

# FINANCE / ACCOUNTING MANUAL



## **1 CONTENTS**

1	CONTENTS.....	2
2	SCOPE AND OBJECTIVE .....	4
3	FINANCE AND ACCOUNTING FUNCTION .....	4
3.1	Core Responsibilities .....	4
3.2	Organisation Structure .....	5
3.3	Work Allocation.....	5
3.3.1	Chief Financial Officer (CFO).....	5
3.3.2	Manager Finance (MF) .....	5
4	GENERAL & ADMINISTRATIVE.....	6
4.1	Description of Accounts .....	6
4.2	Voucher Types .....	6
4.3	Authority Levels & Segregation .....	7
4.4	Files and Records Management .....	7
4.4.1	Filing System: .....	7
4.4.2	Data handling within the Accounts Function: .....	7
4.4.3	Inter-Department Communication: .....	7
4.4.4	Record Retention and Long-Term Storage: .....	8
4.4.5	Record Destruction: .....	8
5	SIGNIFICANT ACCOUNTING POLICIES .....	8
5.1	Operating fixed assets .....	8
5.1.1	Property and equipment .....	8
5.1.2	Intangible assets .....	8
5.2	Cash and cash equivalents .....	9
5.3	Provisions.....	9
5.4	Taxation .....	9
5.4.1	Current Tax .....	9
5.4.2	Deferred Tax .....	9
6	CAPITAL & OPERATING EXPENDITURE .....	10
6.1	Policies.....	10
6.2	Procedures.....	10
7	PAYROLL CALCULATION, DISBURSEMENT AND RELATED ISSUES.....	14
7.1	Policies.....	14
7.2	Procedures.....	14
8	TAXES.....	19
8.1	Policies.....	19
8.2	Procedures.....	19
9	CASH & BALANCE WITH BANKS.....	22
9.1	Policies.....	22
9.2	Procedures.....	22
10	PETTY CASH PAYMENTS.....	24
10.1	Policies.....	25

10.2	Procedures.....	25
11	FIXED ASSETS .....	26
11.1	Policies.....	26
11.2	Procedures.....	26
12	PAYMENTS AND RECEIPTS .....	28
12.1	Receipts.....	28
12.2	Payments:.....	29
12.3	Payment of annual insurance premium on Fixed Assets .....	29
12.4	Payment of Commission.....	30
13	RENT, RATES AND TAXES.....	31
13.1	Objective.....	31
13.2	Procedure .....	31
14	TRAVELLING EXPENSE.....	31
14.1	Policy .....	31
14.2	Procedure .....	32
15	ELECTRICITY, REPAIR AND MAINTENANCE.....	32
15.1	Policy .....	32
15.2	Procedure .....	32
16	BUDGET AND FORECAST .....	33
16.1	Policy .....	33
16.2	Annual & Revised Budgets and Variance Analysis .....	33
16.2.1	Procedures.....	33
16.3	Forecasts and Variance Analysis .....	34
17	AUDIT AND ACCOUNTS.....	35
17.1	Policy .....	35
17.2	Quarterly & Half Yearly Financial Statements.....	35
17.3	Procedures.....	35
17.4	Annual Audited Financial Statements .....	36
18	CASH AND BANK.....	37
18.1	Replacement of lost cheques drawn on utility accounts .....	37
18.1.1	Policy .....	37
18.1.2	Procedure .....	37
18.2	Dishonoured cheque.....	38
18.2.1	Policy .....	38
18.2.2	Procedure .....	38
19	OTHER RECEIVABLES .....	38
19.1	Policy .....	38
19.2	Procedure .....	38
20	CASH MANAGEMENT .....	39
20.1.	Cash Management Scenarios .....	39
20.2.	Cash Management Roles and Responsibilities .....	41
20.3.	Bank Accounts and Authorized Signatories .....	41
20.4.	Receipts and Payments .....	42
20.5.	Loans.....	42
20.6.	Accounting and Disclosures .....	42

21	RELATED PARTY TRANSACTIONS.....	43
22	ANNEXURES .....	45

## **2 SCOPE AND OBJECTIVE**

The purpose of this document is to define policy parameters for the routine daily procedures to be followed at Accounts and Finance Department for recording the activities undertaken by ALFA ADHI SECURITIES (PVT) Limited (“AASL” or the “Company”).

This document shall define various policies and procedures that will govern different areas of work. In order to avoid duplication, wherever necessary references have been made to co-relate the policy and procedure already described in one segment or another.

The policy guidelines and procedures laid down by the Manual are to be followed by the respective personnel of the Accounts and Finance (ACF). All efforts have been made to ensure that various legal requirements and industry best practices regarding processing and disclosure of financial transactions have been covered in this document. However, it should be noted that local statutes and various other rules, regulations and guidelines issued by different regulatory authorities will, where in conflict with these guidelines, hold sway over these policy guidelines and it is the responsibility of all the personnel to keep abreast with the various developments and changes in the statutes and regulations governing the working of AASL.

## **3 FINANCE AND ACCOUNTING FUNCTION**

### **3.1 Core Responsibilities**

The Finance and Accounting Function is responsible for:

1. Bookkeeping.
2. Secretarial Compliance iAASLuding compliance with listing regulations wherever applicable.
3. Identifying and reporting business risk.
4. Liaison with auditors.
5. Liaison with legal and tax advisors.
6. Liaison with the Bankers to the AASL.
7. Calculation and disbursement of payroll.
8. Submission of withholding tax returns / other tax returns of the AASL.
9. Compliance with regulatory authorities in respect of financial and secretarial matters.

## 3.2 Organisation Structure

The Chief Financial Officer shall lead the Accounts and Finance department of the Company. The organization structure of the Department shall be as under:

- Chief Financial Officer (CFO)
- Manager Finance (MF)
- Assistant Finance Manager (AFM)

## 3.3 Work Allocation

### 3.3.1 Chief Financial Officer (CFO)

- Overall supervision of accounts and finance function
- Provision of timely and accurate financial information related to AASL
- Compliance with all regulatory and tax authorities
- Identifying business risk including going concern, non-compliances or errors in financial reports, etc. and chances of their happening.
- Assessing the level, impact and significance of the risks on financial strength of the company through materiality level that may effect on financials of the company.
- Reporting to the BOD in case of any possibility of occurrence of any adverse situation.
- Liaison with Auditors/ Bankers / Legal Advisors / Tax Advisors
- Timely provision of MIS reports
- Financial planning and budget comparison
- Development of adequate controls for safeguarding assets of the entity
- Approval of payment to outside parties
- Corporate Secretarial Compliance
- Management Reporting
- Annual budget reporting
- Ensuring appropriateness of Accounting Policies and Disclosures

### 3.3.2 Manager Finance (MF)

- Payment of vendors' bills
- Cash and Liquidity Management
- Posting of Vouchers
- Bank Reconciliation
- Withholding Tax Payment
- Salary Computation
- Monthly Salary payment
- Preparation of Tax Statements – monthly, quarterly and annual.
- Preparation of Monthly Accounts
- Preparation of Annual Accounts
- Liaison with auditors to the extent of delegated authority



- Payments to Commissionaires
- Maintaining fixed asset register
- Advisors / tax advisors to the extent of the delegated authority.
- Liaison with other departments.
- Maintenance of chart of accounts.
- Assistance in submission of returns to SECP / CRO and tax authorities.
- Employee salary tax calculation

## 4 GENERAL & ADMINISTRATIVE

### 4.1 Description of Accounts

Grouping of chart of accounts at Level One shall be as under:

Level One Code	Classification
1	Assets
2	Equity
3	Liabilities
4	Revenue
5	Expenses

### 4.2 Voucher Types

Following voucher types would be used for entering accounting entries:

- Journal Vouchers:** Journal Vouchers are used to record non-cash transactions like accrual entries etc. The mnemonic for the voucher shall be (JV).
- Receipt Vouchers:** Receipt Vouchers are used to record transactions involving receipt of cash. The mnemonic for the voucher shall be (RV).
- Payment Vouchers:** Payment Vouchers are used to record **transactions** involving cash outflow through direct bank transfers etc. i.e. the transactions where payment through cheques are not involved. The mnemonic for the voucher shall be (PV).
- Petty Cash Vouchers:** Petty Cash Vouchers are used to record Petty Cash Transactions only. The mnemonic for the voucher shall be (PCV).

Documents	Prepared by	Verified by	Approved by
Journal vouchers	AMF	MF	CFO

Receipt vouchers	AMF	MF	CFO
Payment vouchers	AMF	MF	CFO & CEO
Management Accounts	MF	MF	CFO & CEO
Quarterly / annual / half yearly accounts	MF	MF	CFO & CEO

### 4.3 Authority Levels & Segregation

#### Opening of new accounts:

New accounts under chart of accounts shall be opened with the permission of the CFO. The MF shall provide recommendation for opening of account.

### 4.4 Files and Records Management

#### 4.4.1 Filing System:

In order to ensure efficient and effective handling of records and timely provision of financial information, it is the policy of the entity to have a paperless culture. However, this should not undermine the basic record keeping requirements where hard copy records are required to ensure accuracy, completeness and trail of financial transactions undertaken by AASL. In general, following records shall be available in hard format:

- All vouchers along with supports
  - Final General Ledger on annual basis
  - Final drafts of quarterly, half yearly and annual accounts
  - A copy of the documents filed for compliance with various statutory authorities
- All correspondence with the third parties

#### 4.4.2 Data handling within the Accounts Function:

All the computerized data, files and documents shall be stored at a centralized place on the main server of AASL. Filing for AASL records shall be maintained and each employee will have access to his respective department section only. A copy of all the correspondence with the third parties shall also be filed either electronically or in hard form in the Administration Department's Master File.

#### 4.4.3 Inter-Department Communication:

Inter-departmental communication and memos shall be sent via internal email and wherever necessary, a hard copy of the communication shall be maintained.



#### **4.4.4 Record Retention and Long-Term Storage:**

In accordance with the requirements of the Companies Act, 2017 and relevant tax provisions, the financial records of AASL shall be retained for a period of at least ten (10) years.

For ease of handling of records, closed files and records of closed accounting periods shall be retained in bounded form. Only current files and records for current accounting period shall be retained in the loose files.

#### **4.4.5 Record Destruction:**

Financial records beyond the period of statutory retention may be destroyed with the permission of the CFO and CEO. In such case also, if possible, records in hard copy format may be transferred to electronic form for longer retention. No other record shall be destroyed unless authorized by the CFO.

## **5 SIGNIFICANT ACCOUNTING POLICIES**

### **5.1 Operating fixed assets**

#### **5.1.1 Property and equipment**

Operating assets are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation on fixed assets is calculated by applying the straight-line method whereby the cost of an asset is written off over its estimated useful life. Depreciation is charged on fixed assets on proportionate basis. In case of acquisition, depreciation is charged from the month of addition and in case of disposal up to the month preceding the month of disposal.

Gains / (losses) on disposal of fixed assets are taken to the profit and loss account.

Major renewals and improvements are capitalised, and the assets so replaced, if any, are retired. Normal repairs and maintenance are charged to income as and when incurred.

#### **5.1.2 Intangible assets**

Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any. Amortization of intangible assets is calculated by applying the straight-line method whereby the cost of any asset is written off over its estimated useful life. Amortization is charged on intangible assets on proportionate basis. In case of acquisition, amortization is charged from the month of addition and in case of disposal up to the month preceding the month of disposal.



