ALFALAH CLSA SECURITIES (PRIVATE) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the members of Alfalah CLSA Securities (Private) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Alfalah CLSA Securities (Private) Limited** (the Company), which comprise the statement of financial position as at December 31, 2023, and the statement of profit or loss, 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 material accounting policy information 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 statement of profit or loss, 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 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 December 31, 2023 and of the 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.

Emphasis of Matter

We draw attention to note 1.2 to the annexed financial statements which describes the matters related to positions of net worth, custody of assets, segregation of assets and liquid capital balance of the Company as at December 31, 2023. Moreover, the shareholders of the Company have injected additional capital of Rs. 1.2 billion subsequent to the year ended December 31, 2023.

Our opinion is not modified in respect of this matter.

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

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

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

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

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, 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;

d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980);

e) the Company was not in compliance with the requirements of section 78 of the Securities Act, 2015 and section 62 of the Futures Market Act, 2016, 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 which have been detailed in paragraphs (i) to (iv) below;

   i. as mentioned in note 1.2 to the financial statements, the Company has a negative net worth of Rs 711.078 million as at December 31, 2023 resulting in non-compliance with the requirement of regulation 6(1A) of the Securities Brokers (Licensing and Operations) Regulations, 2016 which requires a minimum net worth of Rs 75 million for a securities broker as at December 31, 2023;

   ii. regulation 6(1B) of the Securities Brokers (Licensing and Operations) Regulations, 2016 specifies maximum capping for maintaining assets under the custody by a securities broker based on its net worth. The Company has a negative net worth of Rs 711.078 million as at December 31, 2023 and accordingly the Company was non-compliant in respect of custody of securities maintained by it as at December 31, 2023;

   iii. as required under section 78 of the Securities Act, 2015 and section 62 of the Futures Market Act, 2016, a regulated person is required to maintain in a separate account all customer assets received from the customer or accruing to the customer and not to comingle those customer assets with the assets of the regulated person. However, as mentioned in note 14 to the financial statements, there is a shortfall of Rs 1,154.259 million as at December 31, 2023 in respect of amounts received from or accruing to the customers and kept in designated bank accounts resulting in non-compliance with relevant requirements as mentioned above; and

   iv. as mentioned in notes 1.2 and 39.3 to the financial statements, the Company has a negative liquid capital balance of Rs 1,130.302 million as at December 31, 2023 resulting in non-compliance with the requirement of regulation 6(4) of the Securities Brokers (Licensing and Operations) Regulations, 2016 which requires a minimum liquid capital balance of Rs 10 million to be maintained at all times.

f) The Company was not in compliance with the relevant requirements of Futures Brokers (Licensing and Operations Regulations), 2018 as at the date on which the statement of financial position was prepared which has been detailed below:

   i) as mentioned in note 1.2 to the financial statements, the Company has a negative net worth of Rs 711.078 million as at December 31, 2023 resulting in non-compliance with the requirement of

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regulation 7 of Futures Brokers (Licensing and Operations Regulations), 2018 which requires a minimum net worth of Rs. 10 million for a future broker as at December 31, 2023;

Other Matter

The financial statements of the Company for the year ended December 31, 2022 were audited by another firm of Chartered Accountants who had expressed an unmodified opinion thereon vide their report dated April 26, 2023.

The engagement partner on the audit resulting in this independent auditor's report is **Junaid Mesia**.

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A. F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: June 25 2024
UDIN: AR202310611Lu3CTbSmd

Directors' Report

On behalf of the Board of Directors (the Board), we are pleased to present the Directors' Report of Alfalah CLSA Securities (Private) Limited (the Company) along with the annual audited financial statements and auditor's report thereon for the year ended 31st December 2023.

Economic Overview

Pakistan's economy exhibited signs of recovery and resilience during the year 2023. GDP growth gained traction, underpinned by robust performances in sectors such as manufacturing, construction, and services. Government initiatives aimed at infrastructure development and investment bolstered economic expansion, fostering investor confidence and domestic consumption.

The external sector demonstrated resilience in the face of global economic uncertainties. Remittance inflows remained robust, supported by diaspora contributions and policy measures to incentivise formal channels. The current account deficit narrowed, reflecting improvements in the trade balance and prudent external debt management.

However, inflationary pressures persisted amid supply-side constraints, global commodity price fluctuations, and currency depreciation. Despite concerted efforts to mitigate inflation through monetary policy adjustments and targeted interventions, consumer price index (CPI) inflation remained elevated, impacting household purchasing power and inflation expectations.

The Pakistan Stock Exchange (PSX) witnessed mixed performance during the period. While certain sectors experienced volatility due to global economic uncertainties and domestic policy changes, others demonstrated resilience and growth potential. The benchmark KSE-100 index fluctuated in response to market sentiment, macroeconomic indicators, and geopolitical developments, reflecting the dynamic nature of equity markets. The US dollar exchange rate remained relatively stable.

The ongoing negotiations with International Monetary Fund (IMF) will be important and will set the tone for the future economic direction.

Corporate Performance

The financial year under review has been challenging. Despite the challenges, the operating revenue of the Company has increased to PKR 446.529 million representing an increase of 30% as compared to last year, however, due to a decline in gross profit margin, the increase in revenues couldn't materialise in operating profits. Moreover, on an overall basis, the Company incurred a loss before tax of PKR 168.784 million for the year, because of financial charges and provision against doubtful receivables, due to which prior year results have also been restated to reflect the accurate financial position.

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A summary of the financial results and financial position is as follows:

	31st December 2023 PKR '000	31st December 2022 (Restated) PKR '000	1st January 2022 (Restated) PKR '000
Non-current assets	111.691	125.149	80.277
Current assets	1,477.296	1,390.895	1,149.459
Total assets	**1,588.987**	**1,516.044**	**1,229.686**
Non-current liabilities	62.835	361.383	345.339
Current liabilities	2,237.230	1,674.694	655.355
Total liabilities	**2,300.065**	**2,036.077**	**1,000.694**
Paid-up share capital	400.000	400.000	400.000
Accumulated losses	(1,111.078)	(920.033)	(171.008)
Shareholders' equity	**(711.078)**	**(520.033)**	**228.992**
For the year			
Loss before taxation	(168.784)	(728.941)	
Loss after taxation	(197.541)	(747.033)	
Loss per share (PKR)	(4.94)	(18.68)	

Credit Ratings

The Pakistan Credit Rating Agency (PACRA) maintained its credit ratings, for the year 2023, at Watch, with 'Stable' outlook.

Short Term	Long Term	BFR
A1	**A-**	**BF2+**

Changes in the Board

During the year, no casual vacancy occurred on the Board. On 5th December 2023, Syed Akbar Ali assumed the charge of Chief Executive Officer of the Company and replaced Atif Mohammad Khan. On 14th June 2024, the Board has designated Muhammad Masood Ebrahim as Chief Executive Officer of the Company.

Risk Management & Ongoing Efforts

In the aftermath of any adversity, lies opportunity. We are immensely proud to report that under the stewardship of the new management team, we have undertaken comprehensive measures to rectify the shortcomings of the past and fortify the foundations of the Company.

Embracing a culture of transparency and accountability, we are instituting rigorous controls and enhanced oversight mechanisms to strengthen the organisation and its future. Our governance framework has been bolstered to ensure that integrity permeates every facet of our operations, leaving no room for compromise. Moreover, we have undertaken a comprehensive review of our operational processes, and are in the process of implementing strategic initiatives aimed at enhancing productivity and agility. Through prudent cost management and optimisation strategies, we are charting a path towards sustainable profitability, ensuring that the interests of all our stakeholders remain paramount.

Furthermore, we have redoubled our efforts in fostering a culture of compliance and ethical conduct, instilling a sense of responsibility amongst all stakeholders. Our commitment to regulatory compliance is unwavering, and we are actively collaborating with regulatory authorities to uphold the highest standards of governance and transparency.

Statement on Corporate and Financial Reporting Framework

- The financial statements prepared by the management of the Company present fairly its state of affairs, the results of its operations, cash flows, and changes in equity;
- Proper books of account of the Company have been maintained;
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgement;
- International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in the preparation of financial statements;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- There are no significant doubts about the Company's ability to continue as a going concern;
- There has been no material departure from the best practices of corporate governance, as detailed in the brokerage regulations;
- The Company has on account of statutory payment of taxes, duties, levies, and charges, no outstanding liability as of the balance sheet date;

Related Party Transactions

To comply with the requirements of brokerage regulations, the Company presented all related party transactions before the Audit Committee and the Board for their review which were subsequently approved. The details of all related party transactions have been provided in note 33 to the annexed audited financial statements.

Best Practices of Corporate Governance

The Board and the new management of the Company are committed to adopt the best practices of Corporate Governance. The adoption of these best corporate governance practices will ensure accuracy, comprehensiveness, and transparency of financial and non-financial information.

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Comments of Auditors in the Audit Report

The external auditors have given an emphasis of matter in their auditors' report where they draw attention to note 1.2 to the financial statements related to net worth, custody of assets, segregation of assets and liquid capital balance of the Company and additional capital injected by the shareholders of the Company.

Their opinion was not modified in respect of this matter. However, they expressed a modified opinion on other legal and regulatory requirements.

Auditors

The present auditors, M/s A.F. Feguson & Co. have retired and being eligible, have offered themselves for re-appointment. The Audit Committee has recommended the re-appointment of auditors for the year ending 31st December 2024 which has been endorsed by the Board of Directors.

Company's Outlook & Prospects

The cornerstone of our resurgence has been the unwavering support of our Sponsor, who injected fresh equity of PKR 1.2 billion into our organisation, underscoring the steadfast commitment to our shared vision. This infusion of capital has provided us with the financial impetus to navigate through turbulent waters, compliance with regulatory requirements and emerge stronger on the other side.

In conclusion, despite the setbacks faced by the Company recently, we are steadfast in our resolve to emerge stronger and more resilient as an organisation. The journey of transformation has started, and we are grateful for your unwavering support and confidence in our collective endeavours. We look forward to a brighter and more prosperous future.

Acknowledgements

On behalf of the Board and the Management, we would like to express our sincere gratitude to our customers and all the stakeholders for their confidence that they continue to repose in the Company. We would also like to express our appreciation to the regulators for their continued guidance and support of the Company.

On behalf of the Board of Directors,

Muhammad Masood Ebrahim	Aasim Wajid Jawad
Chief Executive Officer	Director

21st June 2024

ALFALAH CLSA SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	2023	2022 (Restated)	1 January 2022 (Restated)
		----------	Rupees	----------
Assets				
Non-current assets				
Property and equipment	5	85,277,759	100,222,014	61,683,340
Intangible assets	6	9,712,411	8,636,623	2,947,306
Long-term loans	7	372,004	722,028	277,612
Long-term deposits	8	16,329,013	15,567,970	15,319,000
Deferred taxation	9	-	-	-
		111,691,187	125,148,635	80,227,258
Current assets				
Trade receivables - net	10	464,993,051	493,518,981	244,892,856
Investments	11	136,935,796	108,670,860	26,165,604
Loans and advances - net	12	7,269,753	12,536,394	4,773,326
Deposits, prepayments and other receivables	13	310,459,136	186,772,471	319,565,595
Taxation recoverable		45,302,364	26,414,040	28,679,326
Cash and bank balances	14	512,335,759	562,982,251	525,381,966
		1,477,295,859	1,390,894,997	1,149,458,673
Total assets		1,588,987,046	1,516,043,632	1,229,685,931
Equity and liabilities				
Share capital and reserves				
Authorised share capital 150,000,000 (2022: 150,000,000) ordinary shares of Rs. 10 each	15.1	1,500,000,000	1,500,000,000	1,500,000,000
Issued, subscribed and paid-up share capital	15.2	400,000,000	400,000,000	400,000,000
Accumulated losses		(1,111,078,358)	(920,033,423)	(171,007,696)
Total equity		(711,078,358)	(520,033,423)	228,992,304
Liabilities				
Non-current liabilities				
Long-term loan	16	-	300,000,000	300,000,000
Payable against Diminishing Musharaka	17	18,379,263	20,253,650	-
Retirement benefit obligation	18	43,058,826	39,844,321	29,384,974
Lease liability against right-of-use assets	19	1,397,087	1,284,642	15,954,350
		62,835,176	361,382,613	345,339,324
Current liabilities				
Trade and other payables	20	1,512,521,607	1,001,744,960	285,474,818
Current maturity of long-term loan	16	316,257,534	11,219,178	2,213,044
Current portion of payable against Diminishing Musharaka	17	4,691,874	2,797,260	-
Current portion of lease liability against right-of-use assets	19	3,281,913	16,798,346	14,732,225
Short-term running finance facility	21	400,477,300	642,134,698	352,934,216
		2,237,230,228	1,674,694,442	655,354,303
Total equity and liabilities		1,588,987,046	1,516,043,632	1,229,685,931
Contingencies and commitments	22			

The annexed notes 1 to 45 form an integral part of these financial statements.

