | 5,264,000 |
| Trade debts | 9 | 23,232,042 | 42,179,398 |
| Loans | 10 | - | - |
| Deposits and other receivables | 10 | 1,173,387 | 10,118,193 |
| Cash and bank balances | 11 | 34,394,993 | 53,113,863 |
| | 14 | 65,477,168 | 80,140,491 |
| | | 129,541,590 | 190,815,945 |

Financial Liabilities

At amortized cost

| | | | |
|--------------------------|----|-------------------|------------|
| Trade and other payables | 18 | 69,538,211 | 79,142,116 |
| Mark-up accrued | | - | 3,529 |
| Short term borrowing | 19 | - | 7,898,526 |
| | | 69,538,211 | 87,044,171 |

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29 RELATED PARTY TRANSACTIONS

Related parties comprise of directors, key management personnel and their close family members. Year end balances of related parties are disclosed in the relevant notes to these financial statements. Details of remuneration and perquisites paid to Chief Executive and Directors during the year are disclosed in note 27. Transactions executed during the year with the related parties are

| | Note | 2023 -----Rupees----- | 2022 |
|---|---------------|--------------------------|--------------------|
| Names of related party / Nature of transactions | | | |
| Chief Executive and Directors | | | |
| Commission earned from brokerage transactions with Directors | | - | 107,963 |
| Rent paid to Directors for PSX Office | | - | 130,000 |
| Close Family Members | | | |
| Salary paid to employees who are close family members | | - | - |
| Commission earned from brokerage transactions | | - | - |
| Akseer Research (Private) Limited - associated Company | | | |
| Services obtained during the year | 24 | - | - |
| Payments made during the year | | - | - |
| Purchase of vehicle | | - | - |
| 30 CAPITAL ADEQUACY LEVEL | | | |
| Total Assets | 30.1 | 171,253,304 | 220,947,645 |
| Less: Total Liabilities | | (75,352,091) | (92,064,016) |
| Less: Surplus on revaluation of property | | - | (1,368,357) |
| Capital Adequacy Level | 30.1.1 | 95,901,213 | 127,515,272 |

30.1 While determining the value of total assets of the TREC Holder, notional value of the TRE certificate held by M/s. Alpha Capital (Private) Limited as at the year ended June 30, 2023, as determined by the Pakistan Stock Exchange has been considered.

30.1.1 Disclosure has been provided in pursuant of the requirements of 'Limit on Assets Under Custody Regime' read with Regulation 6.8 of CDC regulations.

CMU

31 COMPUTATION OF LIQUID CAPITAL AS AT JUNE 30, 2023

| S. No. | Head of Account | Value in Pak Rupees | Hair Cut / Adjustments | Net Adjusted Value |
|----------|---|---------------------|------------------------|--------------------|
| 1 | ASSETS | | | |
| 1.1 | Property & Equipment | 18,505,885 | 18,505,885 | - |
| 1.2 | Intangible Assets | 3,998,753 | 3,998,753 | - |
| 1.3 | Investment in Government Securities | - | - | - |
| 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 cut-off date as computed by the Securities Exchange for respective securities whichever is higher. | 12,825,410 | 1,923,812 | 10,901,599 |
| | ii. If unlisted, 100% of carrying value. | - | - | - |
| 1.6 | Investment in subsidiaries | - | - | - |
| 1.7 | Investment in associated companies/undertaking | | | |
| | i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher. | - | - | - |
| | ii. If unlisted, 100% of net value. | - | - | - |
| 1.8 | Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity. | 8,264,000 | 8,264,000 | - |
| 1.9 | Margin deposits with exchange and clearing house. | 28,000,125 | - | 28,000,125 |
| 1.10 | Deposit with authorized intermediary against borrowed securities under SLB. | - | - | - |
| 1.11 | Other deposits and prepayments | 430,095 | 430,095 | - |
| 1.12 | Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc. (Nil) | - | - | - |
| | 100% in respect of mark-up accrued on loans to directors, subsidiaries and other related parties. | - | - | - |
| 1.13 | Dividends receivables. | - | - | - |
| 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.) | - | - | - |
| 1.15 | i. Short Term Loan To Employees: Loans are Secured and Due for repayment within 12 months | - | - | - |
| | ii. Income tax refunds due from Government | 5,947,327 | 5,947,327 | - |
| | iii. Receivables other than trade receivables | 2,955,512 | 2,955,512 | - |
| 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 MTM gains. | 1,616,987 | - | 1,616,987 |