## **5.2 Cash and cash equivalents**

Cash and cash equivalents comprise of cash in hand and deposits held with banks. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and at bank and short-term investments that are highly liquid in nature and are readily convertible into known amounts of cash, which are subject to insignificant risk of changes in value.

## **5.3 Provisions**

Provisions are recognized when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are measured at the present value of expected expenditure, discounted at a pre-tax rate that reflects current market assessment of the time value of money and the risk specific to the obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimates.

## **5.4 Taxation**

### **5.4.1 Current Tax**

Provision for current taxation is based on the taxable income for the year determined in accordance with the prevailing law for taxation on income. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years, arising from assessments framed during the year for such years.

### **5.4.2 Deferred Tax**

Deferred tax is provided using the liability method, provided for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only when it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

## 6 CAPITAL & OPERATING EXPENDITURE

6.1 Policies	6.2 Procedures
<p><b>CAPITAL EXPENDITURE (CAPEX)</b></p> <p>Any purchase of item shall be capitalized if it meets the following criterion:</p> <p>The purchase value, including installation and delivery charges is greater than Rs. 25,000.</p> <p>The economic life of the asset and the benefits arising to the organization are spread over a period of more than one year.</p> <p>All CAPEX would be made on approval of the CEO.</p> <p><b>OPERATING EXPENSES</b></p> <p>Following payments would constitute operating expenses.</p> <p>Expenditure to meet the day-to-day business requirements other than Capital Expenditure and petty cash items.</p> <p>All operating</p>	<p><b>PURCHASES:</b></p> <p>All purchases shall be made by the Admin Dept on the request of the Functional Head of the respective department. While selecting the supplier / vendor following shall be considered.</p> <ul style="list-style-type: none"> <li>• Supplier should have an NTN number.</li> <li>• Supplier should have reasonable credentials to the satisfaction of the Functional Head of Department requesting the purchase.</li> <li>• All payment would only be made after satisfactory inspection of goods / services.</li> <li>• Advance payments should be discouraged.</li> <li>• All payments to vendors will be made through crossed cheques.</li> </ul> <p>Tax will be deducted from all payments (applicable to tax deduction), unless a tax exemption certificate is provided to the Accounts Dept before processing of payment.</p> <p>All cheques will be despatched to the registered address via courier unless instructions of direct collection are issued by the vendor. Vendors should be requested to collect tax challans from the Admin. Payments processing time would be at an average 7-14 days after the receipt of invoice with all relevant approvals and attachments by the Accounts Dept.</p> <p><b>PROCEDURE FOR MAKING EXPENDITURE:</b></p> <p>Check Budget Limits with monthly allocation to the department Every Functional Head of Department shall monitor and plan expenditure with respect to the monthly budget allocated to his department.</p> <p>Each expenditure under consideration should be matched against its respective budget head.</p> <p>Any expenditure required to be made and outside the budget limits should be brought to the knowledge of the approving authority and appropriate approvals shall be obtained by the Functional Head of Department.</p>

<p>expenditure up to Rupees 10,000 and within the annual budget would require approval of the Functional Head. All other expenses would require approval of the Chief Executive.</p> <p>Payment to vendors / service providers etc. shall be made in accordance with the delegation of authority document approved by the Board of Directors</p> <p>Expenses shall be booked on accrual basis.</p>	<p><b>Procurements:</b> Once the budgetary limits have been checked, Functional Head of Department shall raise request for procurements to Admin Dept</p> <p><b>Quotations:</b> Three quotations should be invited for all items being bought for the first time and of value greater than Rs 10,000.</p> <p>Quotations should also be invited for those items, whose rates have changed by more than 5 % from the last approved price.</p> <p>A quote comparison sheet should be prepared by the Admin Officer and a recommendation be made along with reasons for making the recommendation to the Functional Head of Department requesting the purchase.</p> <p>Final decision for purchase from any vendor lies with the Functional Head of Department of requesting department. In case of disagreement with the recommendation of the Admin, Functional Head of Department shall place his remarks for the same.</p> <p><b>Credit Period determination / Advance</b> After selecting the vendor, terms of payment should be finalised, seeking maximum credit period, without affecting vendors' relationship.</p> <p>Advance payments are discouraged.</p> <p><b>Clarify vendors tax status</b> Once the vendor is selected, Admin Dept must clarify the tax status of the vendor and is responsible for obtaining any tax exemption certificates, NTN etc.</p> <p><b>Approval for commitment</b> The cost comparison sheet to be presented to the approving authority along with the requisition for approval.</p> <p><b>Approval for placement of order – Delivery Schedule (PURCHASE ORDER)</b> After the approval of the expenditure, credit period and clarification of tax status, a purchase order should be made in triplicate, mentioning the payment and delivery schedule.</p>
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One copy of the signed purchase order should be given to the vendor, One copy should be the acknowledgement copy to be retained by the Admin Dept after taking signatures from the vendor.

One copy should be given to the Accounts department, to check for the availability of funds and for making necessary reservations thereof. The purchase order should essentially cover the following fields:

- ✓ Date of Order.
- ✓ Price inclusive of sales tax, other duties
- ✓ Quantity ordered / description of service
- ✓ Vendors Name, address, NTN number (if any)
- ✓ Delivery schedule, place of delivery.
- ✓ Payment terms

**Receipt and inspection of material / service**

Procurements shall be delivered to the Admin Dept.

On receipt of goods, Admin shall ensure compliance with the purchase order and on satisfaction, acknowledge the receipt of the goods.

In case of CAPEX, Admin shall log the asset in the Fixed Asset Register and tag the asset with fixed asset code.

The asset shall be handed over to the Functional Head of Department of the requesting department against his acknowledgement in Fixed Asset Register.

The Functional Head of Department shall be the custodian of the capital assets of his department.

Other than CAPEX procurements shall be handed over to Functional Head of Department of the requesting Dept against his acknowledgement on supplier's invoice / delivery challan.

A copy of the title documents, invoice and delivery challan shall also be retained by Admin.

The acknowledgement on vendors' invoice would then be forwarded to the Accounts department.

**Payment to vendors:**

Manager Admin / Functional Head of Department of the department

that incurred expense, shall forward the invoice along with following documents to Accounts Dept for payment against expenses incurred. Duly acknowledged delivery challan for the procurements.

In case of CAPEX, duly completed Fixed Asset Register showing log of asset purchased and acknowledgement of Functional Head of Department receiving the asset.

The Accounts department will make a cross cheque payment in the name of the vendor after deducting appropriate tax there from. MF shall cross the invoice with 'paid' stamp to avoid duplicate payments.

The cheque will then be handed over to the administration department for despatch to or collection by the vendor.

All cheques will be despatched to the registered address via courier unless instructions of direct collection are issued by the vendor

**Collection of cheques by the vendor**

The administration officer would ensure that the cheque has been received by an authorised representative of the vendor and would take acknowledgement on a copy of the payment voucher.

**RECURRING TRANSACTIONS**

Steps 2 – 5 will be applied only to first time transaction of a specific head from a specific vendor or transactions where the purchase price exceeds the last approved price by more than 5%.

**SERVICES:**

If any expenditure requires hiring of professional services, the Functional Head of Department shall hire the services in consultation with CEO.

The terms and agreement of the services shall be approved by the Functional Head of Department.

On completion of services / as per terms of agreement, Functional Head of Department shall forward the invoice to the Accounts Dept for payment.

Accounts Dept shall process the payment in accordance with the points 9 to 10.

	<p><b>Accrual of Expenses:</b> Expenses shall always be booked on accrual basis. Basis of accrual shall depend on nature of expense and related terms and conditions agreed at the time of incurrence of expense. MF in consultation with CFO shall formulate accrual policies for each head of expense account. The accounting entries for the accrual of assets shall be as under:</p> <p><b>1. Accrual of Expenses:</b></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 70%;">Expense</td> <td style="width: 15%; text-align: right;">*****</td> <td style="width: 15%;"></td> </tr> <tr> <td>Expense Payable</td> <td></td> <td style="text-align: right;">**</td> </tr> </table> <p><b>2. Payment of expense liability:</b></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 70%;">Expense Payable</td> <td style="width: 15%; text-align: right;">*****</td> <td style="width: 15%;"></td> </tr> <tr> <td>Withholding tax payable (if any)</td> <td></td> <td style="text-align: right;">**</td> </tr> <tr> <td>Bank</td> <td></td> <td style="text-align: right;">**</td> </tr> </table> <p><b>3. Payment of withholding tax liability:</b></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 70%;">Withholding tax payable (if any)</td> <td style="width: 15%; text-align: right;">*****</td> <td style="width: 15%;"></td> </tr> <tr> <td>Bank</td> <td></td> <td style="text-align: right;">**</td> </tr> </table>	Expense	*****		Expense Payable		**	Expense Payable	*****		Withholding tax payable (if any)		**	Bank		**	Withholding tax payable (if any)	*****		Bank		**
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## 7 PAYROLL CALCULATION, DISBURSEMENT AND RELATED ISSUES

Accounts and Finance Function shall be responsible for calculation and disbursement of payroll for the persons whose employment letters have been forwarded by the HR Department of the Company. HRD will forward timely information to the Accounts. Under normal circumstances payroll of the month shall be disbursed by 29<sup>th</sup> or last working day of the same month, whichever is earlier.

<b>7.1 Policies</b>	<b>7.2 Procedures</b>
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<p><b>Payroll expense:</b> Payroll expense shall be calculated and accrued in accordance with the Personnel Policy of the Company.</p>	<p><b>Payroll calculation:</b></p> <ol style="list-style-type: none"> <li>1. Before processing payroll for the month, MF shall enquire for any new recruitment / employee left from the HR Department of the Company.</li> <li>2. MF shall obtain letter of employment from the HR Department. The letter shall clearly state the gross salary payable to the</li> </ol>
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<p><b>Payroll disbursement:</b> Payroll shall be disbursed only to the respective employee of the Company. Salary shall be paid directly in the bank account of the employee / through cheque</p> <p><b>Withholding tax deductions:</b> Withholding tax deducted from the payment of salary shall be paid in the Government Treasury within 7 days of the deduction thereof.</p> <p><b>EOBI Contributions:</b> Employee and Employer contribution for the month to the EOBI shall be paid by 10th of the following month.</p>	<p>employee, date of joining and the grade cadre under which the employee is appointed.</p> <ol style="list-style-type: none"> <li>3. In case of any resignation / termination, the MF shall obtain resignation / termination letter from HRD clearly stating the last working day of employee.</li> <li>4. MF shall prepare payroll sheet containing details of gross and net salary of each employee.</li> <li>5. Gross salary shall include all the allowances payable in accordance with the Personnel Policy of the Company.</li> <li>6. Gross salary shall be calculated on the number of paid working days basis.</li> <li>7. In case of deduction of unpaid leaves HRD shall forward a memo to the Accounts for number of unpaid days to be deducted from the employee's salary.</li> <li>8. Net salary shall be calculated after adjustment of withholding tax, advance / loan and other deduction required.</li> <li>9. MF shall prepare tax structure for each employee. The structure shall be tax efficient considering maximum benefit available to the employee while no extra cost burden falls on the Company. Salary tax calculations shall be reviewed by the CFO on quarterly basis or in case of any increment or bonus payments.</li> <li>10. MF shall prepare net salary reconciliation for salary payable for the month with salary paid in the last month.</li> <li>11. MF shall prepare JV for recording salary expense, deductions and net salary payable.</li> <li>12. CFO shall check the accuracy of salary sheet in respect of amount and the employees to whom salary is being paid.</li> <li>13. CFO shall also check the salary reconciliation and the JV prepared by the MF. The accounting entries for the JV shall be as under: <table style="width: 100%; border: none;"> <tr> <td colspan="2"><i>For accrual of salary expense:</i></td> </tr> <tr> <td style="width: 70%;">Salary (employee wise)</td> <td style="text-align: right;">*****</td> </tr> <tr> <td>Other allowances (employee wise as per Personnel Policy)</td> <td style="text-align: right;">*****</td> </tr> <tr> <td>Withholding tax Payable (employee wise)</td> <td style="text-align: right;">*****</td> </tr> <tr> <td>Salary Payable</td> <td style="text-align: right;">*****</td> </tr> </table> </li> <li>14. CFO shall approve the salary sheet along with the reconciliation.</li> </ol>	<i>For accrual of salary expense:</i>		Salary (employee wise)	*****	Other allowances (employee wise as per Personnel Policy)	*****	Withholding tax Payable (employee wise)	*****	Salary Payable	*****
<i>For accrual of salary expense:</i>											
Salary (employee wise)	*****										
Other allowances (employee wise as per Personnel Policy)	*****										
Withholding tax Payable (employee wise)	*****										
Salary Payable	*****										