Chief Executive Officer

Chief Financial Officer

Director

ALFALAH CLSA SECURITIES (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023	2022 (Restated)
		Rupees	
Operating revenue	23	446,529,286	342,687,870
Other operating revenue	24	35,953,382	52,253,317
Total revenue		482,482,668	394,941,187
Cost of services	25	(325,791,048)	(204,941,148)
Gross profit		156,691,620	190,000,039
Administrative and general expenses	26	(176,681,105)	(145,971,430)
Operating loss / profit		(19,989,485)	44,028,609
Financial charges	27	(329,055,335)	(155,570,064)
Other income - net	28	196,818,149	(58,428,678)
Other charges	29	(2,000,000)	-
Allowance for expected credit losses		(14,557,712)	(558,970,890)
Loss for the year before taxation		(168,784,383)	(728,941,023)
Taxation	30	(28,756,365)	(18,092,128)
Loss for the year after taxation		(197,540,748)	(747,033,151)
Loss per share	31	(4.94)	(18.68)

The annexed notes 1 to 45 form an integral part of these financial statements.

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Chief Executive Officer | **Chief Financial Officer** | **Director**

ALFALAH CLSA SECURITIES (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023	2022 (Restated)
		---- Rupees ----	
Loss for the year after taxation		(197,540,748)	(747,033,151)
Other comprehensive income / (loss):			
Items that will not be reclassified to the statement of profit or loss in subsequent years:			
Actuarial gain / (loss) on remeasurement of retirement benefit obligation	18.4	6,495,813	(1,992,576)
Related deferred tax impact thereon		-	-
		6,495,813	(1,992,576)
Total comprehensive loss for the year		(191,044,935)	(749,025,727)

The annexed notes 1 to 45 form an integral part of these financial statements.

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Chief Executive Officer | **Chief Financial Officer** | **Director**

ALFALAH CLSA SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Issued, subscribed and paid-up capital	Revenue reserve Accumulated losses	Total
	------------------------------	Rupees	------------------------------
Balance as at 1 January 2022 - as previously reported	400,000,000	(65,276,176)	334,723,824
Effects of restatements - (note 4)	-	(105,731,520)	(105,731,520)
Balance as at 1 January 2022 - as restated	400,000,000	(171,007,696)	228,992,304
Total comprehensive loss for the year - as restated			
Loss for the year after taxation - as restated	-	(747,033,151)	(747,033,151)
Other comprehensive loss for the year	-	(1,992,576)	(1,992,576)
	-	(749,025,727)	(749,025,727)
Balance as at 31 December 2022 - as restated	400,000,000	(920,033,423)	(520,033,423)
Total comprehensive loss for the year			
Loss for the year after taxation	-	(197,540,748)	(197,540,748)
Other comprehensive income for the year	-	6,495,813	6,495,813
	-	(191,044,935)	(191,044,935)
Balance as at 31 December 2023	400,000,000	(1,111,078,358)	(711,078,358)

The annexed notes 1 to 45 form an integral part of these financial statements.

Chief Executive Officer

Chief Financial Officer

Director

ALFALAH CLSA SECURITIES (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023	2022 (Restated)
		------------------ Rupees ------------------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the year before taxation		(168,784,383)	(728,941,023)
Adjustments for:			
Depreciation	26	33,136,207	26,941,769
Amortisation	26	703,212	536,648
Mark-up on long-term loan	27	59,519,178	37,146,575
Mark-up on short-term running finance facility	27	116,106,343	81,102,134
Financial charges on lease liability against right-of-use assets	27	1,963,432	(11,318,892)
Mark-up on Diminishing Musharakah		5,388,788	1,849,179
Allowance for expected credit losses		14,557,712	(558,970,890)
Capital gain on sale of investments		(35,763,898)	(9,879,775)
Unrealised (appreciation) / diminution on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net	28	(28,264,936)	83,194,744
Gain on disposal of property and equipment	28	(55,400)	(162,600)
Dividend income	28	(315,500)	-
Charge for retirement benefit obligation	26	5,623,890	10,115,771
Movement in working capital		3,814,645	(1,068,386,360)
(Increase) / decrease in current assets			
Trade receivables - net		17,342,761	310,344,765
Loans and advances - net		5,287,122	(8,207,484)
Deposits, prepayments and other receivables		(127,492,708)	132,544,154
		(104,862,825)	434,681,435
Increase in current liabilities			
Trade and other payables		510,776,647	716,270,142
Net cash generated from operations		409,728,467	82,565,217
Taxes paid		(47,644,689)	(15,826,842)
Gratuity paid		4,086,428	(1,649,000)
Financial charges paid		(170,587,165)	(109,242,575)
Net cash generated from / (used in) operating activities		195,583,041	(44,153,200)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment		(12,245,095)	(62,832,884)
Acquisition of intangible assets		(1,779,000)	(6,225,965)
Investments made - net		35,763,898	(155,820,225)
Proceeds from disposal of property and equipment		55,400	162,600
Dividend received		315,500	-
Net cash generated from / (used in) investing activities		22,110,703	(224,716,474)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease rentals paid during the year		(21,314,277)	(3,932,254)
Short-term running finance facility - net		(241,657,398)	289,200,482
Financing obtained against Diminishing Musharakah - net		(5,368,561)	21,201,731
Net cash (used in) / generated from financing activities		(268,340,236)	306,469,959
Net (decrease) / increase in cash and cash equivalents during the year		(50,646,492)	37,600,285
Cash and cash equivalents at beginning of the year		562,982,251	525,381,966
Cash and cash equivalents at the end of the year	35	512,335,759	562,982,251

The annexed notes 1 to 45 form an integral part of these financial statements.

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Chief Executive Officer | **Chief Financial Officer** | **Director**

ALFALAH CLSA SECURITIES (PRIVATE) LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 Alfalah CLSA Securities (Private) Limited (the Company) was incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) on 23 September 2003 as a private limited company. The Company commenced its operations on 25 March 2004. The Company has a Trading Right Entitlement Certificate (TREC) of Pakistan Stock Exchange Limited and is also a corporate member of Pakistan Mercantile Exchange Limited.

The principal activities of the Company include shares and commodities brokerage, money market and foreign exchange brokerage and advisory and consulting services.

The Company is a subsidiary of Bank Alfalah Limited (the Parent Company) which owns 62.5% (2022: 62.5%) share capital of the Company.

The geographical locations and addresses of the Company's branches are as under:

- 4th Floor, Block 1, Shafi Court, Plot No. CL 5/6-1, Civil Lines, Karachi.
- Room No. 70, 1st Floor, Stock Exchange Building, Stock Exchange Road, Karachi.
- Suite No. 314, 3rd Floor, ISE Tower, Jinnah Avenue, Blue Area, Islamabad.
- Suite No. 1, 2 & 3, Mezzanine Floor, LSE Plaza, North Tower, 19, Khayaban-e-Aiwan-e-Iqbal Road, Lahore.
- Suite No. 9 & 10, 3rd Floor, Bomanji Square, Nusrat Road, Multan.
- 607, 6th Floor, Kohistan Tower, Mall Road, Saddar Cantt., Rawalpindi.

1.2 During the current year, the Company has restated its prior period financial statements as more fully explained in note 4 to these financial statements which mainly includes charge in respect of expected credit loss against trade receivables. As at 31 December 2023, the Company has a negative net worth of Rs 711.078 (2022: Rs 520.033 - restated) as against the minimum net worth requirement of Rs 75 million (2022: Rs 60 million) and Rs. 10 million (2022: Rs 10 million) as per regulation 6(1A) of the Securities Brokers (Licensing and Operations) Regulations, 2016 and regulation 7 of Futures Brokers (Licensing and Operations Regulations), 2018 respectively. The above also resulted in non-compliance of regulation 6(1B) of the Securities Brokers (Licensing and Operations) Regulations, 2016 which specifies maximum capping for maintaining assets under the custody by a securities broker based on its net worth, as the net worth of the Company was negative. Moreover, the liquid capital balance of the Company is also negative Rs 1,130.302 million as at 31 December 2023 as compared to minimum liquid capital requirement of Rs 10 million to be maintained at all times in accordance with the requirements of regulation 6(4) of the Securities Brokers (Licensing and Operations) Regulations, 2016.

Subsequent to the year end, an Extraordinary General Meeting of the shareholders was called on 18 March 2024 to increase the authorised share capital of the Company from Rs. 1,500 million to Rs. 3,400 million with an objective to inject additional capital to comply with the regulatory requirements with respect to net worth, liquid capital balance, asset under custody & client asset segregation and for strengthening the financial standing and smoothening of the operations of the Company. The Board of Directors of the Company passed a resolution through circulation on 9 April 2024 to increase the paid-up capital of the Company by Rs. 1,200 million by issuing right shares. In this regard, the regulatory requirements for increasing the paid-up share capital of the Company have been fulfilled and the Parent Company has subscribed the entire right issue of Rs. 1,200 million. On 30 April 2024, the Company received Rs. 1,200 million in its bank account and shares have been issued to the Parent Company on 10 May 2024.

The management is of the view that the Company will continue as a "going concern" in the foreseeable future and there exists no significant doubt / material uncertainty in respect of Company's ability to continue as a "Going Concern". Accordingly, these financial statements have been prepared using the going concern basis of accounting.

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 (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017; and
- the Securities Brokers (Licensing and Operations) Regulations, 2016.

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Where provisions of and directives issued under the Companies Act, 2017 and the Securities Brokers (Licensing and Operations) Regulations, 2016 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 and the Securities Brokers (Licensing and Operations) Regulations, 2016 have been followed.

2.2 Standards, interpretations and amendments to accounting and reporting standards that are effective in the current year:

There are certain standards, amendments and interpretations that are mandatory for the Company's accounting periods beginning on or after 1 January 2023 but are considered not to be relevant or do not have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

2.3 Standards, interpretations and amendments to accounting and reporting standards that are not yet effective:

The following new amendments will be effective from the dates mentioned below against the respective amendment:

Amendments	Effective date (accounting period beginning on or after)
- IAS 1 - 'Presentation of Financial Statements' (amendments)	1 January 2024
- IFRS 16 - 'Leases' (amendments)	1 January 2024
- IAS 7 - 'Statement of Cash Flows' (amendments)	1 January 2024
- IFRS 7 - 'Financial Instruments: Disclosures' (amendments)	1 January 2024
- IAS 21 - 'The Effects of Changes in Foreign Exchange Rates' (amendments)	1 January 2025

The management is in the process of assessing the impact of these amendments on the financial statements of the Company.

There are certain other new standards, amendments and interpretations that are mandatory for the Company's accounting periods beginning on or after 1 January 2024. However, these will not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these financial statements.

2.4 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.

The financial statements provide comparative information in respect of the previous year. In addition, the Company presents an additional statement of financial position at the beginning of the preceding year when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements. An additional statement of financial position as at 1 January 2022 is presented in these financial statements due to the corrections related to lease accounting under IFRS 16, Diminishing Musharaka transactions, and significant fraudulent activities as more fully explained in note 4.

2.5 Functional and presentation currency

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

2.6 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates, and assumptions that affect the reported amounts of assets, liabilities, income and expenses. It also requires the management to exercise its judgment in application of its accounting policies. The estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the year in which the estimates are revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years. Significant accounting estimates and areas where judgments were made by the management in the application of the accounting policies are as follows:

- estimation of useful lives and residual values of property and equipment (notes 3.1 and 5);
- estimation of useful lives of intangible assets (notes 3.2 and 6);

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- provision for current and deferred taxation (notes 3.7, 9 and 30);
- lease liability and right-of-use assets (notes 3.3, 5 and 19);
- classification, valuation and impairment of financial assets (notes 3.5.1.1, 3.5.1.2, 7, 10, 11, 12 and 13); and
- provision for retirement benefits (notes 3.4 and 18).

3 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these financial statements are set out below. Theses have been applied consistently to all periods presented in these financial statements, except for the changes as indicated below in note 4.

3.1 Property and equipment

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for capital work-in-progress which is stated at cost less accumulated impairment losses, if any. The cost of an item of property and equipment comprises of its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use.

Depreciation on property and equipment is calculated using the straight line method in accordance with the rates specified in note 5 to these financial statements after taking into account residual values, if significant. The assets' residual values, useful lives and depreciation method are reviewed and adjusted, if significant, at each reporting date.

Depreciation on additions is charged from the date the asset is available for use. For any disposal, depreciation is charged till the date of disposal.

Subsequent costs are included in the asset's carrying amounts or recognised 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. All other repairs and maintenance expenditures are charged to the statement of profit and loss as and when incurred.

3.2 Intangible assets

Intangible assets having an indefinite useful life are stated at cost less accumulated impairment losses, if any. An intangible asset is regarded as having an indefinite useful life, when, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which asset is expected to generate net cash inflows for the Company. An intangible asset with an indefinite useful life is not amortised. However, the carrying amount is reviewed at each reporting date or whenever there is an indication that the asset may be impaired, 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.