CNC

| S. No. | Head of Account | Value in Pak Rupees | Hair Cut / Adjustments | Net Adjusted Value |
|-------------|---|---------------------|------------------------|--------------------|
| 1.17 | Receivables from customers | | | |
| | i. In case receivables are against margin financing, the aggregate of (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut. i. 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. ii. 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, iii. 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. iv. Balance sheet value | 8,979,897 | - | 8,979,897 |
| | v. In case of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts. v. Lower of net balance sheet value or value determined through adjustments vi. 100% haircut in the case of amount receivable from related parties. | 17,176,696 | 13,317,117 | 3,859,579 |
| | | - | - | - |
| 1.18 | Cash and Bank balances | | | |
| | i. Bank balance - proprietary accounts | 4,673,981 | - | 4,673,981 |
| | ii. Bank balance - customer accounts | 60,789,674 | - | 60,789,674 |
| | iii. Cash in hand | 13,513 | - | 13,513 |
| 1.19 | Subscription money against Investment in IPO/offer for Sale: No haircut if shares have not been allotted or are not included in the investments of securities broker. | - | - | - |
| 1.20 | Total Assets | 174,177,855 | | 118,835,355 |

2 LIABILITIES

| | | | | |
|------------|--|------------|---|------------|
| 2.1 | Trade Payables | | | |
| | i. Payable to exchanges and clearing house | - | - | - |
| | ii. Payable against leveraged market products | - | - | - |
| | iii. Payable to customers | 66,851,883 | - | 66,851,883 |
| 2.2 | Current Liabilities | | | |
| | i. Statutory and regulatory dues | 94,489 | - | 94,489 |
| | ii. Accruals and other payables | 1,094,200 | - | 1,094,200 |
| | iii. Short-term borrowings | - | - | - |
| | iv. Current portion of subordinated loans | - | - | - |
| | v. Current portion of long term liabilities | - | - | - |
| | vi. Deferred Liabilities | - | - | - |
| | vii. Provision for taxation | - | - | - |
| | viii. Other liabilities as per accounting principles and included in the financial statements | 1,592,128 | - | 1,592,128 |
| 2.3 | Non-Current Liabilities | | | |
| | i. Long-Term financing | | | |
| | a. Long-Term financing obtained from financial institution: 100% haircut in case of long term portion of financing obtained from a financial institution including amount due against finance lease | - | - | - |
| | ii. Staff retirement benefits | 5,719,391 | - | 5,719,391 |
| | iii. Other non-current liabilities as per accounting principles and included in the financial statements | - | - | - |

LNU

| S. No. | Head of Account | Value in Pak Rupees | Hair Cut / Adjustments | Net Adjusted Value |
|--------|--|---------------------|------------------------|--------------------|
| 2.4 | Subordinated Loans | | | |
| | <i>i. 100% of Subordinated loans which fulfil the conditions specified by SECP are allowed to be deducted:</i> | | | |
| | The Schedule III provides that 100% haircut will be allowed against subordinated Loans which fulfill the conditions specified by SECP. 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. | | | |
| | <i>ii. Subordinated loans which do not fulfil the conditions specified by SECP</i> | | | |
| 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 | | | |
| | | 75,352,091 | | 75,352,091 |
| 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. | | | |
| 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 | | | |

etc

| S. No. | Head of Account | Value in Pak Rupees | Hair Cut / Adjustments | Net Adjusted Value |
|--------|--|---------------------|------------------------|--------------------|
| 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 | - | - | - |
| | (b) In any other case: 12.5% of the net underwriting commitments | - | - | - |
| 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 | - | - | - |
| 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 | - | - | - |
| 3.6 | Amount Payable under REPO | - | - | - |
| 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 financee/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. | - | - | - |
| 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 | - | - | - |
| 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 | - | - | - |
| 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 | - | - | - |

Calculation Summary of Liquid Capital:

| | | |
|---|---|-------------------|
| 1 | Adjusted value of Assets (serial number 1.20) | 118,835,355 |
| 2 | Less: Adjusted value of liabilities (serial number 2.6) | (75,352,091) |
| 3 | Less: Total ranking liabilities (series number 3.11) | - |
| | | <u>43,483,264</u> |

CNC

32 NUMBER OF EMPLOYEES**2023** **2022**
-----Numbers-----

Total employees of the Company at the start of the year

29**43**

Average employees of the Company during the year

31**32**

Total employees working in the Company's at the year end

32**29**

32.1 As at reporting date, securities held in the name of sub-account holders (clients) amounted to Rs. 1,456.997 (2022: Rs. 1,708.683) million, comprising of 119,049,961 (2022: 110,180,524) shares.

33 AUTHORIZATION

These financial statements were authorized for issue on 10 OCT 2023 by the Board of Directors of the Company.

34 GENERAL

Figures have been rounded off to the nearest Rupee.

GHC

CHIEF EXECUTIVE OFFICER



DIRECTOR





Crowe



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