	<p>15. After the Salary Sheet being checked and approved, MF shall prepare payment voucher and advice to the banker for credit of salary in the respective bank account of the employee. The accounting entry for the payment voucher shall be as under:</p> <p><i>For payment of salary:</i></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">Salary payable (head wise bifurcated)</td> <td style="width: 10%; text-align: right;">*****</td> <td style="width: 20%;"></td> </tr> <tr> <td>Bank</td> <td></td> <td style="text-align: right;">*****</td> </tr> </table> <p>16. The advice shall be checked by the MF</p> <p>17. CFO and CEO shall sign the advice for disbursement of salary.</p> <p>18. MF shall circulate an internal email intimating transfer of salary to all the employees of the Company.</p> <p>19. Accounts Dept shall ensure confidentiality in all aspects of salary preparation and disbursement.</p> <p><b>Payment of withholding tax:</b></p> <p>20. MF shall prepare withholding tax challan(s) for submission of tax deducted against payment of salary to employees.</p> <p>21. MF shall prepare payment voucher and cheque for submission of withholding tax. The accounting entry for payment of withholding tax shall be:</p> <p><i>For payment of WHT:</i></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">Withholding Tax Payable (employee wise bifurcated)</td> <td style="width: 10%; text-align: right;">*****</td> <td style="width: 20%;"></td> </tr> <tr> <td>Bank</td> <td></td> <td style="text-align: right;">*****</td> </tr> </table> <p>22. MF shall check the payment voucher and cheque with the salary sheet for accuracy of withholding tax being submitted.</p> <p>23. MF shall ensure payment of withholding tax in the Government Treasury within the specified time.</p> <p>24. MF shall ensure receipt of paid withholding tax challan from the bank. The tax challan in duplicate shall be filed.</p> <p><b>Payment of EOBI:</b></p> <p>25. While preparing net salary payable to an employee, MF shall ensure deduction of 1% of minimum statutory salary or as contribution payable towards EOBI.</p> <p>26. By 10th of each month, MF shall ensure payment of employee (1% of statutory salary) and employer contribution (5% of statutory salary) towards EOBI for the previous month.</p> <p>27. MF shall prepare statement of employee and employer</p>	Salary payable (head wise bifurcated)	*****		Bank		*****	Withholding Tax Payable (employee wise bifurcated)	*****		Bank		*****
Salary payable (head wise bifurcated)	*****												
Bank		*****											
Withholding Tax Payable (employee wise bifurcated)	*****												
Bank		*****											

	<p>contribution to EOBI by 10<sup>th</sup> of each month for the previous month.</p> <p>28. MF shall check the statement of contribution.</p> <p>29. After the contribution statement is being checked MF shall prepare payment voucher and cheque for payment of contribution.</p> <p>30. MF shall verify the payment voucher and cheque of contribution for accuracy.</p> <p>31. CFO and CEO shall sign the payment voucher and cheque for payment of contribution.</p> <p>32. MF shall ensure that the cheque along with the prescribed return for contribution is filed with the EOBI within prescribed time.</p> <p>Bank</p> <p><b>Quarterly Withholding Tax Statements:</b></p> <p>33. By 10th of the month following the end of quarter, MF shall prepare quarterly withholding tax statement of salary for submission to Tax Authorities.</p> <p>34. MF shall check the withholding tax statement and place his initials on the statement as acknowledgment for his checking.</p> <p>35. MF shall sign the withholding tax statement.</p> <p>36. MF shall ensure timely submission of withholding tax statement with the Tax Authorities and obtaining receipt thereof.</p> <p><b>Bonus:</b></p> <p>37. Bonus distribution, MF shall obtain extracts of the minutes of the meeting of Board of Directors of the Company or other document approved by the CEO for bonus allocation to each employee from the Company Secretary approving the payment of bonus.</p> <p>38. Based on the approval of the Board, MF shall prepare bonus statement of each employee.</p> <p>39. CFO shall check the calculation of bonus.</p> <p>40. MF shall workout withholding tax liability for the payment of bonus and shall advice the same.</p> <p>41. MF shall work out net bonus payable after deduction of withholding tax; prepare JV, payment voucher and advice to banker for payment of bonus. The accounting entry for the payment voucher shall be as under:</p> <p><i>For Bonus Payable:</i></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 70%;">Bonus expense (employee wise)</td> <td style="text-align: right;">*****</td> </tr> <tr> <td>Bonus Payable (employee wise)</td> <td style="text-align: right;">*****</td> </tr> </table>	Bonus expense (employee wise)	*****	Bonus Payable (employee wise)	*****
Bonus expense (employee wise)	*****				
Bonus Payable (employee wise)	*****				

<p>Final settlement shall be paid to employee at the time he is leaving the Company.</p>	<p>Withholding tax payable *****</p> <p><i>For Bonus Payment:</i></p> <p>Bonus Payable (employee wise) *****</p> <p>Bank *****</p> <p>42. MF shall check calculation of net bonus payable, JV, payment voucher and the advice prepared by the AM-AASL.</p> <p>43. CFO and CEO shall authorise the payment advice.</p> <p><b>Payment of withholding tax on bonus:</b></p> <p>44. Within seven days of date of disbursement of bonus, MF shall submit the withholding tax deducted from the bonus payment in the Government Treasury.</p> <p>45. For submission of withholding tax in Government Treasury follow steps 20 to 24.</p> <p><b>Increments:</b></p> <p>46. For increments, MF shall obtain increment letters from the HRD.</p> <p>47. MF shall ensure the increment letters are approved by the competent authority.</p> <p>48. Based on the increment letters, MF shall rework the salary structure of the employee in accordance with the Personnel Policy of the Company.</p> <p>49. MF shall rework the tax structure of the employee.</p> <p>As the increments are paid along with the salary all the steps for preparation and disbursement of payroll shall be followed as described above.</p> <p><b>Final Settlement:</b></p> <p>50. On resignation / termination of an employee, HRD shall forward the letter of resignation / termination to the Accounts along with Clearance Memo.</p> <p>51. MF shall prepare final settlement statement of the employee as per Personnel Policy of the Company.</p> <p>52. MF shall ensure any waiver / deviation from the Personnel Policy shall be approved by competent authority.</p> <p>53. MF shall check the accuracy of final settlement calculations.</p> <p>54. MF shall prepare the final settlement JV, cheque and payment voucher.</p> <p>55. MF shall approve the JV and check the payment voucher.</p>
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	<p>56. CFO and CEO shall approve the payment voucher and sign the cheque.</p> <p>57. Obtain receipt confirmation for final settlement paid to the employee.</p>
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## 8 TAXES

Following tax incidences may arise:

- Income tax on its annual taxable income
- Deferred tax assets / liabilities on account of temporary timing differences between taxable and accounting income of the Company.
- Advance tax on the basis of last assessed income
- Withholding tax deducted on receipt of income earned by the Company
- Withholding tax required to be deducted from payment to vendors / suppliers / services rendered to the company or any contractual obligation.

<b>8.1 Policies</b>	<b>8.2 Procedures</b>
<p><b><i>Income Tax on annual taxable income:</i></b> Tax liability on the taxable income shall be booked at the applicable tax rate.</p> <p>Monthly provision shall be made for income tax liability arising on the income of the AASL.</p> <p><b><i>Deferred Tax:</i></b> Deferred Tax liability shall be booked on all temporary differences.</p> <p>Deferred tax asset shall be booked on all temporary differences</p>	<p><b>Income Tax on annual taxable income:</b></p> <ol style="list-style-type: none"> <li>1. Calculation of taxable income and tax liability for the year shall be the responsibility of tax advisor of AASL.</li> <li>2. On the request of the tax advisor, MF shall provide details for the calculation of taxable income and tax liability of the Company.</li> <li>3. On the basis of taxable income and tax liability calculated, tax advisor shall prepare return of taxable income.</li> <li>4. MF shall verify the calculation of taxable income and tax liability calculated by the tax advisor and forwards the return to CFO / CEO for their signatures.</li> <li>5. A copy of the duly signed return shall be retained by the MF and the original shall be forwarded to the Tax Advisor for filing with the Tax Authorities.</li> <li>6. If there is any tax liability to be paid along with return, MF shall prepare tax challan and cheque along with payment voucher for payment tax liability to pay along with return advised by the Tax Advisor. The accounting entry for the transaction shall be as under: <ul style="list-style-type: none"> <li>Advance tax <span style="float: right;">*****</span></li> <li>Bank <span style="float: right;">*****</span></li> </ul> </li> <li>7. MF shall verify Tax challan, cheque for payment of tax and the</li> </ol>

<p>when there is a probability to have tax losses against which such asset may be adjusted.</p> <p><b>Advance Income Tax:</b> Advance income tax, if any required, shall be paid on the basis of provisions of Income Tax Ordinance, 2001.</p>	<p>payment voucher.</p> <ol style="list-style-type: none"> <li>8. CFO and CEO shall approve the payment and sign the cheque for payment of tax.</li> <li>9. MF shall forward the cheque along with tax challan to admin department for payment thereof.</li> <li>10. Two copies of paid original tax challan shall be provided by the admin to Accounts Dept.</li> <li>11. An original copy of the challan shall be retained by the MF and the other shall be forwarded to Tax Advisor for submission to Tax Authorities.</li> <li>12. MF shall obtain Return filing acknowledgement from the Tax Advisors.</li> </ol> <p><b>Tax provision in the books of accounts</b></p> <ol style="list-style-type: none"> <li>13. MF shall be responsible for calculating estimated taxable income and tax liability of the Company in accordance with the provisions of tax laws for the purpose of booking accounting provision for tax.</li> <li>14. In order to present monthly management accounts, the provisions shall be booked on monthly basis and it would be adjusted against the annual tax liability calculated for the return of total income of AASL. Monthly tax provision shall be booked by MF. The accounting entry for the adjustment shall be as under; <table style="width: 100%; border: none;"> <tr> <td style="width: 70%;">Provision for tax (P&amp;L)</td> <td style="text-align: right;">*****</td> </tr> <tr> <td>Provision for tax (liability)</td> <td style="text-align: right;">*****</td> </tr> </table> </li> <li>15. On finalisation of tax return / expiry of period for additional assessment, books of accounts shall be adjusted for any short / over provision booked on the basis of return of total income. The accounting entry for the adjustment shall be as under: <table style="width: 100%; border: none;"> <tr> <td style="width: 70%;">Provision for tax (P&amp;L)</td> <td style="text-align: right;">*****</td> </tr> <tr> <td>Provision for tax (liability)</td> <td style="text-align: right;">*****</td> </tr> </table> <p>The above entry is for booking short provision, for reversal of excess provision reversal entry shall be passed.</p> </li> </ol> <p><b>Deferred tax:</b></p> <ol style="list-style-type: none"> <li>16. Deferred tax assets / liabilities shall be booked on the close of accounting period based on the calculations worked out by the Manager Finance.</li> <li>17. MF shall book the entries for deferred tax assets and liabilities.</li> <li>18. Deferred tax asset / liability shall be reviewed annually and if the temporary difference for which the liability / asset recognised no</li> </ol>	Provision for tax (P&L)	*****	Provision for tax (liability)	*****	Provision for tax (P&L)	*****	Provision for tax (liability)	*****
Provision for tax (P&L)	*****								
Provision for tax (liability)	*****								
Provision for tax (P&L)	*****								
Provision for tax (liability)	*****								