Intangible assets having a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Such intangible assets are amortised using the straight-line method taking into account residual values, if significant, at the rates specified in note 6.1 to these financial statements. The useful lives, assets' residual values and amortisation method are reviewed and adjusted, if significant, at each reporting date.

Amortisation on additions is charged from the date the intangible is available for use. For any disposal, amortisation is charged till the date of disposal.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

3.3 Right-of-use assets and their related lease liability

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

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The lease liability is initially measured at the present value of the lease payments over the period of lease term and that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, using the Company's incremental borrowing rate.

Lease payments include fixed payments less any lease incentive receivable, variable lease payment that are based on an index or a rate which are initially measured using the index or rate as at the commencement date, amounts expected to be payable by the Company under residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease if the lease term reflects that the lessee will exercise that option. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payment.

The lease liability is remeasured when the Company reassesses the reasonable certainty to exercise extension or termination option upon occurrence of either a significant event or a significant change in circumstances, or when there is a change in assessment of an option to purchase an underlying asset, or when there is a change in amount expected to be payable under a residual value guarantee, or when there is a change in future lease payments resulting from a change in an index or rate used to determine those payments. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of profit or loss if the carrying amount of right of use asset has been reduced to zero.

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions, the same is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increases the scope of lease by adding the right-to-use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the standalone price for the increase in scope adjusted to reflect the circumstances of the particular contract, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

The right-of-use asset is initially measured at an amount equal to the initial measurement of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of the costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which the asset is located.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any. The right-of-use asset is depreciated using the straight line method in accordance with the rates specified in note 5 to these financial statements and after taking into account residual values, if any.

3.4 Employees' retirement benefits

The Company operates an unfunded gratuity scheme for all its permanent employees who have completed the prescribed qualifying period of service. Provision in respect of gratuity costs is recorded based on actuarial recommendations. The actuarial valuation is carried out using the Projected Unit Credit method. In accordance with IAS 19, remeasurements arising as a result of actuarial valuations, are recorded in other comprehensive income in the period in which these occur.

3.5 Financial instruments

3.5.1 Financial assets

3.5.1.1 Classification and subsequent measurement

The Company classifies its financial assets in the following measurement categories in accordance with the requirements of IFRS 9:

- at amortised cost;
- at fair value through other comprehensive income (FVOCI); and
- at fair value through profit or loss (FVPL).

The classification requirements for debt and equity instruments are described below:

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(i) Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and puttable instruments like units of open-ended mutual funds.

Classification and subsequent measurement of debt instruments depend on:

- the Company's business model for managing the asset; and
- the cash flow characteristics of the asset.

Based on these factors, the Company classifies its debt instruments in one of the following three measurement categories:

a) At amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 3.5.1.2.

b) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment gains or losses, recognised and measured as described in note 3.5.1.2, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in the statement of profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income (OCI) is reclassified from surplus on remeasurement of financial assets to the statement of profit or loss.

c) Fair value through profit or loss (FVPL)

Assets that do not meet the criteria for classification at amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the statement of profit or loss in the period in which it arises.

(ii) Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All equity investments are required to be measured in the statement of financial position at fair value, with gains and losses recognised in the statement of profit or loss, except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI.

The dividend income for equity securities classified under FVOCI are to be recognised in the statement of profit or loss. However, any surplus / (deficit) arising as a result of subsequent movement in the fair value of equity securities classified as FVOCI is to be recognised in other comprehensive income and is not recycled to the statement of profit or loss on derecognition.

3.5.1.2 Impairment

The Company assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instrument assets carried at amortised cost and FVOCI and trade receivables. The Company recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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The Company considers that a financial asset is in default when the counterparty fails to make contractual payments within 90 days of when they fall due. Further, financial assets are written off by the Company, in whole or part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery.

3.5.1.3 Derecognition

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either:

(i) the Company transfers substantially all the risks and rewards of ownership; or

(ii) the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

3.5.1.4 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Company commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

3.5.2 Financial liabilities

Financial liabilities are initially recognised at fair value plus transaction costs and are subsequently measured at amortised cost except for financial liabilities at fair value through profit and loss.

3.5.2.1 Derecognition

Financial liabilities are derecognised at the time when these are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of financial liabilities is taken to the statement of profit or loss.

3.5.3 Initial recognition

Financial assets and financial liabilities are recognised at the time the Company becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs associated with these financial assets are taken directly to the statement of profit or loss.

3.5.4 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.5.5 Business model

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's board/ board committees

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed

- The expected frequency, value and timing of sales are also important aspects of the Company's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

3.5.6 Solely payment of principal and interest (SPPI)

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

3.5.7 Reclassifications

The Company reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the year.

3.6 Non-financial assets

The carrying amount of the assets is reviewed at each reporting date to determine whether there is any indication of impairment loss. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment charge is recognised in the statement of profit or loss.

3.7 Taxation

3.7.1 Current

Provision for current taxation is based on taxability of certain income streams of the Company under minimum tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under normal tax regime after taking into account tax credits and rebates available, if any, or on turnover at the specified rate or Alternate Corporate Tax as defined in section 113C of Income Tax Ordinance, 2001, whichever is higher. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from assessments framed / finalised during the current year.

3.7.2 Deferred

Deferred tax is recognised using the balance sheet method on all temporary differences between the carrying amounts of assets and liabilities used for financial reporting purposes and amounts used for taxation purposes.

Deferred tax asset is recognised only to the extent that it is probable that taxable profits will be available against which the asset can be utilised. The carrying amount of deferred tax asset is reviewed at each reporting date and suitable adjustments are made to that extent.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the year when the asset is utilised or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the financial position date.

3.8 Borrowings

These are initially recognised at cost being the fair value of consideration received. Subsequently, these are carried at amortised cost. Costs in respect of these are recognised as an expense in the statement of profit or loss in the period in which these are incurred.

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3.9 Payable against Diminishing Musharaka

Diminishing Musharaka is an Islamic financing arrangement where the Company and a counterparty jointly purchase an asset. Over time, the Company buys the counterparty's share in the asset, eventually obtaining full ownership.

At inception, the asset acquired through Diminishing Musharaka is recognized at cost, which includes the amount paid to acquire the asset jointly with the counterparty. Correspondingly, a liability is recognized for the counterparty's share in the asset, representing the Company's obligation to purchase the counterparty's share over time.

The asset is depreciated over its useful life, consistent with the Company's depreciation policy for similar assets. Depreciation begins when the asset is available for use and continues until the asset is fully depreciated or disposed of.

The payments made to acquire the counterparty's share are apportioned between the reduction of the liability and interest expense. The interest component is recognized in the statement of profit or loss, reflecting the cost of financing.

3.10 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed periodically and adjusted to reflect the current best estimates.

3.11 Deposits and other receivables

Deposits and other receivables are carried at amortised cost, less expected credit loss allowance determined in accordance with note 3.5.1.2.

3.12 Trade and other payables

Liabilities for trade and other payables are carried at cost, which is the fair value of consideration to be paid in the future for goods and services whether or not billed to the Company.

3.13 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, balances with banks in current and savings accounts and other highly liquid short-term investments with original maturities of three months or less and bank overdrafts.

3.14 Revenue recognition

3.14.1 Brokerage and fee revenue

The Company earns fee and commission income from a diverse range of financial services it provides to its customers. Fee and commission income is recognised at an amount that reflects the consideration to which the Company expects to be entitled in exchange for providing the services.

The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract. The Company's revenue contracts do not typically include multiple performance obligations.

When the Company provides a service to its customers, consideration is invoiced and generally due immediately upon satisfaction of a service provided at a point in time or at the end of the contract period for a service provided over time.

The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

3.14.2 Fee and commission income from providing services where performance obligations are satisfied at a point in time:

Services provided where the Company's performance obligations are satisfied at a point in time are recognised once control of the services is transferred to the customer. This is typically on completion of the underlying transaction or service or, for fees or components of fees that are linked to a certain performance, after fulfilling the corresponding performance criteria. These include fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement/participation or negotiation of the acquisition of shares or other securities, or the purchase or sale of businesses, brokerage and underwriting fees.

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The Company typically has a single performance obligation with respect to these services, which is to successfully complete the transaction specified in the contract.

3.14.3 Fee and commission income from services where performance obligations are satisfied over time:

Performance obligations satisfied over time include asset management, custody and other services, where the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs.

The Company's Brokerage and fee revenue does not include significant services where performance obligations are satisfied over time.

3.14.4 Other Income

Interest income on financial assets (including margin financing) is recognised using the effective interest rate method.

Dividend income is recognised when the right to receive the dividend is established.

Gains / losses arising on sale of fixed assets are included in the statement of profit or loss in the period in which they arise.

3.15 Proposed dividends and transfers between reserves

Dividends declared and transfers between reserves made subsequent to the reporting date are considered as non-adjusting events and are recognised in the financial statements in the year in which such dividends are declared / transfers are made.

3.16 Foreign currency transactions and translation

Transactions in foreign currencies are translated into Pakistani Rupees at the foreign exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at the exchange rates approximating those at the statement of financial position date. Exchange gains / losses resulting from the settlement of transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are taken to the statement of profit or loss.

3.17 Basic and diluted earnings / (loss) per share

The Company presents basic and diluted earnings / (loss) per share for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

4 CORRECTION OF PRIOR PERIOD ERRORS

During the current year, the Board of Directors of the Company identified that two regulatory notices were issued to the Company dated 12 October 2022 and 3 June 2022 for certain non-compliances pertaining to comingling of the clients' money. Consequently, an investigation was carried out on the directions of the Board of Directors of the Company to identify the reasons for non-compliances. The investigation revealed several issues that necessitated retrospective restatements to the comparative financial statements.

The adjustments to the comparative financial statements mainly include increase in receivable balances & reduction in bank balances / increase in short-term running finance due to recording of fictitious receipts, reversal of previously recognized revenue which the Company was not permitted to bill to its customers, increase in provisions for doubtful debts due to revision in receivables and ageing buckets, recognition of assets acquired under Diminishing Musharaka and additional investments which were previously not recorded erroneously, increase in tax expense (both current and deferred) previously recorded incorrectly, recognition of financial charges on repo / other financing transactions and mark-up income earned on financing transactions which were previously not recognised etc. Moreover, Cost of Services as required under International Accounting Standard (IAS) - 1 "Presentation of Financial Statements" was previously not disclosed in the Statement of Profit or Loss has now been disclosed separately for the year ended 31 December 2022.

The adjustments have been made in accordance with the requirements of IAS 8 "Accounting policies, Changes in Accounting estimates and Errors". The correction of these errors has been accounted for retrospectively, and the comparative information has been restated. The errors have been corrected by restating each of the affected financial statement line items for the prior periods, as follows:

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	As at 31 December 2022				As at 1 January 2022			
	As previously reported	Adjustments	Reclassifi-cations	As restated	As previously reported	Adjustments	Reclassifi-cations	As restated
	Rupees							
Statement of financial position								
Assets								
Non-current assets								
Property and equipment	68,562,079	31,659,935	-	100,222,014	62,973,099	(1,289,759)	-	61,683,340
Long-term deposits	-	-	15,567,970	15,567,970				
Deferred taxation	24,403,878	(24,403,878)	-	-	-	-	-	-
	92,965,957	7,256,057	15,567,970	115,789,984	62,973,099	(1,289,759)	-	61,683,340
Current assets								
Trade receivables - net	862,737,290	(369,218,309)	-	493,518,981	286,884,743	(41,991,887)	-	244,892,856
Investments	15,375,860	93,295,000	-	108,670,860	26,165,604	-	-	26,165,604
Deposits, prepayments and other receivables	206,862,201	(4,521,760)	(15,567,970)	186,772,471				
Taxation recoverable	46,589,936	(20,175,896)	-	26,414,040	35,360,957	(6,681,631)	-	28,679,326
Cash and bank balances	628,982,251	(400,000,000)	334,000,000	562,982,251	231,442,560	-	293,939,406	525,381,966
	1,760,547,538	(700,620,965)	318,432,030	1,378,358,603	579,853,864	(48,673,518)	293,939,406	825,119,752
Liabilities								
Non-current liabilities								
Payable against Diminishing Musharakah	-	20,253,650	-	20,253,650	-	-	-	-
Lease liability against right-of-use assets	326,727	957,915	-	1,284,642	12,635,490	3,318,860	-	15,954,350
	326,727	21,211,565	-	21,538,292	12,635,490	3,318,860	-	15,954,350
Current liabilities								
Current portion of payable against Diminishing Musharakah	-	2,797,260	-	2,797,260	-	-	-	-
Current portion of lease liability against right-of-use assets	18,126,237	(1,327,891)	-	16,798,346	18,012,310	(3,280,085)	-	14,732,225
Short-term running finance facility	170,410,270	116,620,593	355,103,835	642,134,698	-	55,065,800	297,868,416	352,934,216
Mark-up payable on short-term borrowing	21,103,835		(21,103,835)	-	3,929,010		(3,929,010)	-
Trade and other payables	973,581,292	28,163,668	-	1,001,744,960	284,811,150	663,668	-	285,474,818
	1,183,221,634	146,253,630	334,000,000	1,663,475,264	306,752,470	52,449,383	293,939,406	653,141,259
Net impact on equity	669,965,134	(860,830,103)	-	(190,864,969)	323,439,003	(105,731,520)	-	217,707,483