	<p>more exists, deferred tax asset / liability shall be adjusted.</p> <p><i>Advance Income Tax:</i></p> <p>19. Tax Advisor shall advise the payment of advance tax liability for the quarter.</p> <p>20. Based on the advice of the Tax Advisor, MF shall calculate advance tax liability and record thereof.</p> <p>21. MF shall prepare tax challan and cheque along with payment voucher for payment of advance tax. The accounting entry for the transaction shall be as under:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 60%;">Advance tax</td> <td style="width: 20%; text-align: right;">*****</td> <td style="width: 20%;"></td> </tr> <tr> <td>Bank</td> <td></td> <td style="text-align: right;">*****</td> </tr> </table> <p>22. MF shall verify Tax challan, cheque for payment of tax and the payment voucher.</p> <p>23. CFO and CEO shall approve the payment and sign the cheque for payment of tax.</p> <p>24. MF shall forward the cheque along with tax challan to admin department for payment thereof.</p> <p>25. Two copies of paid original tax challan shall be provided by the admin to Accounts Dept.</p> <p>1. An original copy of the challan shall be retained by the MF and the other shall be forwarded to Tax Advisor for submission to Tax Authorities.</p> <p><i>Withholding tax deducted from payments made to AASL:</i></p> <p>26. In case of any payment to the Company on which tax has been withheld by the payer like payment of consulting fee, processing charges etc., following procedure shall be adopted for recording of such tax.</p> <p>27. On receipt of payment on which tax has been withheld by the payer, MF shall record the following entry:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 60%;">Advance tax</td> <td style="width: 20%; text-align: right;">*****</td> <td style="width: 20%;"></td> </tr> <tr> <td>Bank</td> <td style="text-align: right;">*****</td> <td></td> </tr> <tr> <td>Receivable</td> <td></td> <td style="text-align: right;">*****</td> </tr> </table> <p>28. To claim the advance tax deducted the Company shall obtain original tax challan from the deducting authority:</p> <ul style="list-style-type: none"> <li>• In case of consultancy receipt, MF shall ensure that deduction certificate has been provided by the paying company.</li> <li>• In other cases, MF shall obtain original tax challan</li> </ul> <p>29. MF shall maintain original tax deduction documents to claim the</p>	Advance tax	*****		Bank		*****	Advance tax	*****		Bank	*****		Receivable		*****
Advance tax	*****															
Bank		*****														
Advance tax	*****															
Bank	*****															
Receivable		*****														

	<p>advance tax deducted at the time of net tax liability for the year.</p> <p><b>Withholding tax deducted by AASL:</b> It is the responsibility of the Company to deduct advance tax on account of payments made for procurement of goods and service, commission paid or payment made on account of any contractual arrangement for goods and services.</p> <p>30. MF shall be responsible for deducting applicable withholding tax from the payments made by the Company.</p> <p>31. MF shall check the accuracy of withholding tax deducted from the payments made by the Company.</p> <p>32. In case of any doubt regarding applicability of withholding tax or any rate dispute, MF shall consult the Tax Advisor.</p> <p>33. Withholding tax shall be deducted at the time of making payments.</p> <p>34. Within seven days of the date of deduction of tax, MF shall arrange payment of tax withheld in the Government Treasury.</p> <p>35. MF shall prepare withholding tax challan for the tax being paid</p> <p>36. MF shall prepare payment voucher and cheque for tax being paid. The accounting entry for the payment shall be as under:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 60%;">Withholding tax payable</td> <td style="width: 40%; text-align: right;">*****</td> </tr> <tr> <td>Bank</td> <td style="text-align: right;">*****</td> </tr> </table> <p>37. MF shall verify Tax challan, cheque for payment of tax and the payment voucher.</p> <p>38. CFO and CEO shall approve the payment and sign the cheque for payment of tax.</p> <p>39. MF shall forward the cheque along with tax challan to admin department for payment thereof.</p> <p>40. Admin shall forward one copy of the paid original tax challan to Accounts Dept.</p> <p>41. Second copy of the original challan shall be retained by the Admin for delivery to the payee.</p>	Withholding tax payable	*****	Bank	*****
Withholding tax payable	*****				
Bank	*****				

## 9 CASH & BALANCE WITH BANKS

<b>9.1 Policies</b>	<b>9.2 Procedures</b>
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<p>Cash Transactions:</p> <p>Account Dept shall not maintain any tally of cash. All the transactions shall be made through banking channels.</p> <p>The bank accounts shall be operated by the Company's executives in accordance with the delegation of authority approved by the Board.</p> <p>To ensure efficient utilisation of company's money, funds not utilised at the end of the day shall be placed with bank's treasury.</p> <p>Petty cash tally shall be maintained by the Admin Dept. The tally shall be with an amount approved by the Management. Petty cash shall be reimbursed only on submission of proper details and support of expenses incurred.</p> <p>Proper bank reconciliation shall be prepared for all the bank accounts of the Company.</p>	<p><b>Balance with Banks:</b></p> <p><i>Opening of Bank Account:</i></p> <ol style="list-style-type: none"> <li>1. Bank accounts of the Company shall be opened under authorisation of the Board of Directors / relevant authority.</li> </ol> <p><i>Operation of Bank Accounts:</i></p> <ol style="list-style-type: none"> <li>2. Bank accounts shall be operated by the Management in accordance with the delegation of authority approved by the Board.</li> <li>3. The authorised signatory of the cheque shall be provided with the voucher along with relevant approved supports. It is the responsibility of the MF to ensure that the payment vouchers and cheques prepared are against approved expenses and the supports thereof has also been approved.</li> <li>4. All the cheques drawn on the Company Account shall be crossed in favour of the payee.</li> <li>5. Bearer cheques shall only be issued on the authorisation of the competent authority.</li> </ol> <p><b><i>Custody of cheque books:</i></b></p> <ol style="list-style-type: none"> <li>6. The Custody of chequebooks / computerised stationery shall remain with the MF.</li> </ol> <p><b><i>Availability of bank statements and preparation of bank reconciliation:</i></b></p> <ol style="list-style-type: none"> <li>7. Accounts Dept shall arrange bank statements on daily basis..</li> <li>8. MF shall prepare daily bank reconciliation for all operating accounts of the Company.</li> <li>9. CFO shall check and approve the bank reconciliation.</li> <li>10. MF shall investigate old outstanding cheques and if time barred, the bank shall be advised for stop payment thereof.</li> <li>11. For all payments being stopped, reversal entries shall be passed by the MF and approved by the CFO.</li> </ol> <p><b><i>Cash flow reporting:</i></b></p> <ol style="list-style-type: none"> <li>12. MF shall prepare cash flow forecast on a daily basis.</li> <li>13. Cash flow forecast shall be reviewed and approved by the CFO.</li> </ol> <p><b><i>Interbank transfers:</i></b></p> <ol style="list-style-type: none"> <li>14. Proper entries shall be made for all interbank transfers.</li> </ol> <p><b><i>Changes in authorised signatories of the Bank:</i></b></p>
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	<p>15. Changes in authorised signatories of bank accounts shall be promptly notified to the bank by the Company Secretary once it is approved by the Board.</p> <p><b>Cancelled cheques</b></p> <p>16. If there is an error in preparation of a cheque, it should be marked “cancelled”. MF shall ensure that all the cancelled cheques are retained in the chequebook stacked with its counter folio.</p> <p><b>Issue of Cheque books / computerised stationery for cheques:</b></p> <p>17. Request for issue of chequebooks / computerised stationery for cheques shall be made by the persons authorised to operate bank accounts only.</p> <p><b>Stop payments</b></p> <p>18. Any instructions to the bank for marking ‘stop payments’ shall only be made by the persons authorised to operate bank accounts.</p> <p><b>Disbursement of cheques</b></p> <p>19. All cheques prepared shall be handed over to Admin / requesting departmental head for delivery to the vendor. Proper acknowledgement shall be obtained for payment of cheque.</p>
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## 10 PETTY CASH PAYMENTS

Following Payments would constitute petty cash payments:

- a) Stationery
- b) Conveyance
- c) Washing and cleaning items
- d) Minor repairing and maintenance
- e) Office Supplies – e.g. Tea, Milk, Water etc.
- f) Personnel payments – petrol
- g) Newspaper subscriptions
- h) Payment of taxes / duties / fee / other statutory obligations
- i) Miscellaneous items

10.1 Policies	10.2 Procedures
<p>Petty Cash tally shall be maintained by Admin Department for meeting day-to-day operating expenses.</p> <p>Petty Cash shall be reimbursed on the production of complete support by the Admin Department.</p> <p>Petty cash payments under a single account head shall not, in aggregate, exceeds ten thousand rupees made other than by a crossed bank cheque or crossed bank draft, except expenditures not exceeding ten thousand rupees or on account of freight charges, travel fare, postage, utilities or payment of taxes, duties, fee, fines or any other statutory obligation</p>	<ol style="list-style-type: none"> <li>1. AFM shall be responsible for the safe custody and handling of petty cash tally.</li> <li>2. AFM shall forward the request for reimbursement of petty cash on reaching a minimum level decided by the Management.</li> <li>3. Reimbursement request shall be accompanied with: <ul style="list-style-type: none"> <li>➤ Reconciliation of cash in hand</li> <li>➤ Summary of expenses incurred along with supports duly approved by AMF and Functional Head of the requesting department.</li> </ul> </li> <li>4. Bills paid from petty cash shall be prominently marked 'paid from petty cash' and shall also be dated to avoid duplicate payments.</li> <li>5. Payments made from petty cash shall bear the receipt acknowledgement of the payee.</li> <li>6. Payment exceeding Rs. 10,000 shall not be made from the petty cash account.</li> <li>7. On receipt of reimbursement request for petty cash, MF shall check: <ul style="list-style-type: none"> <li>➤ Cash in hand reconciliation is available duly signed by the AMF.</li> <li>➤ Details of expenses incurred along with duly approved supports are available</li> <li>➤ All the bills are stamped for payment from petty cash.</li> </ul> </li> <li>8. After verification of petty cash reimbursement request, MF shall prepare petty cash voucher classifying expenses incurred under respective head.</li> <li>9. MF shall verify the petty cash voucher and the supports.</li> <li>10. On verification by MF, payment will be made for petty cash reimbursement.</li> <li>11. CFO and CEO shall approve the petty cash voucher and sign the cheque.</li> <li>12. MF shall forward the cheque to the AMF and obtain receipt acknowledgement for the same.</li> </ol>

## 11 FIXED ASSETS

11.1 Policies	11.2 Procedures						
<p><b>Capitalisation Policy:</b> Any purchase of item shall be capitalized if it meets the following criterion:</p> <p>The purchase value, including installation and delivery charges is Rs. 25,000 or more and the economic life of the asset and the benefits arising to the organization are spread over a period of more than one year.</p> <p><b>Purchase &amp; Sale of Fixed Assets:</b> As required under the Companies Ordinance, 1984 fixed assets purchases and sale exceeding Rs. One million and Rs. One hundred thousand respectively shall be approved by the Board of Directors of the Company.</p> <p>All fixed asset purchases within budgetary approval shall require prior approval of CEO.</p>	<p><b>Purchase of fixed assets:</b> Regarding procedure for purchase of fixed asset, please refer to Expenditure Approval Procedures and Guidelines:</p> <p><b>Repair and maintenance:</b></p> <ol style="list-style-type: none"> <li>1. Request for repair and maintenance of fixed asset shall be raised by Functional Head of Department to Manager Admin.</li> <li>2. The Admin department shall arrange repair of asset. If the asset is under warranty, the Admin department shall claim the warranty.</li> <li>3. Movement of asset outside the premises of the Company shall be authorised by Manager Admin.</li> <li>4. On confirmation of satisfactory repair by the requesting dept, the Admin department shall forward repair invoice along with following documents to the Accounts Dept for processing: <ul style="list-style-type: none"> <li>• Copy of request for repair raised by Functional Head of Department</li> <li>• Functional Head of the requesting department shall forward his remarks for satisfactory repairs over the repair invoice.</li> </ul> </li> </ol> <p>On receipt of completed documents, MF shall process the payment of invoice as per procedures described for Expenditure Approval Procedures and Guidelines.</p> <p><b>Recording of fixed assets, depreciation and related issues:</b> Fixed asset shall be categorised on the basis of owned assets with a further functional classification. In the books of account of the company departmental group level records shall be maintained. The record of each asset shall be maintained in the fixed asset register.</p> <p><b>Accounting entries for recording fixed assets:</b></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 70%;">Fixed Asset [(owned) (office eq. /computers etc.) (Dept. allocation)]</td> <td style="width: 30%; text-align: right;">*****</td> </tr> <tr> <td>Payable to vendor</td> <td style="text-align: right;">*****</td> </tr> </table> <p>Entries for depreciation shall be made on monthly intervals for preparation of monthly accounts. The entry shall be as under:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 70%;">Depreciation expense (owned / leased)</td> <td style="width: 30%; text-align: right;">*****</td> </tr> </table>	Fixed Asset [(owned) (office eq. /computers etc.) (Dept. allocation)]	*****	Payable to vendor	*****	Depreciation expense (owned / leased)	*****
Fixed Asset [(owned) (office eq. /computers etc.) (Dept. allocation)]	*****						
Payable to vendor	*****						
Depreciation expense (owned / leased)	*****						

<p><b>Classification of Fixed Assets:</b> Fixed asset shall be classified in accordance with their form and nature.</p> <p>Leased and owned assets shall be separately classified.</p> <p>Exchange Gain / Loss on purchase of fixed assets: Exchange gain / loss on settlement of liability arising on purchase of an asset will be capitalized in accordance with IAS 16.</p> <p>The Company shall have good title to all its assets.</p> <p>All the assets of the Company shall be insured</p> <p><b>Depreciation Policy:</b> Fixed assets of the Company shall be depreciated on straight-line method and time proportionate basis. Full month depreciation will be charged from the</p>	<p>(office esp. /computers etc.) Accumulated Depreciation (owned / leased) ***** (office computers/computers etc.)</p> <p>Fully depreciated assets if not disposed off shall be retained in the books at Rs. 1/-.</p> <p><b>Disposal of fixed assets:</b></p> <ol style="list-style-type: none"> <li>1. Fixed Assets may be disposed off on the expiry of its useful life or if it is no more in use or required. Disposal of fixed asset shall be authorised by the person authorised under delegation of authority document approved by the Board / relevant authority.</li> <li>2. On approval of disposal of fixed asset, Admin shall request quotes for disposal of asset from different intended buyers.</li> <li>3. Disposal shall be made to the highest quotes with the approval of CEO.</li> <li>4. Title of asset and physical possession thereof shall be transferred to the buyer on receipt of sale money in the bank account of the fund.</li> <li>5. Admin shall update Fixed Asset Register (FAR) on transfer of title/physical possession of asset.</li> <li>6. On receipt of disposal proceeds along with approval for disposal, MF shall pass following entry in the books of accounts of the Fund.</li> </ol> <table border="0" style="width: 100%;"> <tr> <td style="width: 60%;">Bank</td> <td style="width: 20%; text-align: right;">*****</td> <td style="width: 20%;"></td> </tr> <tr> <td>Gain / (loss) on disposal of asset</td> <td></td> <td style="text-align: right;">*****</td> </tr> <tr> <td>Accumulated Depreciation</td> <td style="text-align: right;">*****</td> <td></td> </tr> <tr> <td>Fixed asset</td> <td></td> <td style="text-align: right;">*****</td> </tr> </table> <p><b>Transfer of assets:</b> Transfer of asset from one department / location to another department / location shall be made in accordance with the procedure outlined below:</p> <ol style="list-style-type: none"> <li>1. Request for transfer shall be made by Functional Head of Department of the transferor department to Admin department.</li> <li>2. The Admin department shall obtain physical delivery of asset from Functional Head of Department of transferor department against acknowledgement in the FAR.</li> <li>3. The Admin department shall deliver the asset to FAH of transferee Dept and obtain receipt acknowledgement in FAR.</li> </ol> <p><b>Insurance:</b></p>	Bank	*****		Gain / (loss) on disposal of asset		*****	Accumulated Depreciation	*****		Fixed asset		*****
Bank	*****												
Gain / (loss) on disposal of asset		*****											
Accumulated Depreciation	*****												
Fixed asset		*****											

<p>month of acquisition whereas no depreciation will be charged in the month of disposal. The depreciation rates applicable to different class of assets.</p>	<p>Admin shall arrange insurance of the entire assets under possession of the Company.</p>
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## 12 PAYMENTS AND RECEIPTS

### 12.1 Receipts

1. All cheques received should be entered in a register which should be duly filled after completion of each step.
  2. All bank deposit slips should be properly filled in and the cheques/cash should be deposited in bank without any delay.
  3. Before depositing the cheque, its photo copy should be made and attached with relevant receipt voucher.
  4. No amount received through cheque should be recorded in the system unless it is credited in the respective bank account.
5. The access to enter receipt vouchers by any member of finance staff should be authorized by CFO only.
  6. Special care should be exercised while entering code and name of client to avoid any wrong credit given to any other customer.
  7. All fields should be properly filled in and a printout of each voucher should be taken out.
  8. Apart from receipts from individual customers there are receipts from institutional clients and foreign customers. Necessary working before recording these vouchers should be made such as adjustment of withholding tax and Sindh Sales Tax etc.
  9. All supporting documents such as copy of deposit slip & cheque etc. should be attached with the printed voucher.
  10. The receipt voucher should be either prepared by Assistant Finance Manager or Finance Manager & checked by Head of Internal Audit and Chief Financial Officer.

11. The voucher should be properly filed in a sequence for future reference.

## 12.2 Payments:

All payments should be processed through crossed cheques, except in emergent cases of small amounts.

- a) As a routine, all payment vouchers should be approved by the CEO and only during emergency during his absence shall the payments be approved by other signatories.
- b) All payments to NCCPL should be properly scrutinized and reconciled to ensure accuracy of payments.
- c) Payments relating to exposure must be estimated / calculated well in advance so that in case of additional requirement of funds they are arranged in time.
- d) Commission payable to traders should be calculated in accordance with the terms and conditions approved by the CEO.
- e) Terms & Conditions of agreement with third parties must be reviewed by Finance Department before processing payments.
- f) All payments relating to monthly bills should be checked by the concerned section and paid within due dates.
- g) All annual/periodical payments such as Fixed Assets/ Motor vehicles insurance, medical & Life insurance lease Payments, rent etc. should be verified by Finance Division and the payment voucher should also be checked by the Head of Internal Audit before final approval by the CEO.
- h) All repair and maintenance expenses should be routed through admin section that should check the authenticity of bills before submitting it for approval.
- i) Due care should be exercised while processing payments to customers. The request from the customer for making the payment should be obtained; the name and account code of the customer should be tallied. It should be ensured that enough balance is available in customer's account against the amount demanded by the customer. The payment should be made through crossed cheques.
- j) Access to preparation of payment voucher would only be allowed by the CFO on prescribed signed and stamped form.

## 12.3 Payment of annual insurance premium on Fixed Assets



- Every year a list of all fixed assets should be updated and compared with the Fixed Assets Register and then their estimated market value should be calculated.
- The list is forwarded to the insurance companies for quoting insurance premium.
- The quotations received from the insurance companies should be thoroughly checked as regard to premium and it should be compared with last year's premium and reasons for increase or decrease should be examined
- All benefits such as claims if any received from the company during last three years and reduction in premium due to no claim bonus needs to be checked.
- The policy clauses should be thoroughly assessed to ensure that the company gets maximum coverage in case of loss suffered by the company.
- It should be ensured that there should not be any gap during which the assets remain uninsured.
- After due verification of the premium it should be paid to the insurance company after getting approval from the competent authority.

#### 12.4 Payment of Commission

1. Complete record of approvals regarding commission payable to each trader should be available at the time of calculating commission for a respective period.
2. The Trader wise monthly brokerage amount should be obtained from the software system.
3. The trader wise monthly commission should be calculated as per terms & conditions approved by competent authority.
4. Withholding tax shall be deducted from the total commission.
5. The mark up on the debit balances will also be deducted from commission payable to each trader.
6. The commission payable shall be worked out by Finance Manager and checked by CFO.
7. Monthly provision of commission payable to traders should be made in the first week of following month.

## **13 RENT, RATES AND TAXES**

### **13.1 Objective**

To ensure that rent, rates and taxes are correctly recorded and adequately disclosed in the financial statements.

### **13.2 Procedure**

- Head of administration to forward copy of duly approved rent agreement to Manager Finance for payment of rent and deposit, if any, as per the terms and conditions of the agreement
- Manager Finance to forward the copy of rent agreement to the Accounts Officer for processing of payment as per the instruction with approved the rent and deposit invoice.
- Assistant Finance Manager shall prepare the payment voucher recording the advance rent and deposit as per the agreement and ensure that withholding tax is properly paid. The AMF shall also update the prepaid rent schedule for amortization of the monthly rent expense.
- Assistant Finance Manager shall inform the vendor to collect cheque from him.
- The Finance Manager shall review the voucher and ensure the accounting entry recording the prepayment for the unexpired period is correctly recorded. Approval required from the Authorized signatory.
- The Finance Manager shall ensure that the prepaid rent is amortized on monthly basis on time proportionate basis. Finance Manager also Ensures that the rent, rates and taxes are correctly recorded and adequately disclosed in the financial statements

## **14 TRAVELLING EXPENSE**

### **14.1 Policy**

To ensure that travelling expense is recorded correctly in the books of account and adequately disclosed in the financial statements.