	For the year ended 31 December 2022		
	As previously reported	Adjustments	As restated
	Rupees		
Statement of profit or loss			
Operating revenue	405,419,893	(62,732,023)	342,687,870
Cost of services	-	(204,941,148)	(204,941,148)
Administrative and general expenses	(344,079,976)	198,108,546	(145,971,430)
Financial charges	(128,850,903)	(26,719,161)	(155,570,064)
Other income - net	3,517,082	(61,945,760)	(58,428,678)
Allowance for expected credit losses	-	(558,970,890)	(558,970,890)
Loss for the year before taxation	(63,993,904)	(717,200,436)	(781,194,340)
Taxation	19,228,167	(37,320,295)	(18,092,128)
Loss for the year after taxation	(44,765,737)	(754,520,731)	(799,286,468)
Earnings / (loss) per share	0.19	(18.87)	(18.68)

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5 PROPERTY AND EQUIPMENT

	2023					
	Furniture and fixtures	Computer equipment	Office equipment	Motor vehicles	Right-of-use assets - Buildings	Total
As at 1 January 2023						
Cost - restated	23,689,615	29,979,670	16,426,624	34,982,000	45,931,271	151,009,180
Accumulated depreciation - restated	(3,690,308)	(16,928,491)	(7,865,703)	(2,335,778)	(19,966,886)	(50,787,166)
Net book value - restated	19,999,307	13,051,179	8,560,921	32,646,222	25,964,385	100,222,014
Year ended 31 December 2023						
Opening net book value - restated	19,999,307	13,051,179	8,560,921	32,646,222	25,964,385	100,222,014
Additions	2,885,583	2,951,287	1,408,225	5,000,000	5,946,857	18,191,952
Disposals						
Cost	-	(339,042)	-	-	(6,361,345)	(6,700,387)
Accumulated depreciation	-	339,042	-	-	6,361,345	6,700,387
	-	-	-	-	-	-
Depreciation charge for the year	(2,568,593)	(5,097,609)	(3,209,252)	(5,269,535)	(16,991,218)	(33,136,207)
Closing net book value	20,316,297	10,904,857	6,759,894	32,376,687	14,920,024	85,277,759
As at 31 December 2023						
Cost	26,575,198	32,591,915	17,834,849	39,982,000	45,516,783	162,500,745
Accumulated depreciation	(6,258,901)	(21,687,058)	(11,074,955)	(7,605,313)	(30,596,759)	(77,222,986)
Net book value	20,316,297	10,904,857	6,759,894	32,376,687	14,920,024	85,277,759
Depreciation rate (% per annum)	10%	25%	25%	20%	1 to 3 years	

	2022					
	Furniture and fixtures	Computer equipment	Office equipment	Motor vehicles	Right-of-use assets - Buildings	Total
As at 1 January 2022						
Cost	10,621,256	18,673,856	13,677,501	-	44,962,788	87,935,401
Accumulated depreciation	(1,874,146)	(12,825,230)	(5,805,074)	-	(5,747,611)	(26,252,061)
Net book value	8,747,110	5,848,626	7,872,427	-	39,215,177	61,683,340
Year ended 31 December 2022						
Opening net book value	8,747,110	5,848,626	7,872,427	-	39,215,177	61,683,340
Additions - restated	13,068,359	11,409,814	3,372,711	34,982,000	2,647,559	65,480,443
Disposals						
Cost	-	(104,000)	(623,588)	-	(1,679,076)	(2,406,664)
Accumulated depreciation	-	104,000	623,588	-	1,679,076	2,406,664
	-	-	-	-	-	-
Depreciation charge for the year - restated	(1,816,162)	(4,207,261)	(2,684,217)	(2,335,778)	(15,898,351)	(26,941,769)
Closing net book value - restated	19,999,307	13,051,179	8,560,921	32,646,222	25,964,385	100,222,014
As at 31 December 2022						
Cost - restated	23,689,615	29,979,670	16,426,624	34,982,000	45,931,271	151,009,180
Accumulated depreciation - restated	(3,690,308)	(16,928,491)	(7,865,703)	(2,335,778)	(19,966,886)	(50,787,166)
Net book value - restated	19,999,307	13,051,179	8,560,921	32,646,222	25,964,385	100,222,014
Depreciation rate (% per annum)	10%	25%	25%	20%	1 to 3 years	

5.1 Property and equipment includes items costing Rs. 17.260 million (2022: Rs. 15.639 million) which are fully depreciated as of 31 December 2023 but are still in active use of the Company.

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6 INTANGIBLE ASSETS

	Note	2023	2022
		(Rupees)	
Intangibles	6.1	7,489,511	7,883,723
Capital work-in-progress	6.2	2,222,900	752,900
		9,712,411	8,636,623

6.1

	2023			
	Computer software	TRE Certificate - Pakistan Stock Exchange Limited (6.1.1)	TRE Certificate - Pakistan Mercantile Exchange Limited (6.1.2)	Total
As at 1 January 2023				
Cost	9,564,312	4,926,170	3,500,000	17,990,482
Accumulated amortisation / impairment	(7,680,589)	(2,426,170)	-	(10,106,759)
Net book value	1,883,723	2,500,000	3,500,000	7,883,723
Year ended 31 December 2023				
Opening net book value	1,883,723	2,500,000	3,500,000	7,883,723
Additions	309,000	-	-	309,000
Amortisation for the year	(703,212)	-	-	(703,212)
Closing net book value	1,489,511	2,500,000	3,500,000	7,489,511
As at 31 December 2023				
Cost	9,873,312	4,926,170	3,500,000	18,299,482
Accumulated amortisation / impairment	(8,383,801)	(2,426,170)	-	(10,809,971)
Net book value	1,489,511	2,500,000	3,500,000	7,489,511
Amortisation rate (% per annum)	25%			

	2022			
	Computer software	TRE Certificate - Pakistan Stock Exchange Limited (6.1.1)	TRE Certificate - Pakistan Mercantile Exchange Limited (6.1.2)	Total
As at 1 January 2022				
Cost	7,591,247	4,926,170	-	12,517,417
Accumulated amortisation / impairment	(7,143,941)	(2,426,170)	-	(9,570,111)
Net book value	447,306	2,500,000	-	2,947,306
Year ended 31 December 2022				
Opening net book value	447,306	2,500,000	-	2,947,306
Additions	1,973,065	-	3,500,000	5,473,065
Amortisation for the year	(536,648)	-	-	(536,648)
Closing net book value	1,883,723	2,500,000	3,500,000	7,883,723
As at 31 December 2022				
Cost	9,564,312	4,926,170	3,500,000	17,990,482
Accumulated amortisation / impairment	(7,680,589)	(2,426,170)	-	(10,106,759)
Net book value	1,883,723	2,500,000	3,500,000	7,883,723
Amortisation rate (% per annum)	25%			

6.1.1 This represents Trading Right Entitlement Certificate (TREC) of Pakistan Stock Exchange Limited pursuant to the promulgation of Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012.

6.1.2 This represents Trading Right Entitlement Certificate (TREC) of Pakistan Mercantile Exchange Limited issued in accordance with the Futures Market Act, 2016.

6.1.3 Intangible assets includes items costing Rs. 7.027 million (2022: Rs. 7.027 million) which are fully amortised as of 31 December 2023 but are still in active use of the Company.

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		Note	2023	2022
6.2	**Capital work-in-progress**		------------------(Rupees)-----------------	
	Advance to vendor	6.2.1	2,222,900	752,900

6.2.1	**Movement of capital work-in-progress**			
	Opening as at 1 January		752,900	-
	Additions during the year		1,470,000	752,900
	Closing as at 31 December		2,222,900	752,900

7	**LONG-TERM LOANS**			
	Considered good - unsecured			
	Loan to ex-CEO*		-	375,000
	Loan to employees			
	Executives		687,505	-
	Other employees		2,150,012	2,383,908
			2,837,517	2,383,908
	Considered doubtful - unsecured			
	Loan to ex-CEO*		307,080	-
	Loan to other employees		833,535	811,072
			1,140,615	811,072
	Less: provision against doubtful employee loans	7.4	(1,140,615)	(811,072)
		7.2	2,837,517	2,758,908
	Less: current maturity of long-term loans			
	Loan to ex-CEO*		-	(250,000)
	Loan to employees		(2,465,513)	(1,786,880)
		12	(2,465,513)	(2,036,880)
			372,004	722,028

7.1 These represent personal loans provided to employees of the Company as per the Company's policy. These loans carry mark-up at the rate of 1 month KIBOR + 1% (2022: 1 month KIBOR + 1%) and are repayable in equal monthly instalments over a period of two years through deductions from salary.

		2023	2022
7.2	Reconciliation of loans to executives and other employees of the Company is as follows:	------------------(Rupees)-----------------	
	As at 1 January	2,758,908	2,661,351
	Loans disbursed during the year	4,365,000	3,744,000
	Loans repaid during the year	(4,286,391)	(3,646,443)
	As at 31 December	2,837,517	2,758,908

7.3 The maximum aggregate amount due from the employees at the end of any month during the year was Rs. 5.016 million (2022: Rs. 4.385 million).

		Note	2023	2022
7.4	**Movement in provision against doubtful employee loans:**		------------------(Rupees)-----------------	
	As at 1 January		811,072	811,072
	Charge for the year		329,543	-
	Reversals made during the year		-	-
	As at 31 December		1,140,615	811,072

* the ex-CEO had submitted his resignation in December 2023. However, his letter of resignation was kept in abeyance and final decision was taken subsequent to the year ended December 31, 2023. Therefore, the balances of ex-CEO have been included in the executives and related party balances.

		Note	2023	2022
8	**LONG-TERM DEPOSITS**		------------------(Rupees)-----------------	
	Deposits with:			
	Central Depository Company of Pakistan Limited		100,000	100,000
	National Clearing Company of Pakistan Limited		1,400,000	1,400,000
	Pakistan Stock Exchange Limited	8.1	13,210,000	13,210,000
	Pakistan Mercantile Exchange Limited		761,043	-
	Other security deposits		857,970	857,970
			16,329,013	15,567,970

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8.1 This represents amount deposited with Pakistan Stock Exchange Limited (PSX) on account of Base Minimum Capital requirement prescribed by PSX and is in addition to the shares of PSX as mentioned in note 11.2 to these financial statements. This deposit carries mark-up / interest at the rate as determined by the Exchange.

9 DEFERRED TAXATION - NET

	2023	2022 (Restated)
	------(Rupees)------	
Deferred tax assets arising on deductible temporary differences		
Intangible assets	119,811	-
Lease liability against right-of-use assets	1,356,910	5,244,067
Retirement benefit obligation	7,005,108	6,273,201
Payable against Diminishing Musharaka	6,690,630	6,684,764
	15,172,459	18,202,032
Deferred tax liabilities arising on taxable temporary differences		
Property and equipment	1,456,413	1,204,956
Right-of-use assets	4,326,807	7,529,672
Motor vehicles under Diminishing Musharaka	9,389,239	9,467,404
	15,172,459	18,202,032
Deferred tax (liability) / asset	-	-

9.1 Reconciliation of deferred tax (liability) / asset

	2023	2022 (Restated)
Deferred tax asset / (liability) as at 1 Jan	-	-
Recognised in the statement of profit or loss	-	-
Recognised in other comprehensive income	-	-
Deferred tax asset / (liability) as at 31 December	-	-

9.2 As at 31 December 2023, the Company has an aggregate deferred tax assets amounting to Rs. 384.434 million (2022: Rs. 394.179 million - restated). The Company has opted for recognising deferred tax asset on deductible temporary differences only to the extent of taxable temporary differences.

10 TRADE RECEIVABLES - NET

	Note	2023	2022 (Restated)
		------(Rupees)------	
Considered good			
Receivable from clients against purchase of marketable securities - secured		307,920,788	478,987,174
Money market brokerage receivable - unsecured		39,787,971	12,473,624
Forex brokerage receivable - unsecured		970,953	2,058,183
		348,679,712	493,518,981
Receivable from National Clearing Company of Pakistan Limited		116,313,339	-
		464,993,051	493,518,981
Considered doubtful			
Receivable from clients against purchase of marketable securities		1,166,870,368	1,157,584,047
Money market brokerage receivable		2,420,075	525,686
Forex brokerage receivable		8,659	6,200
Others		3,152,832	3,152,832
		1,172,451,934	1,161,268,765
Less: provision against doubtful trade receivables	10.5	(1,172,451,934)	(1,161,268,765)
		-	-
	10.1	464,993,051	493,518,981

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10.1 The ageing analysis of trade receivables is as follows:

	2023		
	Gross	Provision	Net
	-----(Rupees)-----		
Up to 5 days	290,575,010	(1,597,367)	288,977,643
More than 5 but up to 14 days	30,877,180	(529,487)	30,347,693
More than 14 but up to 30 days	15,094,751	(178,532)	14,916,219
More than 30 but up to 60 days	61,229,745	(4,633,201)	56,596,544
More than 60 but up to 90 days	8,065,974	(1,363,289)	6,702,685
More than 90 days but up to 365 days	14,864,956	(3,308,114)	11,556,842
More than 365 days*	1,216,737,369	(1,160,841,944)	55,895,425
	1,637,444,985	(1,172,451,934)	464,993,051

*this includes balances whose aging have been moved to highest category as these balances were rolled over historically.