## 14.2 Procedure

- The Assistant Finance Manager shall receive invoices along with the approved travel requisition forms for air travel from the administration department
- He shall prepare the Payment Voucher and cheque for the invoice net of withholding tax, if applicable.
- The voucher shall be forwarded to the Manager Finance for his review and signature.
- After authorized signatures on the voucher and cheque the vendor shall be informed to collect the payment cheque. All travelling invoices shall be reviewed and approved by the Finance Manager.
- He shall instruct the Assistant Finance Manager to process payments. He shall ensure that liability in respect of expenses incurred but not paid in the year to which they relate are recorded as accrued expenses.
- The AFM shall also ensure that the expense in this category are correctly recorded and disclosed in the financial statements

## 15 ELECTRICITY, REPAIR AND MAINTENANCE

### 15.1 Policy

To ensure that office electricity, repairs and maintenance expense is correctly recorded and disclosed in the financial statements.

### 15.2 Procedure

- Administration Department shall receive the invoices from the service provider for various locations. The Administration Department shall review the invoices and forward the same to the Finance department for payment.
- Assistant Finance Manager shall receive copy of the office maintenance agreement and approved monthly electricity bills from Administration. The AFM shall prepare the payment voucher for recording the expenses in the relevant head of account.
- The AFM shall ensure that the withholding tax is correctly deducted. Subsequently forward the payment voucher and the debit note to the Manager Finance for review. Inform the vendor for collection of payment cheque from him.
- The Finance Manager shall review the voucher and ensure the accounting entry is correctly recorded. Subsequently the voucher shall be sent to authorized signatories for approval.

- The FM shall ensure that, the expenses in this category were correctly recorded and disclosed in the Financial statements.
- Invoices for electricity and maintenance
- Expense not received by the month end are accrued in the financial statements and the liability is booked.

## 16 BUDGET AND FORECAST

### 16.1 Policy

- To ensure that annual budget is timely prepared and approved by the Management.
- To ensure that annual forecasts are prepared and reported to the Management along with variance with the budgets.
- To ensure that the approved annual budgets are regularly monitored, and exceptions and variances are accurately prepared and timely presented to the Management for decision making.

### 16.2 Annual & Revised Budgets and Variance Analysis

#### 16.2.1 Procedures

- a) During the Month of May of every calendar year, blank budget sheets to all departments of the company for input of revenues, expenses and capital expenditure for the next year shall be circulated
- b) Actual expenditure incurred to-date are shall also be submitted to the departments, if required.
- c) Follow up with departmental heads to submit the budget information on timely basis.
- d) On receipt of information from respective departments, the same shall be analysed for reasonableness, correctness and exceptions figures. Any discrepancy shall be discussed with the sender of the information to finalize the amounts and basis.
- e) The departmental information shall be recorded in the master budget file and the budget document comprising of balance sheet, profit and loss account, cash flow statement and detailed notes of balance sheet and profit and loss account shall be prepared for review by the CEO.
- f) The following shall be prepared for comparison and variance analysis for the review of CEO:

- a) Current year's Budget Vs. Next year's Budget
- b) Current year's Budget Vs. Actual results
- g) A presentation shall be prepared on budget and variance analysis for the review of the CEO. Re work the budget in line with the guidance / suggestion of the CEO and discusses the result with him.
- h) Revised budgets shall be prepared for the Board approval.
- i) Review the budget proposal (actual/reworked/revised), variance analysis and the presentation. Inquires information, makes suggestions and propose changes.
- j) Approve the final/reworked/revised budget proposal, variance analysis, presentation and other related information (if any) for circulation to the Board of Directors.
- k) Forward the budget proposal (original/revised) and variance analysis sheet to the Company Secretary for circulation to the Board of Directors on the direction of CEO.
- l) Circulates the complete budget document (whether originally presented or reworked/revised as per Board direction) and other related information to the Board of Directors for review, discussion and approval.
- m) The Board of Directors shall discuss the budget and other related information with the Board members, CEO and CFO and subsequently recommend and suggest changes.
- n) Reviews the reworked budget, amends and propose further changes.
- o) Approve the budget (whether originally presented or reworked as per Board direction).
- p) The Chief Operating Officer shall monitor the actual and budgeted revenue and expenses on periodic basis. Any unusual and non-budgeted expenditure before payment shall be reported to the CEO.
- q) Compare item wise budgeted profit and loss account with actual profit and loss in monthly management accounts and forward the same for the review to CFO.
- r) Seek specific approval from the CEO for unusual and non-budgeted expenditure.
- s) Reviews the monthly management accounts along with the monthly budgeted figures and forwards the same to the CEO for perusal.

### 16.3 Forecasts and Variance Analysis

1. Prepare variance analysis sheet between the following for the review of CEO:  
Current year's forecast Vs. Next year's Budget.

Current year's forecast Vs. Current year's Budget

2. Prepare presentation on variance analysis for the review of the CEO
3. Rework the forecast in line with the guidance / suggestion of the CEO and discuss the result with him.
4. Chief Executive Officer shall review the forecast, variance analysis and the presentation. Inquires information, makes suggestions and propose changes.
5. The CEO shall approve the reworked forecast, variance analysis, presentation and other related information (if any) for circulation to the Board of Directors.
6. The CFO shall forward the forecast and variance analysis approved by the CEO to the Company Secretary for circulation to the Board of Directors.
7. The Company Secretary shall circulate the forecast and other related information to the Board of Directors for review, discussion and approval.
8. The Board of Directors shall discuss the forecast and other related information with the Board members, CEO and CFO.

## **17 AUDIT AND ACCOUNTS**

### **17.1 Policy**

To ensure the Company complies with the requirements of the Companies Act, 2017, the Code of Corporate Governance for preparing half yearly and annual financial statements.

### **17.2 Quarterly & Half Yearly Financial Statements**

#### **17.3 Procedures**

1. Within 10 days of the close of the quarter the Finance Manager shall prepare the quarterly financial statements along with all the necessary schedules and present the same to CFO for his review.
2. In case of the second quarter, financial statements will be subject to limited scope of review by the statutory auditors as required.
3. Review of the financial statements for reasonableness of disclosures and compliance of requirements provided in law and relevant Accounting Standards.
4. In case of the second quarter, the financial statements shall be sent to statutory auditors for finalization of the limited scope review.

5. After resolution of queries, if any, raised by the CFO / statutory auditors, the quarterly statements shall be finalized and submitted to the CFO for review.

The CFO shall get the accounts reviewed by the CEO and signed after his review and signature respectively.

6. After CEO's signature the Company Secretary shall circulate the same to the Board of Directors at least seven days before the Board meeting.

7. Presents the financial statements to the Audit Committee who, after due examination, places the same in front of Board of Directors in their meeting for consideration and approval.

8. After approval by the Board, the CFO obtains signature of the CEO and one other director on the accounts as required under Companies Act, 2017

9. In case of half-yearly accounts arranges to obtain signature of the statutory auditors on the review report by sending the signed financial statements to the Auditors for their Signature on the review report along with the extracts of resolutions passed by the Board approving the financial statements and other matters and the signed representation letter.

10. Provide a copy of quarterly accounts to the printer for printing of accounts. Proof read the accounts and ensure accuracy of the printed accounts. Sign off the draft for final printing of the accounts.

11. Arrange for the upload of the quarterly accounts on the Company's web-site and intranet.

#### 17.4 Annual Audited Financial Statements

1. Finance Manager review the final trial balance, bank reconciliations, accruals of income and expenses and investment portfolio for reasonableness and accuracy.

2. Prepares annual financial statements in accordance with International Accounting Standards, IFRS and 4th Schedule to the Companies Act, 2017. Forward the same to CFO for review.

3. Provide a copy of draft financial statements to the statutory auditors after approval from the CFO & CEO.

4. Finance Manager Performs audit procedures in accordance with the audit methodology.

5. CFO coordinate with the auditors and resolve the queries and observations, if any, raised by the auditors.

6. Issues the draft financial statements, cover letter and audit report for review and approval by the CFO.



7. On receipt of initialled financial statements and audit report, signs the financial statements and obtains signature of CEO.
8. Forwards the financial statements to the Company Secretary who circulates the same to the Board of Directors at least seven days before the Board meeting. These financial statements are signed by the CFO and CEO as required under the Code of Corporate Governance.
9. CFO and Finance Manager Holds meeting with the statutory auditors prior to the Board meeting to discuss matters relating to the audit of financial statements and any significant observations arising out of the audit.
10. Review the financial statements and recommends the same for approval of the Board of Directors.

## 18 CASH AND BANK

### 18.1 Replacement of lost cheques drawn on utility accounts

#### 18.1.1 Policy

AASL will replace a lost or stolen check after the AASL has placed a stop Payment and receives confirmation from its bank that the original check has not been cleared by the bank. A check is considered lost or stolen when the payee has not received the check within ten (10) business days from mailing or if the payee has misplaced the check and has not been able to locate the check after a reasonable effort.

#### 18.1.2 Procedure

1. When the cheque is reported lost, it should not be replaced until the Chief Accounting Officer satisfies himself that the cheque has not been cashed. He should request the bank to stop payment of such a cheque and await confirmation from the bank (in writing) that the cheque has not been cashed, and that a stop has been placed upon it.
2. Before a cheque is re-issued, the payee must sign an indemnity to the effect that should it be discovered that the lost cheque had been cashed by him, he should refund the amount paid him on the replacement cheque.

## 18.2 Dishonoured cheque

### 18.2.1 Policy

The dishonoured instruments are required to be returned / dispatched to the customer promptly without delay, in any case within 24 hours of dishonour.

### 18.2.2 Procedure

1. A dishonoured cheque must not be returned to the drawer until cash or a bank guarantee cheque has been received in exchange. Future cheques from persons whose cheques were returned by the bank endorsed "Refer to drawer", should only be accepted when such a person tenders a bank guaranteed cheque - i.e. a cheque endorsed by the drawer's bank to the effect that funds are available.
2. Each step taken in pursuing the recovery of the amount due should be noted on the R.D. cheque form, so that "at a glance" record of recovery action taken is available
3. Action on the clearance of returned cheques must not be delayed, and if clearance within four weeks has not been affected, they must be written out of the accounts.

## 19 OTHER RECEIVABLES

### 19.1 Policy

1. Dividend income on equity investments is recognized, when the Company's right to receive the same is established i.e. after the book closure period.
2. Underwriting commission is recognized when the agreement is executed. Take-up commission is recognized at the time commitment is fulfilled.
3. Consultancy and advisory fee are recognized as and when earned.
4. Rental income from investment properties, return on bank deposits and term deposit receipts is recognized on accrual basis.
5. Gain on sale of non-current assets is recognized in the period in which they arise.

### 19.2 Procedure

1. At every month end, the status of dividend income is obtained from Investment Department and accrual is made through JV in the GL for any dividend income not yet received and recorded in system.

2. At every period end, the information of approved / contracted but not yet materialized disposals of non-current assets are obtained from Administration or IT departments. Usually sale proceeds of non-current assets e.g. property and equipment are received in advance. However, Disposal Order or agreement to sell is executed during any period and not materialized by the end of that period, such transactions are recorded through JV and corresponding receivable of sale proceeds of the non-current asset iAASLuding any gain or loss on disposal are accrued.
3. Except for the matters discussed earlier, all other transactions resulting in an inflow of economic benefits to the company and are not settled by the end of period iAASLuding commission income, consultancy and advisory income, rental income etc are accrued through JVs in accordance with the terms of their respective agreements.
4. The JVs are entered in the GL and are presented for checking and posting to SMF or AVP.
5. The working of receivables is verified, and JVs of accrued income are posted in the GL

## 20 CASH MANAGEMENT

### 20.1. Cash Management Scenarios

#### ***Maintenance of Exposure and Settlement:***

Maintenance of cash up to required levels is pertinent to conduct trading (ready, future or MTS) on the Stock Exchange. Cash margins are maintained for trading by local and foreign investors and the management of the Company has assigned limits to each category of investors which is reviewed and reclassified as and when needed.