10.2 This includes amounts due from related parties as follows:

	Note	2023	2022 (Restated)
		-----(Rupees)-----	
Key Management Personnel		-	-
Other related parties and associated undertakings		872,375	599,602
	10.4	872,375	599,602

10.3 The maximum aggregate amount due from related parties at the end of any month during the year was Rs. 426.456 million (2022: Rs. 493.137.869 million - restated).

10.4 The ageing analysis of amounts due from related parties and associated undertakings is as follows:

	2023		
	Gross	Provision	Net
	-----(Rupees)-----		
Up to 5 days	456,160	-	456,160
More than 5 but up to 14 days	183,155	-	183,155
More than 14 but up to 30 days	67,646	-	67,646
More than 30 but up to 60 days	163,701	-	163,701
More than 60 but up to 90 days	623	-	623
More than 90 days but up to 365 days	42	-	42
More than 365 days*	425,584,300	(425,583,252)	1,048
	426,455,627	(425,583,252)	872,375

*this includes balance of Ex-CEO whose aging have been moved to highest category as the balance was rolled over historically.

10.5 **Provision against doubtful debts**

	2023	2022 (Restated)
	-----(Rupees)-----	
As at 1 January	1,161,268,765	630,367,155
Charge for the year	11,183,169	558,970,890
Written off during the year	-	(28,069,280)
As at 31 December	1,172,451,934	1,161,268,765

10.6 The value of customers' assets held in the Central Depository System by the Company and maintained in the Company's sub-accounts as at 31 December 2023 amounts to Rs. 6,680.043 million (2022: Rs. 3,965.586 million).

11 INVESTMENTS

	2023	2022 (Restated)
	-----(Rupees)-----	
Financial assets at 'fair value through profit or loss'		
- Quoted equity securities	136,935,796	108,670,860

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11.1

Company name	Number of shares				Percentage of equity held	Carrying value as at 31 December 2023	Market value as at 31 December 2023	Unrealised gain / (loss) on remeasurement for the year
	As at 1 January 2023	Purchased / bonus issued during the	Sold during the year	As at 31 December 2023				
						(Rupees)		
Pakistan Stock Exchange Limited (PSX)	1,902,953	-	-	1,902,953	0.24%	15,375,860	19,200,796	3,824,936
First National Equities Limited (FNEL)	23,500,000	-	-	23,500,000	8.79%	93,295,000	117,735,000	24,440,000
Total as at 31 December 2023						108,670,860	136,935,796	28,264,936
Total as at 31 December 2022 - restated						191,865,604	108,670,860	(83,194,744)

11.2 The shares of PSX were allotted to the Company pursuant to the promulgation of Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012. These shares have been pledged with CDC in order to comply with the Base Minimum Capital requirement prescribed by the PSX.

12 LOANS AND ADVANCES - NET

	Note	2023	2022
		(Rupees)	
Considered good - unsecured			
Current maturity of long-term loans	7	2,465,513	2,036,880
Advance to employees	12.1 & 12.2	4,203,018	8,206,352
Advance to suppliers		601,222	2,293,162
		7,269,753	12,536,394
Considered doubtful - unsecured			
Advance to employees		3,404,768	458,173
Less: provision against doubtful advances	12.2 & 12.3	(3,404,768)	(458,173)
		-	-
		7,269,753	12,536,394

12.1 The advances to employees are given to meet personal and travelling expenses. These are granted to employees of the Company in accordance with their terms of employment and are recovered through deductions from salaries / against expense settlements.

12.2 This includes balance of Rs. 3.045 million pertaining to ex-CEO. The ex-CEO had submitted his resignation in December 2023. However, his letter of resignation was kept in abeyance and final decision was taken subsequent to the year ended December 31, 2023.

12.3 Provision against doubtful advances

	Note	2023	2022
		(Rupees)	
As at 1 January		458,173	458,173
Charge for the year	12.2	3,045,000	-
Reversal during the year		(98,405)	-
As at 31 December		3,404,768	458,173

13 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2023	2022 (Restated)
		(Rupees)	
Exposure deposits with National Clearing Company of Pakistan Limited	13.1	297,304,797	168,019,538
Prepayments			
Prepaid fees		1,594,913	3,025,906
Prepaid IT service level agreements		3,700,262	3,440,495
Prepaid insurance		206,310	-
Prepaid others		807,441	446,016
		6,308,926	6,912,417
Other receivables			
Accrued mark-up on exposure deposits with NCCPL		1,549,328	1,280,000
Accrued mark-up on repo transactions		-	6,078,946
Accrued mark-up on bank deposits		204,515	-
Advisory fee receivable	13.2	2,789,995	2,224,995
Others		2,301,575	2,256,575
		6,845,413	11,840,516
		310,459,136	186,772,471

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13.1 This represents deposits held at the year end against exposures arising out of trading in securities in accordance with the regulations of the Pakistan Stock Exchange Limited (the Exchange). Interest is earned on the deposit at rates as determined by the Exchange.

13.2 This includes an amount receivable from Bank Alfalah Limited (a related party) amounting to Rs. 1.595 million (2022: 1.595 million). The maximum aggregate amount outstanding at the end of any month during the year was Rs. 1.595 million (2022: Rs. 1.595 million).

13.2.2 The ageing analysis of receivable from the related party is as follows:

	From related party	
	2023	**2022**
	(Rupees)	
Not past due	-	1,594,995
Past due more than one year	1,594,995	-
	1,594,995	1,594,995

14 CASH AND BANK BALANCES

	Note	2023	2022 (Restated)
		(Rupees)	
Cash in hand		100,924	92,856
Cash at banks in			
- Current accounts	14.1	162,427,699	210,877,227
- Savings accounts	14.2 &14.3	349,807,136	352,012,168
	14.4	512,234,835	562,889,395
		512,335,759	562,982,251

14.1 This includes an amount of Rs. 139.984 million (2022: Rs. 8.510 million) maintained with Bank Alfalah Limited (a related party).

14.2 These include a balance of Rs. 3.541 million (2022: Rs. 4.999 million) maintained with Bank Alfalah Limited (a related party) that carries mark-up at the rate of 20.50% (2022: 14.50%) per annum. Other savings accounts of the Company with commercial banks, carry mark-up at the rates ranging from 7.00% to 20.50% (2022: 3.25% to 14.50%) per annum.

14.3 This includes an amount of Rs. 334 million maintained in a Call Account with a commercial bank as security against loan and a lien is marked against the said amount.

14.4 This includes an amount of Rs. 148.726 million (2022: Rs. 213.808 million - restated) representing clients' funds. As required under rule 4.17.1(a) of PSX Rule book, section 78 of the Securities Act, 2015 and section 62 of the Futures Market Act, 2016, the Company is required to maintain in a separate account all customer assets received from the customer or accruing to the customer and not to comingle those customer assets with the assets of the Company. As at 31 December 2023, the balance appearing under "amounts due to customers" as given in note 20 to these financial statements is Rs 1,419 million. This represents a shortfall of Rs. 1,154.259 million, in respect of amounts received from or accruing to the customers & kept in designated bank accounts. Subsequently, the Parent Company has injected additional capital into the Company as mentioned in note 1.2 to the financial statements to provide sufficient liquidity to segregate clients' funds.

15 SHARE CAPITAL

15.1 Authorised share capital

2023	2022		2023	2022
Number of shares			(Rupees)	
150,000,000	150,000,000	Ordinary shares of Rs. 10 each	1,500,000,000	1,500,000,000

15.2 Issued, subscribed and paid-up share capital

2023	2022		2023	2022
Number of shares			(Rupees)	
40,000,000	40,000,000	Ordinary shares of Rs. 10 each issued as fully paid in cash	400,000,000	400,000,000

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15.3 The share capital was issued, subscribed and paid-up by the following related parties of the Company:

	2023	2022	2023	2022
	----------Percentage Holding----------		-----------Number of shares-----------	
Bank Alfalah Limited	62.50%	62.50%	24,999,912	24,999,912
CLSA JV Holdings (Private) Limited	-	24.90%	-	9,960,000
CLSA BV	24.90%	-	9,960,000	-
Mr. Muhammad Aliuddin Ansari	9.87%	9.87%	3,948,761	3,948,761
Directors	0.00%	2.10%	88	841,327
Others	2.73%	0.63%	1,091,239	250,000
			40,000,000	40,000,000

16 LONG-TERM LOAN

	Note	2023	2022
		------------------(Rupees)------------------	
Long-term loan	16.1	300,000,000	300,000,000
Accrued mark-up		16,257,534	11,219,178
		316,257,534	311,219,178
Less: current maturity of long-term loan		(316,257,534)	(11,219,178)
		-	300,000,000

16.1 During the year ended 31 December 2021, the Company obtained a long-term loan from a commercial bank for a period of 3 years. Mark-up on loan is payable on quarterly basis and principal is repayable on maturity.

The loan is secured against lien of funds maintained in a Call Account with the Bank amounting to Rs. 334 million with a 10% margin on the said amount. The facility carries mark-up at the rate of 1 year KIBOR minus 2.23% (2022: 1 year KIBOR minus 2.23%) per annum and is due to mature in October 2024.

17 PAYABLE AGAINST DIMINISHING MUSHARAKA

	Note	2023	2022 (Restated)
		------------------(Rupees)------------------	
Payable against Diminishing Musharaka	17.1	23,071,137	23,050,910
Less: current portion of payable against Diminishing Musharaka		(4,691,874)	(2,797,260)
		18,379,263	20,253,650

17.1 These represent Diminishing Musharaka Financing obtained from a Modaraba amounting to Rs. 27.987 million (2022: Rs. 24.487 million). The financed amount is secured by way of registering the vehicles purchased from the amount financed in the name of a Modaraba. These carry mark-up at the rate of 3 months KIBOR plus 2.5% per annum. These facilities are due to mature latest by June 2028 (2022: December 2027).

17.2 Following is the movement in payable against Diminishing Musharaka:

	2023	2022 (Restated)
	------------------(Rupees)------------------	
As at 1 January	23,050,910	-
Amount borrowed during the year	3,500,000	24,487,400
Amount repaid during the year	(3,479,773)	(1,436,490)
As at 31 December	23,071,137	23,050,910

18 RETIREMENT BENEFIT OBLIGATION

18.1 The Company operates an unfunded gratuity scheme for all its eligible employees who have completed the minimum qualifying period of five years of service under the scheme. Actuarial valuation of the scheme is carried out every year using the projected unit credit method. Latest valuation of the scheme was carried out as at 31 December 2023.

The gratuity scheme exposes the Company to the following risks:

Mortality risks

The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service / age distribution and the benefit.

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Final salary risks

The risk that the final salary at the time of cessation of service is higher than expectation. Since the benefit is calculated on the basis of final salary, the benefit amount increases proportionately.

Withdrawal risks

The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

Discount rate fluctuation

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plan's bond holdings, if any.

18.2 Valuation results

The information provided in notes 18.3 to 18.10 has been obtained from the actuarial valuation carried out as at 31 December 2023. The following significant assumptions have been used for valuation of this scheme:

Actuarial assumptions	**2023**	**2022**
Discount rate (per annum compound)	15.50%	14.50%
Expected rate of increase in salary (per annum compound)	13.50%	12.75%
Mortality rate	SLIC (2001 - 2005)	
Withdrawal rate	Moderate	

		Note	**2023**	**2022**
18.3	**Amounts recognised in the statement of financial position**		---(Rupees)---	
	Present value of defined benefit obligation		43,058,826	39,844,321
18.4	**The movement in present value of defined benefit obligations during the year is as follows:**			
	Obligation as at 1 January		39,844,321	29,384,974
	Charge for the year	18.5	12,781,568	10,115,771
	Benefits paid		(3,071,250)	(1,649,000)
	Re-measurement (gain) / loss on obligation	18.6	(6,495,813)	1,992,576
	Obligation as at 31 December		43,058,826	39,844,321
18.5	**Amount recognised in the statement of profit or loss**			
	Current service cost		7,754,322	6,759,915
	Interest cost		5,027,246	3,355,856
		18.4	12,781,568	10,115,771
18.6	**Remeasurement loss recognised in statement of profit or loss and other comprehensive income**			
	Actuarial (gain) / loss on obligation	18.4	(6,495,813)	1,992,576

18.7 Sensitivity analysis:

The impact of 1% change in the following variables on defined benefit obligation is as follows:

	Change in assumption	Increase in assumption	Decrease in assumption
	%	---(Rupees)---	
Discount rate	1%	(2,058,292)	2,313,821
Salary increase rate	1%	2,527,048	(2,279,957)

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The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant assumptions, same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied which was applied when calculating the gratuity liability.

18.8 Based on the actuarial advice, the Company intends to charge an amount of approximately Rs. 11.360 million in the financial statements in respect of the unfunded gratuity scheme for the year ending 31 December 2024.

18.9 The weighted average duration of the defined benefit obligation is 6.11 years (2022: 8.95 years).

18.10 Expected maturity analysis of undiscounted obligation

	Less than 1 year	1 - 2 years	2 - 5 years	Over 5 years
Undiscounted payments (in Rupees)	12,734,766	3,051,658	21,308,406	143,458,582

19 LEASE LIABILITY AGAINST RIGHT-OF-USE ASSETS

The Company has entered into lease agreements in respect of its rented premises for its head office and branches. These were initially measured at the present value of lease payments, discounted using the Company's incremental borrowing rate that ranges from 11.89% per annum to 25.63% per annum. The lease liabilities are subsequently being measured at amortised cost using the effective interest rate method.

The amount of future payments for the leases and the period in which these payments will become due are as follows:

	2023	2022 (Restated)
	------------------(Rupees)----------------	
Present value of minimum lease payments	4,679,000	18,082,988
Less: current portion of lease liability against right of use assets	(3,281,913)	(16,798,346)
	1,397,087	1,284,642

	2023		2022	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
			(Restated)	
	-------------------------(Rupees)-------------------------			
Not later than one year	3,728,865	3,281,913	18,461,276	16,798,346
Later than one year and but later than five years	1,430,111	1,397,087	957,915	1,284,642
	5,158,976	4,679,000	19,419,191	18,082,988
Finance cost allocated to future periods	(479,976)	-	(1,336,203)	-
Present value of minimum lease payments	4,679,000	4,679,000	18,082,988	18,082,988
Less: current portion	(3,281,913)	(3,281,913)	(16,798,346)	(16,798,346)
	1,397,087	1,397,087	1,284,642	1,284,642

20 TRADE AND OTHER PAYABLES

	Note	2023	2022 (Restated)
		------------------(Rupees)----------------	
Amounts due to customers	20.1	1,419,298,830	709,273,729
Payable to National Clearing Company of Pakistan Limited		-	228,962,355
Accrued expenses		19,961,640	12,659,558
Borrowings		-	27,500,000
Commission payable		21,442,323	158,363
Withholding tax payable		4,048,099	1,976,541
Capital gain tax payable		29,826,972	600
Sales tax payable		10,834,618	7,334,646
Other payables	20.2	7,109,125	13,879,168
		1,512,521,607	1,001,744,960

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20.1 This includes amounts due to key management personnel amounting to Rs. 1.039 million (2022: Rs. 2.876 million).

20.2 This includes an amount of Rs. 0.498 million (2022: Rs. 0.400 million) payable to CLSA JV Holdings (Private) Limited (a related party).

		Note	2023	2022 (Restated)
21	**SHORT-TERM RUNNING FINANCE FACILITY**		---(Rupees)---	
	Running finance arrangements	21.1	372,579,184	621,030,862
	Accrued mark-up		27,898,116	21,103,836
			400,477,300	642,134,698

21.1 This represents short-term running finance facilities obtained from a commercial bank (2022: Commercial banks) with limits aggregating to Rs. 1,100 million as at 31 December 2023 (2022: Rs. 1,250 million). These facilities have been obtained to finance of day to day operations and carry mark-up at the rate of 3 months KIBOR + 2% (2022: 1 month KIBOR + 2% to 3 months KIBOR + 2%) per annum on a daily product basis. These are secured against hypothecation of receivables of the Company amounting to Rs. 1,200 million (2022: 1,400 million).

22 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 31 December 2023 and 31 December 2022.

		Note	2023	2022 (Restated)
23	**OPERATING REVENUE**		---(Rupees)---	
	Equity brokerage	23.1	317,811,167	286,108,499
	Money market brokerage		120,093,348	20,547,959
	Forex brokerage		6,401,000	4,159,100
	Commodities brokerage		261,313	-
	Investment advisory fee		1,500,000	31,495,893
	Others		462,458	376,419
			446,529,286	342,687,870
23.1	**Equity brokerage**			
	Retail clients		225,223,815	217,084,244
	Local institutions		67,943,646	49,401,366
	Foreign institutions		24,643,706	19,622,889
			317,811,167	286,108,499
24	**OTHER OPERATING REVENUE**			
	Profit on savings accounts	24.1	16,139,929	35,462,962
	Income on exposure deposits with NCCPL / Pakistan Stock Exchange Limited		14,242,541	12,580,381
	Income from Margin Financing System		5,570,912	4,209,974
			35,953,382	52,253,317
24.1	**Profit on savings accounts**			
	Gross profit (including profit on unutilised funds of clients)		66,374,465	39,227,034
	Profit on unutilised funds of clients		(50,234,536)	(3,764,072)
	Net profit		16,139,929	35,462,962

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25 COST OF SERVICES

	Note	2023	2022 (Restated)
		(Rupees)	
Salaries and allowances		86,211,875	85,669,704
Charge for retirement benefit obligation		7,157,678	5,564,440
Commission expense		154,743,596	48,941,860
Insurance expense		2,283,496	1,589,206
Fees and subscription including stock exchange, clearing house and CDC charges		53,173,372	43,834,983
Communication charges		7,552,101	5,630,169
Depreciation	5	11,838,227	9,224,354
Utilities		2,423,470	1,428,032
Advertisement		407,233	3,058,400
		325,791,048	204,941,148

26 ADMINISTRATIVE AND OPERATING EXPENSES

	Note	2023	2022 (Restated)
Salaries and allowances		86,706,155	74,905,588
Charge for retirement benefit obligation		5,623,890	4,551,331
Insurance expense		2,352,406	1,707,997
Repairs and maintenance		13,384,578	9,322,563
Printing and stationary		2,161,095	1,572,549
Courier and communication		6,441,801	4,468,892
Travelling and conveyance		1,872,466	1,184,000
Legal and professional charges		4,739,294	9,752,389
Auditors' remuneration	26.1	2,124,800	1,093,640
Depreciation	5	21,297,980	17,717,415
Amortisation	6	703,212	536,648
Utilities		9,098,016	7,282,071
Entertainment		2,193,237	1,618,781
Professional tax		114,500	114,500
Others		17,867,675	10,143,066
		176,681,105	145,971,430

26.1 Auditors' remuneration

	2023	2022
	(Rupees)	
Audit fee	1,100,000	648,148
Special certifications	573,500	148,148
Out of pocket expenses	293,907	216,334
	1,967,407	1,012,630
Sindh Sales Tax	157,393	81,010
	2,124,800	1,093,640

27 FINANCIAL CHARGES

	Note	2023	2022 (Restated)
		(Rupees)	
Mark-up on:			
Long-term loan		59,519,178	37,146,575
Short-term running finance facility		116,106,343	81,102,134
Diminishing Musharaka		5,388,788	1,849,179
Financing transactions	27.1	139,807,013	39,790,856
Financial charges on lease liability against right-of-use assets		1,963,432	(11,318,892)
Bank guarantee charges		5,784,877	6,524,076
Bank charges		485,704	476,136
		329,055,335	155,570,064

27.1 This represents mark-up charges incurred on repo transactions and funds borrowed by the Company from customers / brokers / third parties.

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		Note	2023	2022 (Restated)
28	**OTHER INCOME - NET**		------(Rupees)------	
	Dividend income		315,500	-
	Gain on disposal of property and equipment		55,400	162,600
	Capital gain on sale of investments		35,763,898	9,879,775
	Mark-up on loan to employees		821,752	379,376
	Unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net		28,264,936	(83,194,744)
	Mark-up earned on financing transactions	28.1	131,596,663	14,344,315
			196,818,149	(58,428,678)

28.1 This represents mark-up charged by the Company to a customer under "reverse repurchase transaction". The financing was made against shares (as collateral) by the Company to the customer.

		2023	2022
29	**OTHER CHARGES**	------(Rupees)------	
	Penalty imposed by Pakistan Stock Exchange Limited	2,000,000	-

29.1 This penalty was imposed by Pakistan Stock Exchange Limited (PSX) on account of non-compliances observed with regards to requirements under PSX Regulation 4.17.1 (a) (Segregation of clients' assets by the securities brokers).

		2023	2022 (Restated)
30	**TAXATION**	------(Rupees)------	
	Current tax	28,756,365	18,092,128
	Deferred tax	-	-
		28,756,365	18,092,128

30.1 The numerical reconciliation between the average tax rate and the applicable tax rate has not been presented in the financial statements as the provision for current year income tax has been made under sections 113,153 and 233 of the Income Tax Ordinance, 2001 due to tax loss in current year, adjustment of alternate corporate tax paid in prior years and liability under minimum tax regime being higher than the liability under normal tax regime.

The tax authorities had issued notices in respect of tax years 2016, 2017 and 2020 for monitoring of withholding taxes, stating non / short deduction of tax under certain heads which the tax authorities intend to recover under section 161/205 of the ITO, 2001. The Deputy Commissioner IR has passed orders dated 31 December 2020 and 3 January 2022 under sections 161/205/182 of the Income Tax Ordinance, 2001 raising a demand of Rs. 5,298,424, Rs. 18,310,005 and Rs. 15,849,059 for tax year 2016, tax year 2017 and tax year 2020 respectively. On the Company's appeal, the Commissioner IR (Appeals) has remanded back the impugned orders for the tax years 2016 and 2017 for re-examination and re-consideration of the facts of the case vide separate orders dated 25 March 2021. Commissioner IR (Appeals) also remanded back the order for the tax year 2020 regarding the recovery under section 161 of the Ordinance and deleted the penalty imposed under section 182 vide order dated 28 April 2022. However, appeal on the issue of additional surcharge has been dismissed, regarding which a rectification application has been filed, which is pending adjudication.

After selection for audit by FBR through random balloting, the return of income of tax year 2016 was amended vide order dated 18 June 2022 raising demand of Rs. 95,147,769. On the Company's appeal, the Commissioner Inland Revenue (Appeals) has deleted the disallowance of Rs. 291,525,900 in relation to the issuance of share capital, disallowance amounting to Rs. 12,348,317 on account of unabsorbed depreciation and disallowance amounting to Rs. 166,412,184 on account of claim of unadjusted loss from business and has remanded back disallowance of expenses at Rs. 38,017,265 for re-examination, reconsideration, re-verification and re-adjudication.

The management based on the advice of its tax advisor is confident that the above matters will be decided in the favour of the Company. Accordingly, no provision has been recognised in respect of the above matters in these financial statements.

31 LOSS PER SHARE

31.1 Basic

	2023	2022
	------(Rupees)------	(Restated)
Loss for the year (Rupees)	(197,540,748)	(747,033,151)
Weighted average number of ordinary shares outstanding	40,000,000	40,000,000
Loss per share (Rupees)	(4.94)	(18.68)

31.2 Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at 31 December 2023 and 31 December 2022 which would have any effect on the earnings / loss per share if the option to convert is exercised.

32 NUMBER OF EMPLOYEES

	2023	2022
Number of employees at the end of the year	114	110
Average number of employees during the year	114	96

33 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for the year for remuneration and benefits, to the Chief Executive Officer, Directors and Executives of the Company are as follows:

	2023			
	Chief Executive	Directors	Executives	Total
	---(Rupees)---			
Managerial remuneration	5,727,854	-	40,862,582	46,590,436
Bonus / commission	-	-	8,704,005	8,704,005
House rent and utilities	2,291,146	-	16,345,059	18,636,205
Other perquisites	7,028,494	-	27,886,405	34,914,899
	15,047,494	-	93,798,051	108,845,545
	2*	4	18	

	2022			
	Chief Executive	Directors	Executives	Total
	---(Rupees)---			
Managerial remuneration	3,020,142	-	24,341,931	27,362,073
Bonus / commission	723,319	-	4,010,563	4,733,882
House rent and utilities	1,208,057	-	9,031,443	10,239,500
Other perquisites	3,369,776	-	21,457,944	24,827,720
	8,321,294	-	58,841,881	67,163,175
	1	4	18	

* Mr. Atif Muhammad Khan has been replaced on 5 December 2023 by Mr. Syed Akbar Ali as CEO of the Company. He had submitted his resignation in December 2023. However, his letter of resignation was kept in abeyance and final decision was taken subsequent to the year ended December 31, 2023. Therefore, his balances have been included in the executives and related party balances.

34 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of holding company, major shareholders, associated companies with or without common directors, other companies with common directors, directors, key management personnel and their close family members. Transactions with related parties are entered into at negotiated rates on commercial terms. Remuneration to key management personnel are in accordance with their terms of employment.