Exposure requirements are classified based on investment/investor category and are explained below:

#### **Local Investors:**

##### *Retail Clients:*

Retail clients are allowed to trade only if their cash margins for exposure are available with the Company. Upon receipt of trading request from a retail client, risk management department will check the margins available and will instruct the client to meet the shortfall, if any.

For online clients, criteria/limits are embedded within the trading systems to check and allow trading as per available margin of a client.



*Institutional Clients:*

- ✓ **Institutional Delivery System (IDS) Clients:** Cash margins for IDS clients are maintained during the day and are released at the day end when their exposure is transferred to NCCPL.
- ✓ **Non – IDS Clients:** The Company is required to maintain cash margins for non-IDS clients for 2 days which are released at T+2. Settlement of Non-IDS clients is also handled by the Company which raises funding requirements that are fulfilled by cash available in company fund or by arranging bank intra-day funding facility, if required.

**Foreign Investors:**

Cash margins for both retail and institutional foreign clients are maintained by the Company which are released at T+2. Settlement of majority of foreign clients is handled by their custodian banks while there are some foreign clients which are settled by the Company.

***Daily Expenditures:***

Daily expenditures are broadly classified into two categories as discussed below:

Operating expenses are those which directly pertain to the core business activities of the Company such as clearing house charges, PSX/SECP charges. These charges are pre-approved by the management and are paid on priority basis.

Admin expenses on the other hand are indirect expenses such as utilities and administrative expenses for which finance department separately maintains cash and are approved by CEO/CFO before payment.

***House Investments:***

The Company doesn't follow a policy to trade in proprietary account, however, there are certain situations where Company must trade through its proprietary account as given below:

- ✓ **Underwriting Exposure:** The Company also renders underwriting services and may require to take-up unsubscribed shares subject to underwriting agreements. Funding requirements for this category can be estimated before the actual payment date and therefore, the Company can arrange the funds beforehand.



- ✓ **Dealing Error:** If an erroneous trade has been executed in a client account, the Company shall trade through its proprietary account to settle its respective client and that are financed by internal funds. The position taken against an erroneous trade is usually closed on intra-day basis.

## **20.2. Cash Management Roles and Responsibilities**

Chief Financial Officer of the Company shall be responsible for managing and monitoring the overall cash and liquidity requirements of the Company. However, key employees of the finance/compliance department are specifically designated to perform daily activities to ensure that liquidity position of the Company remains up to the defined levels. The roles and responsibilities of the relevant dept. shall be as follows:

### ***Finance Department:***

- ✓ Monitoring of fund positions
- ✓ Monitoring of bank positions
- ✓ Identifying available limits for trading and communicating the same to the trading department
- ✓ Devising plan for payments keeping in view the priority and mode of payments
- ✓ Soliciting approvals from CFO/CEO for making payments

### ***Compliance Department:***

- ✓ Monitoring of the cash management activities of Finance Department to ensure that they are compliant with the applicable laws as well as to the internal policies of the Company
- ✓ Highlighting any non-compliance to the CEO/COO and ensure that corrective measures are taken, where required

## **20.3. Bank Accounts and Authorized Signatories**

### ***Company Accounts:***

Company Accounts are opened under resolution of board of directors of the Company. The Company operates multiple accounts with different banks with the title "ALFA ADHI SECURITIES (PVT) Limited". However, the main account is being maintained with MCB Bank which is linked to NCCPL.

Two categories of authorized signatories are available to withdraw funds from these accounts which are as follows and shall be approved by the Board of Directors of the Company:



- ✓ Category A: Chief Executive Officer; singly authorized
- ✓ Category B: Any two Directors/CFO/HOD; jointly authorized

#### ***Client Accounts:***

These accounts are opened in the name of the Company carrying an extension of “Client Account” where clients’ funds are parked. These funds are not available for meeting working capital requirements of the Company and are treated as current liabilities of the Company.

Two categories of authorized signatories are available to withdraw funds from these accounts which are as follows and shall be approved by the Board of Directors of the Company:

- ✓ Category A: Chief Executive Officer; singly authorized
- ✓ Category B: Any two Directors/CFO/HOD; jointly authorized

#### **20.4. Receipts and Payments**

Finance department under the supervision of CFO monitors the receipt and payments timelines to ensure healthy cash position of the Company. Large receivables are aggressively pursued through the relevant department/staff and large payments are scheduled in a manner to avoid any shortfall of funds.

#### **20.5. Loans**

Finance department conducts a quarterly review of the working capital requirements of the Company and reports to the CFO any excess funding requirements to be arranged for the upcoming quarters. Loans from directors are preferred to meet short-term working capital requirements, however, in case of non-availability of directors’ loan, short term funding facilities may be availed subject to the approval of the CEO/board of directors.

Additionally, requirement to increase in working capital may arise due to business cycle or industry environment such as increased brokerage business based on performance of capital market. For these scenarios, the Head of Strategy and Head of Research give an indication of the upcoming business prospects for the Company so that adequate financing can be arranged to deliver more business.

#### **20.6. Accounting and Disclosures**

The International Financial Reporting Standards (“IFRS”) and Companies Act, 2017 shall be strictly followed for accounting and disclosure requirements related to liquidity position of the Company.

## 21 RELATED PARTY TRANSACTIONS

### **Objective:**

ALFA ADHI SECURITIES (PVT) Limited (“AASL” or “Company”) recognizes the importance of related party transactions and therefore the Company has adopted this policy, under which all transactions with any related party during a financial year will be subject to approval or ratification in accordance with the procedures set forth in this policy as well as compliance with all the relevant prevailing laws as may be applicable from time to time.

For the purpose of this policy:

- Related Party means associated companies, directors, key management personnel, and relatives of the directors;
- Relative in relation to a director means his spouse and minor children; and
- Officers includes key management personnel of the Company.

The Audit Committee shall refer to the relevant prevailing laws upon reviewing each related party transaction to check if any amendments in the above definitions or in any other parts of this policy are required.

### **Policy:**

- All related party transactions shall be conducted on an arm’s length basis;
- All related party transactions shall be first reviewed and approved by the audit committee, at least covering the following key areas:
  - ✓ Terms of the transaction;
  - ✓ The approximate value of the transaction;
  - ✓ The related person’s interest (monetary or otherwise) in the transaction;
  - ✓ The purpose and timing of the transaction;
  - ✓ The nature of the Company’s participation in the transaction;
  - ✓ Information concerning potential counterparties in the transaction; and
  - ✓ Potential risk associated with the transaction, if any



- All related party transactions shall be approved by the board after approval from audit committee;
- Every director of the Company who is in any way, whether directly or indirectly, concerned or interested in any contract or arrangement entered into, or to be entered into, by or on behalf of the Company shall disclose the nature of his concern or interest at a meeting of the directors. Provided that a director shall be deemed also to be interested or concerned if any of his relatives is so interested or concerned;
- A director who fails to comply with the above shall be liable to a fine as per the applicable law prevailing at the time of non-compliance;
- No director of the Company shall, as a director, take any part in the discussion of, or vote on, any contract or arrangement entered into, or to be entered into, by or on behalf of the company, if he is in any way, whether directly or indirectly, concerned or interested in the contract or arrangement, nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote; and if he does vote, his vote shall be void.
- No other officer of the Company who is in any way, directly or indirectly, concerned or interested in any proposed contract or arrangement with the company shall, unless he discloses the nature and extent of his interest in the transaction and obtains the prior approval of the directors, enter into any such contract or arrangement;
- An officer who contravenes to the above shall be liable to a fine as per the applicable law prevailing at the time of non-compliance; and
- Management will assure that all Related Party Transactions are not in violation of and are approved in accordance with any requirements of the Company's financing or other material agreements, if any.

**Appropriate Disclosures:**





Appropriate disclosures shall be made regarding all related party transactions in the relevant financial statements of the Company. Furthermore, if any related party transaction is considered to be a material information, then the disclosure shall be made in accordance with the disclosure requirements of the PSX or SECP pertaining to material information.

## **22 ANNEXURES**

### **MAIN ACCOUNTS HEADS**

Accounts Head Maintenance screen is used to maintain account heads in Chart of Account. To maintain the Chart of Accounts, select Definition/GL/Chart of Accounts menu. List of already existing records can be viewed and selected through LIST tab.



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File View Help

Page: 1/12

DATE: 14-10-2021

TIME: 01:10:53

**ALFA ADHI SECURITIES (PRIVATE) LIMITED**  
**CHART OF ACCOUNTS**

CODE	TITLE
<b>01</b>	<b>SHAREHOLDERS EQUITY</b>
01 - 01	AUTHORIZED CAPITAL
01 - 01 - 001	AUTHORIZED CAPITAL
01 - 03	UNAPPROPRIATED PROFIT/(LOSS)
01 - 03 - 001	UNAPPROPRIATED PROFIT/(LOSS)
01 - 03 - 002	REMEASUREMENT GAIN - SOCE
01 - 03 - 003	BLANK
01 - 03 - 004	RETAINED EARNINGS
01 - 03 - 005	PROFIT LOSS 2021
01 - 03 - 006	COMMISSION REVENUE (P & L)
01 - 04	TOTAL EQUITY
01 - 04 - 001	TOTAL EQUITY
01 - 05	ADVANCE AGAINST EQUITY
01 - 05 - 001	ADVANCE AGAINST EQUITY
01 - 05 - 002	ADVANCE AGAINST RIGHT ISSUE
01 - 06	SURPLUS ON REVALUATION OF FIXED ASSETS
01 - 06 - 001	SURPLUS ON REVALUATION OF FIXED ASSETS
01 - 07	OTHER COMPREHENSIVE INCOME
01 - 07 - 001	OTHER COMPREHENSIVE INCOME
<b>02</b>	<b>LONG TERM LIABILITIES</b>
02 - 01	LONG TERM LOAN
02 - 01 - 001	BANK - LOAN AGAINST PROPERTY
02 - 01 - 002	LOAN FROM DIRECTOR
02 - 01 - 003	LOAN FROM OTHERS
02 - 01 - 004	LOAN TERM
02 - 01 - 005	LONG TERM LOANS
02 - 01 - 006	LOAN FROM DIRECTOR -AZFER NASEEM
02 - 03	DEFERRED TAX
02 - 03 - 001	DEFERRED TAX
<b>03</b>	<b>DEFERRED LIABILITIES</b>
03 - 01	DEFERRED LIABILITY
03 - 01 - 001	DEFERRED LIABILITIES
03 - 01 - 002	STAFF GRATUITY
<b>04</b>	<b>CURRENT LIABILITIES</b>
04 - 01	ACCRUED AND OTHER LIABILITIES
04 - 01 - 001	COMMISSION PAYABLE TO TRADERS
04 - 01 - 002	ACCRUED MARKUP
04 - 01 - 003	ACCRUED OTHER LIABILITIES