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34.1 Details of transactions with related parties (other then those which have been disclosed elsewhere in these financial statements):

	2023	2022 (Restated)
	(Rupees)	
Bank Alfalah Limited - Parent Company (62.5% shareholding)		
Brokerage income - Equity	1,935,086	2,890,390
Brokerage income - Money market	13,652,561	2,672,379
Brokerage income - Forex	204,000	257,500
Investment advisory fee	-	9,387,500
Bank charges	165,582	138,872
Profit on bank deposits	1,019,931	332,331
Bank Alfalah Islamic Limited - Associated Company		
Brokerage income - Money Market	504,038	28,672
Alfalah Insurance Company Limited - Associated Company		
Brokerage income	2,649,339	1,995,644
Insurance charges	3,215,270	2,316,518
CLSA Limited - Associated Company		
Brokerage income	24,100,888	12,715,908
Alfalah GHP Islamic Stock Fund - Associate		
Brokerage income	213,781	72,465
Alfalah GHP Value Fund - Associate		
Brokerage income	16,025	5,935
Alfalah GHP Alpha Fund - Associate		
Brokerage income	91,053	175,320
Alfalah GHP Stock Fund - Associate		
Brokerage income	179,468	65,449
Alfalah GHP Pension Fund - Equity Sub fund - Associate		
Brokerage income	3,375	9,019
Alfalah GHP Islamic Pension Fund - Equity Sub fund - Associate		
Brokerage income	12,315	2,167
Alfalah GHP Islamic Dedicated Equity Fund - Associate		
Brokerage income	3,644	33,076
Alfalah GHP Dedicated Equity Fund - Associate		
Brokerage income	1,228	-
Alfalah GHP Cash Fund - Associate		
Brokerage income - Money Market	104,235	-
Alfalah GHP Money Market Fund - Associate		
Brokerage income - Money Market	777,691	-
Key Management Personnel		
Brokerage income	35,723,509	36,043,346
(Reversal) / charge against allowance for expected credit losses	(49,220,758)	410,347,382

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34.2 Balances with related parties (other then those which have been disclosed else where in these financial statements):

	2023	2022 (Restated)
	(Rupees)	
Bank Alfalah Limited - Parent Company (62.5% shareholding)		
Receivable against trade of marketable securities	162,075	1,932,300
Money market brokerage receivable	570,445	2,713,324
Forex brokerage receivable	13,560	130,515
Investment advisory fee receivable	1,594,995	1,594,995
Bank balances	139,983,788	8,509,785
CLSA JV Holdings (Private) Limited - Associated Company		
Other payable	497,568	400,328
Bank Alfalah Islamic Limited - Associated Company		
Money market brokerage receivable	209,524	-
Alfalah Insurance Company Limited - Associated Company		
Receivable against trade of marketable securities	365,816	330,980
CLSA Limited - Associated Company		
Receivable against trade of marketable securities	46,483	-
Alfalah GHP Islamic Stock Fund - Associate		
Receivable against trade of marketable securities	183,155	-
Alfalah GHP Alpha Fund - Associate		
Receivable against trade of marketable securities	43,861	-
Alfalah GHP Stock Fund - Associate		
Receivable against trade of marketable securities	67,646	-
Alfalah GHP Islamic Dedicated Equity Fund - Associate		
Receivable against trade of marketable securities	1,626	5,702
Alfalah GHP Cash Fund - Associate		
Money market brokerage receivable	106,985	-
Alfalah GHP Money Market Fund - Associate		
Money market brokerage receivable	827,998	-
Key Management Personnel		
Receivable against trade of marketable securities	580,474,668	546,338,512
Payable against trade of marketable securities	1,756,490	2,882,539
Allowance for expected credit losses	441,223,347	490,444,105

35 CASH AND CASH EQUIVALENTS

	Note	2023	2022 (Restated)
		(Rupees)	
Cash and bank balances	14	512,335,759	562,982,251
		512,335,759	562,982,251

36 FINANCIAL INSTRUMENTS BY CATEGORY

	2023		
	At amortised cost	At fair value through profit or loss	Total
	(Rupees)		
Financial assets			
Loan to employees	2,837,517	-	2,837,517
Long-term deposits	16,329,013	-	16,329,013
Trade receivables - net	464,993,051	-	464,993,051
Investments	-	136,935,796	136,935,796
Deposits and other receivables	304,150,210	-	304,150,210
Cash and bank balances	512,335,759	-	512,335,759
	1,300,645,550	136,935,796	1,437,581,346

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	2023		
	At amortised cost	At fair value through profit or loss	Total
	---------------(Rupees)---------------		
Financial liabilities			
Long-term loan	316,257,534	-	316,257,534
Lease liability against right-of-use assets	4,679,000	-	4,679,000
Payable against Diminishing Musharaka	23,071,137	-	23,071,137
Trade and other payables	1,512,521,607	-	1,512,521,607
Short-term running finance facility	400,477,300	-	400,477,300
	2,257,006,578	-	2,257,006,578

	2022		
	At amortised cost	At fair value through profit or loss	Total
	---------------(Restated)---------------		
	---------------(Rupees)---------------		
Financial assets			
Loan to employees	2,758,908	-	2,758,908
Long-term deposits	15,567,970	-	15,567,970
Trade receivables - net	493,518,981	-	493,518,981
Investments	-	108,670,860	108,670,860
Deposits and other receivables	179,860,054	-	179,860,054
Cash and bank balances	562,982,251	-	562,982,251
	1,254,688,164	108,670,860	1,363,359,024
Financial liabilities			
Long-term loan	311,219,178	-	311,219,178
Lease liability against right-of-use assets	18,082,988	-	18,082,988
Payable against Diminishing Musharaka	23,050,910	-	23,050,910
Trade and other payables	1,001,744,960	-	1,001,744,960
Short-term running finance facility	642,134,698	-	642,134,698
	1,996,232,734	-	1,996,232,734

37 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks which mainly include market risk, credit risk and liquidity risk. The Board of Directors of the Company has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

37.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments may fluctuate due to changes in market prices (e.g. foreign exchange rates, interest rates, equity prices, etc.). The objective of market risk management is to manage and control market risk exposure within acceptable parameters while optimizing returns for shareholders.

Market risk comprises three types of risks: currency risk, price risk, and yield / interest rate risk.

37.1.1 Currency risk

Currency risk is the risk that the value of a financial asset or liability will fluctuate due to changes in foreign currency rates. Foreign exchange risk arises mainly where receivables and payables exist due to transactions in foreign currencies. The Company primarily has foreign currency exposure in US Dollars. Details of the balance are as follows:

	US Dollars	
	2023	2022
Payable to CLSA JV Holdings (Private) Limited	1,768	1,768

As at 31 December 2023, if the Pakistani Rupee had strengthened / weakened by 1% against US Dollar with all other variables held constant, the impact on the total comprehensive loss would have been lower / higher by an amount of Rs. 0.005 million (2022: Rs. 0.004 million).

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37.1.2 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company is exposed to price risks because of investments held by the Company in shares of Pakistan Stock Exchange Limited and First National Equities Limited. In case of 1% increase / decrease in the market price of the shares held, the total comprehensive loss of the Company would be higher / lower by approximately Rs. 1.369 million (2022: Rs. 1.087 million - restated).

37.1.3 Yield / interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk mainly arises from it's bank balances in savings accounts, loan to employees, long-term loan, short-term running finance facility, lease liability against right-of-use assets and payable against Diminishing Musharaka. The Company has adopted appropriate policies to minimise its exposure to this risk. The interest rate profile of the Company's significant interest bearing financial instruments is as follows:

	Interest rate		Amount in Rupees	
	2023	2022	2023	2022 (Restated)
Variable rate instruments				
Financial assets				
Loan to employees	23.31	17.58	2,837,517	2,758,908
Balances with banks in savings accounts	7 to 20.5	3.25 to 14.5	349,807,136	352,012,168
			352,644,653	354,771,076
Financial liabilities				
Long-term loan	21.5	15.5	316,257,534	311,219,178
Payable against Diminishing Musharaka	25	18	23,071,137	23,050,910
Short-term running finance facility	24.64	17.71 to 18.4	400,477,300	642,134,698
			739,805,971	976,404,786

	Interest rate		Amount in Rupees	
	2023	2022	2023	2022 (Restated)
Fixed rate instruments				
Financial liability				
Lease liability against right-of-use assets	11.89 to 25.63	11.89 to 18.64	4,679,000	18,082,988

Fair value sensitivity analysis for fixed rate instruments

The Company does not have any fixed rate financial assets and liabilities which are classified at fair value through profit or loss. Therefore, a change in interest rate at the end of the reporting year would not affect the total comprehensive income.

Cash flow sensitivity for variable rate instruments

As at 31 December 2023, if the interest rate increased / decreased by 1% with all other variables held constant for variable rate instruments, the total comprehensive loss of the Company would have been lower / higher by Rs. 3.872 million (2022: Rs. 6.216 million - restated).

37.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Credit risk arises from the inability of the issuer of the instruments, the relevant financial institutions or counter parties in case of placements or other arrangements to fulfil their obligations.

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37.2.1 Exposure to credit risk

Credit risk of the Company arises principally from long-term deposits, trade receivables, loan to employees, other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their worth and margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies and investment and operational guidelines approved by the Board of Directors. Except for provision made against trade receivables amounting to Rs. 1,203.992 million (2022: Rs. 1,174.715 million - restated) (refer note 10.5), provision against advances amounting to Rs. 3.405 million (2022: Rs. 0.458 million) (refer note 12.2) and provision against loan to employees amounting to Rs. 1.141 million (2022: Rs. 0.811 million) (refer note 7.4), the Company does not expect to incur material credit losses on its financial assets. The maximum exposure to credit risk at the reporting date was as follows:

	2023	2022 (Restated)
	------------------(Rupees)	------------------
Loan to employees	2,837,517	2,758,908
Long-term deposits	16,329,013	15,567,970
Trade receivables - net	464,993,051	493,518,981
Deposits and other receivables	304,150,210	179,860,054
Bank balances	512,234,835	562,889,395
	1,300,544,626	1,254,595,308

37.2.2 The ageing analysis of trade receivables is disclosed in note 10.1 to the financial statements.

37.2.3 The credit quality of Company's balances with banks can be assessed with reference to external credit ratings as follows:

	Rating agency	Rating		Amount in Rupees	
		Short-term	Long-term	2023	2022 (Restated)
Allied Bank Limited	PACRA	A-1+	AAA	1,330,727	771,489
Askari Bank Limited	PACRA	A-1+	AA+	287,188	-
Bank AL Habib Limited	PACRA	A-1+	AAA	337,959,924	532,091,325
Bank Alfalah Limited	PACRA	A-1+	AA+	139,983,789	8,509,785
Bank Makramah Limited	-	Unrated	Unrated	641,586	248,511
BankIslami Pakistan Limited	PACRA	A-1	AA-	706,013	242,255
Bank of Khyber	PACRA / VIS	A-1	A+	225,816	118,668
Bank of Punjab	PACRA	A-1+	AA+	3,724,544	3,724,544
Dubai Islamic Bank Limited	VIS	A-1+	AA	591,099	2,084,655
Faysal Bank Limited	PACRA / VIS	A-1+	AA	1,953,809	290,289
Habib Bank Limited	VIS	A-1+	AAA	6,849,433	2,003,727
Habib Metropolitan Bank Limited	PACRA	A-1+	AA+	452,936	379,956
JS Bank Limited	PACRA	A-1+	AA-	618,731	558,007
MCB Bank Limited	PACRA	A-1+	AAA	2,880,028	3,241,626
Meezan Bank Limited	VIS	A-1+	AAA	5,317,962	4,440,189
National Bank of Pakistan	PACRA / VIS	A-1+	AAA	5,608,051	309,873
Silk Bank Limited	VIS	A-2	A-	1,293,269	688,566
Soneri Bank Limited	PACRA	A-1+	AA-	168,861	193,677
United Bank Limited	VIS	A-1+	AAA	1,641,069	2,992,253
				512,234,835	562,889,395

37.2.4 The Company does not hold any other financial assets which are rated.

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37.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or have difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market positions due to the dynamic nature of the business.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	2023				
	Carrying amount	Contractual cash flows	Up to three months	More than three months and up to one year	More than one year
	(Rupees)				
Financial liabilities					
Long-term loan	316,257,534	316,257,534	-	316,257,534	-
Lease-liability against right-of-use assets	4,679,000	5,158,976	198,000	3,530,865	1,430,111
Payable against Diminishing Musharaka	23,071,137	38,069,424	2,651,664	7,954,992	27,462,768
Trade and other payables	1,512,521,607	1,512,521,607	1,505,412,482	-	7,109,125
Short-term running finance facility	400,477,300	400,477,300	-	400,477,300	-
	2,257,006,578	2,272,484,841	1,508,262,146	728,220,691	36,002,004

	2022				
	Carrying amount	Contractual cash flows	Up to three months	More than three months and up to one year	More than one year
	(Restated)				
	(Rupees)				
Financial liabilities					
Long-term loan	316,257,534	316,257,534	-	-	316,257,534
Lease liability against right-of-use assets	18,082,988	19,419,191	-	18,461,276	957,915
Payable against Diminishing Musharaka	23,050,910	41,239,093	2,428,536	6,624,342	32,186,215
Trade and other payables	1,001,744,960	1,001,744,960	987,865,792	-	13,879,168
Short-term running finance facility	642,134,698	642,134,698	-	642,134,698	-
	2,001,271,090	2,020,795,476	990,294,328	667,220,316	363,280,832

37.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance financial losses and damage to its reputation while achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;

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- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

Senior management ensures that the Company's employees' have adequate training and experience and fosters effective communication related to operational risk management.

38 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Company to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at 31 December 2023 and 31 December 2022, the Company held the following financial instruments measured at fair values:

	2023		
	Level 1	Level 2	Level 3
	--(Rupees)--		
Financial assets			
At fair value through profit or loss	136,935,796	-	-

	2022		
	Level 1	Level 2	Level 3
	(Restated)		
	--(Rupees)--		
Financial assets			
At fair value through profit or loss	108,670,860	-	-

39 CAPITAL RISK MANAGEMENT

39.1 The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

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The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to its shareholders or issue new shares.

The management seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Company's strategy is to ensure compliance with the capital requirements of the Company as are set and regulated by the Pakistan Stock Exchange Limited.

39.2 Capital Adequacy Level

	2023	2022 (Restated)
	(Rupees)	
Total assets	1,586,487,046	1,513,543,632
Less: Total liabilities	(2,300,065,404)	(2,036,077,055)
Less: Revaluation reserves (created upon revaluation of fixed assets)	-	-
Capital Adequacy Level	(713,578,358)	(522,533,423)

39.2.1 While determining the value of the total assets of the TREC Holder, Notional value of the TRE certificate of Pakistan Stock Exchange Limited is considered, which was determined as Nil, for Alfalah CLSA Securities (Private) Limited as at 31 December 2023 by Pakistan Stock Exchange Limited.

39.3 Liquid Capital Balance

S. No.	Head of account	Value in Pak Rupees	Haircut / adjustments	Net adjusted Value
1	**Assets**			
1.1	Property and equipment	85,277,759	85,277,759	-
1.2	Intangible assets	9,712,411	9,712,411	-
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 upto 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 upto 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 security on the cutoff date as computed by the clearing house for respective security whichever is higher. Provided that if any of these securities are pedged with the securities exchange for maintaining Base Minimum Capital Requirement, 100% haircut on the value of eligible securities to the extent of minimum required value of Base Minimum Capital.	136,935,796	75,713,596	61,222,200
	ii. If unlisted, 100% of the carrying value.	-	-	-
1.6	Investment in subsidiaries	-	-	-
1.7	**Investment in associated companies / undertakings**			
	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.**			
	100% of net value, however any excess amount of cash deposited with Securities Exchange to comply with requirements of Base Minimum Capital may be taken in the calculation of LC.	14,710,000	14,617,008	92,992
1.9	Margin deposits with exchange and clearing house.	297,304,797	-	297,304,797
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	7,927,939	7,927,939	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc. (Nil)	1,753,843	-	1,753,843
	100% in respect of mark-up accrued on loans to directors, subsidiaries and other related parties.	-	-	-

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S. No.	Head of account	Value in Pak Rupees	Haircut / adjustments	Net adjusted Value
1.13	Dividends receivable.	-	-	-
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	**Advances and receivables other than trade receivables:**		-	
	i. No haircut may be applied on the short-term loan to employees provided these loans are secured and due for repayments within 12 months.	2,837,517	1,367,297	1,470,220
	ii. No haircut may be applied to the advance tax to the extent it is netted with provision of taxation.	45,302,364	45,302,364	-
	iii. In all other cases, 100% of net value.	9,895,810	9,895,810	-
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.	129,590,048	-	129,590,048
1.17	**Receivables from customers**			
	i. In case receivables are against margin financing, the aggregate of a. value of securities held in the blocked account after applying VaR based haircut; b. cash deposited as collateral by the financee; c. 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 the 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**	159,387,595	-	159,387,595
	v. In case of other trade receivables are overdue, or 5 days or more, the aggregate of: a. the market value of securities purchased for customers and held in sub-accounts after applying VaR based haircuts; b. cash deposited as collateral by the respective customer; and c. the market value of securities held as collateral after applying VaR based haircuts. **v. Lower of net balance sheet value or value determined through adjustments**	175,143,033	-	-
	vi. In case of amount receivable from related parties, value determined after applying applicable haircuts on underlying securities readily available in respective CDS account of the related party in the following manner: a. Up to 30 days, values determined after applying VaR based haircuts; b. Above 30 days but upto 90 days, value determined after applying 50% or VaR based haircuts whichever is higher; c. Above 90 days, 100% haircut shall be applicable. **vi. Lower of net balance sheet value or value determined through adjustments**	872,375	872,375	-
1.18	**Cash and Bank balances**			
	i. Bank balances - proprietary accounts	363,508,321	-	363,508,321
	ii. Bank balances - customer accounts	148,726,514	-	148,726,514
	iii. Cash in hand	100,924	-	100,924
1.19	**Subscription money against investment in IPO / offer for sale (asset)**			
	i. No haircut may be applied in respect of amount paid as subscription money, provided that shares have not been allotted or are not included in the investments of securities broker.	-	-	-
	ii. In case of investment in IPO where shares have been allotted but not yet credited in CDS account, 25% haircut will be applicable on the value of such securities.	-	-	-
	iii. In case of subscription in right shares where the shares have not yet been credited in CDS account, 15% or VAR based haircut whichever is higher, will be applied on right shares.	-	-	-
1.20	**Total Assets**	**1,588,987,046**		**1,163,157,454**
2	**Liabilities**			
2.1	**Trade payables**			
	i. Payable to exchanges and clearing house	-	-	-
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	1,419,298,830	-	1,419,298,830

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S. No.	Head of account	Value in Pak Rupees	Haircut / adjustments	Net adjusted Value
2.2	**Current liabilities**			
	i. Statutory and regulatory dues			-
	ii. Accruals and other payables	44,709,689	-	44,709,689
	iii. Short-term borrowings	48,513,088	-	48,513,088
	iv. Current portion of subordinated loans	400,477,300	-	400,477,300
	v. Current portion of long-term liabilities	-	-	-
	vi. Deferred liabilities	316,257,534	-	316,257,534
	vii. Provision for taxation	-	-	-
		-	-	-
	viii. Other liabilities as per accounting principles and included in the financial statements	7,973,787	-	7,973,787
2.3	**Non-current liabilities**			
	i. Long-term financing	-	-	-
	ii. Other liabilities as per accounting principles and included in the financial statements	19,776,350	18,379,263	1,397,087
	iii. Staff retirement benefits Note: (a) 100% haircut may be allowed against long-term portion of financing obtained from a financial institution including amount due against finance leases. (b) Nil in all other cases.	43,058,826	-	43,058,826
2.4	**Subordinated loans** i. 100% of subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted.	-	-	-
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**	2,300,065,404		2,281,686,141
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 financees exceed 10% of the aggregate of amounts receivable from total finances. (Provided that above prescribed adjustments shall not be applicable where the aggregate amount of receivable against margin financing does not exceed Rs. 5 million) Note: Only amount exceeding by 10% of each financee from aggregate amount shall be include in the ranking liabilities.	-	-	-
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 margin exceed the 110% of the market value of shares borrowed (Note: Only amount exceeding by 110% of each borrower from market value of shares borrowed shall be included in the ranking liabilities)	-	-	-
3.3	**Net underwriting commitments** **(a) In the case of right issues:** 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 issues where the market price of securities is greater than the subscription price, 5% of the haircut multiplied by the net underwriting commitment	-	-	-
	(b) In any other case: 12.5% of the net underwriting commitments	-	-	-
3.4	**Negative equity of subsidiary** The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceeds 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.	-	-	-

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S. No.	Head of account	Value in Pak Rupees	Haircut / adjustments	Net adjusted Value
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 value of a security exceeds 51% of the proprietary position, then 10% of the value of such security.	11,773,500	-	11,773,500
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 haircut.	-	-	-
	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**	**11,773,500**		**11,773,500**
		(722,851,858)	**Liquid Capital**	**(1,130,302,187)**

39.4 The Company has negative liquid capital balance of Rs 1,130.30 million as at 31 December 2023 resulting in non-compliance with the requirement of regulation 6(4) of the Securities Brokers (Licensing and Operations) Regulations, 2016 which requires a minimum liquid capital balance of Rs 10 million to be maintained at all times. Subsequent to the year end, the Parent Company has injected additional capital into the Company as mentioned in note 1.2 to the financial statements to provide sufficient liquidity to maintain required levels of liquid capital.

40 BASE MINIMUM CAPITAL REQUIREMENT

According to Regulation 19.2 of the Rule Book of Pakistan Stock Exchange Limited, every TREC holder licensed as a Securities Broker under Securities Brokers (Licensing and Operations) Regulations, 2016, is required to maintain a Base Minimum Capital (BMC) of the amount and in the form as prescribed in the Rule Book based on the Securities Broker's Assets Under Custody. As at 31 December 2023, the Company is required to maintain BMC of Rs. 30.452 million (2022: Rs. 29.290 million).

Base Minimum Capital maintained by the Company and is as follows:	2023	2022
	(Rupees)	
1,902,953 Shares of Pakistan Stock Exchange Limited	17,335,902	16,957,214
Cash	13,210,000	13,210,000
	30,545,902	30,167,214

41 DISCLOSURE UNDER REGULATION 5(4) OF RESEARCH ANALYST REGULATIONS, 2015

As a Securities Broker, the Company also issues Research Reports on securities listed on Pakistan Stock Exchange through research analysts employed by it. Currently, the Company employees 5 individuals in its research department including the Head of Research. All team members report directly to the Head of Research, who, in turn, reports to the CEO.

The compensation structure for research analysts employed by the Company is based on the qualifications, experience, and skill set of each individual and no employee is provided compensation based on the content or outcome of their research reports.

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The total salary for the year of the employees in the Research Department amounted to Rs. 16.323 million (2022: Rs. 12.140), which includes basic salary and other allowances as per Company's policy.

42 FINANCIAL INSTRUMENTS WITH OFF BALANCE SHEET RISKS

The Company purchases and sells securities as either principal or agents on behalf of its customers. If either the customer or a counterparty fails to perform, the Company may be required to discharge the obligation on behalf of the non-performing party. In such circumstances, the Company may sustain losses if the market value of the security is different from the contracted value of the transaction less any margin deposits that the Company has on hand. Where the customer operates through institutional delivery system, the Company is not exposed to this risk.

The majority of the Company's transactions, and consequently, the concentration of its credit exposure are with the customers and other financial institutions. The Company seeks to control its credit risk through a variety of reporting and controls procedures, including establishing credit limits based upon a review of the counterparties' financial condition. The Company monitors collateral levels on a regular basis and requests changes in collateral level as appropriate or if considered necessary.

The Company enters into security transactions on behalf of its customers involving future settlement. Transactions involving future settlement give rise to market risk, which represents the potential loss that can be caused by a change in the market value of a particular financial instrument. The credit risk for these transactions is limited to the unrealised market valuation losses which have been recorded in the statement of accounts of the customers. As explained above, credit risk is controlled through a variety of reporting and controls procedures.

43 CORRESPONDING FIGURES

43.1 Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of comparison and to reflect the substance of the transactions. Following major reclassifications have been made during the year:

Particulars	Reclassified from	Reclassified to	Amount in Rupees	
			2022	2021
Advance to vendor	Loans and advances - net	Intangible assets	752,900	-
Non-current portion of loan to employees	Loans and advances - net	Long-term loans	722,028	277,612
Deposits with Central Depository Company of Pakistan Limited, National Clearing Company of Pakistan Limited, Pakistan Mercantile Exchange Limited and other security deposits.	Deposits, prepayments and other receivables	Long-term deposits	15,567,970	15,319,000
Balance with banks in savings account	Short-term running finance facility	Cash and bank balances	334,000,000	293,939,406
Accrued mark-up on long-term loan	Mark-up on long-term loan	Long-term loan	11,219,178	2,213,044
Accrued mark-up on short-term running finance facility	Mark-up on short-term borrowing	Short-term running finance facility	21,103,836	3,929,012

43.1.1 The above reclassifications in respect of intangible assets, long-term loans, deposits, cash and bank balances and accrued mark-up is significant and required disclosure of amounts in the statement of financial position as at the beginning of the preceding period as per the requirements of International Financial Reporting Standards. Accordingly, amounts as at 1 January 2022, after taking into account the impact of reclassifications have been presented and disclosed in the statement of financial position.

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44 DATE OF AUTHORISATION FOR ISSUE

21 JUN 2024

These financial statements were authorised for issue on ____________ by the Board of Directors of the Company.

45 GENERAL

Figures have been rounded off to the nearest Rupees, unless otherwise stated.

Chief Executive Officer	Chief Financial Officer	Director