**Field Description**

<b>GL Code</b>	<b>22.1.1.1</b> <i>The GL code is the code assigned for current Account Head</i>
<b>GL Description</b>	<b>22.1.1.2</b> <i>Description for the Account Head is given there</i>
<b>Parent Code</b>	<b>22.1.1.3</b> <i>A Pop List Populated with GL Code and their Description from Chart of Account, which had been defined already. For level one codes it should be kept empty (NULL).</i>
<b>Family</b>	<b>22.1.1.4</b> <i>A Dropdown List contains Asset, Capital, Expense, Liability and Revenue items. Family is asked only for first level of GL Code, otherwise Parent's Family will be automatically selected in disabled mode.</i>
<b>Level</b>	<p><b>22.1.1.5</b> <i>Level of Account determines the position of a GL code in its hierarchy. It is 1 for GL code having no parent code (First in their hierarchy) other wise</i></p> <p><b>22.1.1.6</b> <i>Level of GL code = Level of Parent Code + 1</i></p> <p><b>22.1.1.7</b> <i>Level is system-generated information and it is read only.</i></p>
<b>General / Detail</b>	<p><b>22.1.1.8</b> <i>A Pop List having only two options, General and Detail. It should be set to General for those Account codes under which Child Account Codes are to be created.</i></p> <p><b>22.1.1.9</b> <i>It should be set to Detail for Accounts Heads created at Leaf Nodes i.e. there will be no Account code under that account code. Only Detail Account Code can be used in transaction and can have opening balance.</i></p>
<b>Debit</b>	<b>22.1.1.10</b> <i>A Dropdown List populated with Account References. It is used to assign the appropriate Account reference to the GL code if the balance of GL Code is Debit.</i>
<b>Credit</b>	<b>22.1.1.11</b> <i>A Dropdown List populated with Account References. It is used to assign the appropriate Account reference to the GL code if the balance of GL Code is Credit.</i>



<b>Symbol</b>	<b>22.1.1.12</b> <i>A Dropdown List populated with predefined values (+) and (-) denoting the symbols used for debit and credit.</i>
<b>Old Code</b>	<b>22.1.1.13</b> <i>This is used to enter the previous chart of accounts code reference corresponding to the code under this system.</i>

**Sub ledger Book Maintenance**

To maintain the list of Sub Ledger Books, select Definition/GL/SL Book Account menu. In the GL Code field, select a head from the main chart of accounts to declare it as a sub-ledger book and in the Detail section enter the sub ledger codes. Only the detail level codes can be declared as Sub-Ledger books. All the codes in the sub-ledger book can be posted independently of the sub-ledger book. List of already existing records can be viewed and selected through LIST tab.

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File View Help

Page: 1 ?

PAGE: 1/1  
DATE: 14-10-2021  
TIME: 01:12:44

**ALFA ADHI SECURITIES (PRIVATE) LIMITED**  
CASH/BANK BOOK

FROM: 14-10-2021  
TO : 14-10-2021

0905017     Js Bank (240000498)

RECEIPT				PAYMENT			
REC#	DT. PARTICULARS	SLIP NO.	AMOUNT	VOU#	DT. PARTICULARS	CHEQ. NO.	AMOUNT



## General Ledger Vouchers

All vouchers are associated with Book Type and Transaction Type. In Cash and Bank vouchers, the second entry will automatically be generated on the basis of the selected book. Voucher numbers are generated automatically and are not modifiable.

If Backdate entry is enabled (see the GL system Configuration) in the system, the Date field will be modifiable, and you can mention the date of the voucher, otherwise it will be disabled and will pick the current application system date.

## Journal Voucher

This screen is used to enter a JV in the system. This screen can also be used to enter a Voucher Reversal, copy voucher from template or to restore and backup the voucher.

To access this screen, select Transactions/GL/Journal Voucher menu.

CODE	CLIENT DEALER	PARTICULARS	SLIP/CHQ. NO.	DEBIT	CREDIT	DEPT	MODE	VHT STATUS	SALES TAX STATUS
0901001	3527	DFC PROFIT WITHELD		5,557.50					

This screen has six sections.

First section is related with the voucher definition and user can enter book type, transaction type, and remarks related with the voucher.

Second section contains the detail information related with the voucher entries. In this section user can enter the detail entries of voucher. The sum of the Debit and Credit entries and their running difference will appear in the Amount Info section.

Third section (Amount Info) contains the amount information and is updated automatically to show the difference of amounts. The voucher can only be saved if the difference in Debit and Credit amounts is 0.0, otherwise it will prompt the user to balance the Voucher.

Fourth section contains the buttons related to Voucher Reversal.

Fifth section contains the buttons related to Voucher Recall i.e. Backup & Restore.

And the sixth section contains a button for copying a voucher template into the screen.

## **Button Operation**

### **Select**

To generate the voucher reversal, click the Select button to select the voucher to be reversed.

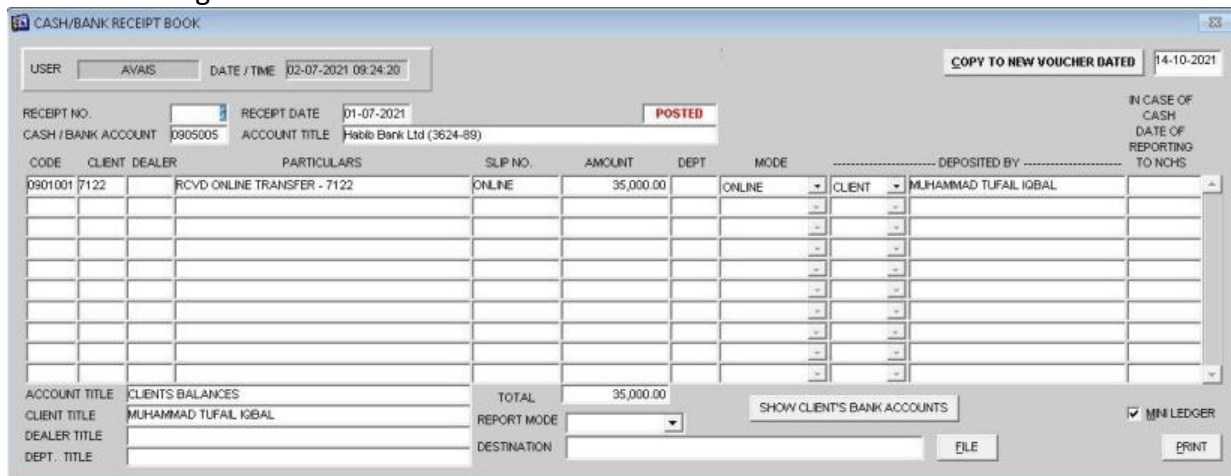
Operation of reversal and after pressing OK, all the data will be filled in the main screen with reversed amounts. The data for the reversal will be un-editable and you cannot modify its values.

<b>Save</b>	<b>22.1.1.14</b> <i>User can press the save button to specifically save the voucher reversal.</i>
<b>Cancel</b>	<b>22.1.1.15</b> <i>User can press the cancel button to cancel the Reversal Operation and revert back to the normal mode.</i>
<b>Backup</b>	<b>22.1.1.16</b> <i>User can press this button to take the backup of already entered records that are not yet saved. A confirmation dialog is displayed to depict the successful completion of Operation.</i>
<b>Restore</b>	<b>22.1.1.17</b> <i>User can press this button to restore the already saved backup of the detail entries. This button is only</i>

	<i>enabled if a user has already backed up some detail entries.</i>
<b>Copy from Template</b>	<b>22.1.1.18</b> <i>User can press this button to copy vouchers from template. This button will only be enabled if there are some voucher templates available.</i>
<b>Save and Print</b>	<b>22.1.1.19</b> <i>This button is used to specifically save and print the Journal Voucher.</i>

### Cash & Bank Receipt Voucher

This screen is used to enter and maintain Cash Receipt Vouchers in the system. In this voucher you are only required to enter the one side of entries, the second entry (of cash) will automatically be generated for you based on the selected book. To access this screen, select Transactions/GL/Cash Receipt Voucher menu. List of already existing records can be viewed and selected through LIST tab.



### Cash & Bank Payment Voucher

This screen is used to enter and maintain Cash Payment Vouchers in the system. In this voucher you are only required to enter one side of entry, the second entry (of cash) will automatically be generated for you based on the selected book. To access this screen, select Transactions/GL/Cash Payment Voucher menu. List of already existing records can be viewed and selected through LIST tab.



CASH/BANK PAYMENT BOOK

USER: AVAIS DATE/TIME: 01-07-2021 12:14:08 COPY TO NEW VOUCHER DATED: 14-10-2021

PAYMENT NO.: [ ] DATE: 30-06-2021 CASH / BANK ACCOUNT: 0905003 US-BANK CLIENT FUND (C) - 636208 POSTED

CODE	CLIENT DEALER	PARTICULARS	CHEQUE NO.	AMOUNT	DEPT	MODE	WHT STATUS	SALES TAX STATUS
0901001	5402	PAID CHQ AS PER REQUEST - 5402	51798429	100,000.00		INSTRUMENT		

### **Bank Receipt Voucher**

This screen is used to enter and maintain Bank Receipt Vouchers in the system. In this voucher you are only required to enter the one side of entry, the second entry (of Bank) will automatically be generated for you based on the selected book. To access this screen, select Transactions/GL/Bank Receipt Voucher menu. List of already existing records can be viewed and selected through LIST tab.

### **Bank Payment Voucher**

This screen is used to enter and maintain Bank Payment Vouchers in the system. In this voucher you are only required to enter the one side of entry, the second entry (of Bank) will automatically be generated for you based on the selected book. To access this screen, select Transactions/GL/Bank Payment Voucher menu. List of already existing records can be viewed and selected through LIST tab.

### **Aging Template Form**

This screen is used to enter the template for Aging Reports. To define the aging template, enter ID and description of the template, and detail of aging template column head and days criteria. To access this screen, select Transactions/GL/Aging Template menu. List of already existing records can be viewed and selected through LIST tab.







### **Bank Reconciliation**

This screen helps in Bank Reconciliation of all Bank Accounts. As all relevant data is already entered through different vouchers therefore the software assists in reconciling the bank accounts.

**BANK RECONCILIATION**

BANK A/C. #   RECEIPT / PAYMENT

DATE FROM  TO

CAT	VNO	VDATE	DESCRIPTION	DEBIT	CREDIT	CHQ / SLIP	RECON DATE

---

BANK A/C. #

SELECT REPORT  UPTO DATE

SHOW CLIENTS BALANCE SEGREGATION EQUATION

REPORT MODE

DESTINATION

### **Authority Management System (AMS)**

Authority management system allows addition or removal of authorities at user level. Each user is assigned a set of books and GL codes to enter vouchers against them. A user cannot enter any voucher in a book or a code, which is not defined in his access list.

User-wise Book Type

This screen allows granting rights to different users regarding use different book types. To maintain the list of the book assigned to a user, select Definitions/GL/GL AMS/GL User Book Type menu.

**USERS MANAGEMENT**

USER ID:     USER NAME:     LAST LOGON ON:

PASSWORD:     STATUS:      APPLY ADV. SECURITY RULES

VTRADE     SHOW HIDDEN CLIENTS     SHOW ALERTS    ID BOUND TO DEALER:     ID BOUND TO BRANCH:

**RIGHTS ON MODULES**

MODULE	ACCESS	INSERT	UPDATE	DELETE	UNPOST
A001   USERS ADMINISTRATION	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
A002   CHART OF ACCOUNTS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
A003   ACCOUNTS OPENING BALANCES	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
A004   DEALERS DATABASE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
A005   CLIENTS DATABASE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**RIGHTS ON SUB MODULES**

<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>

REPORT TYPE:     REPORT MODE:

DESTINATION:        

Select the user from the LIST tab. By selecting any user, the books assigned to him will be populated automatically in the Book Type section. To change the list of Books assigned to him click Select button and select/deselect appropriate books from the popped pick list. This screen also has the option of allowing/disallowing the user to enter a back-date entry in the assigned book types.



### User wise GL Codes

This screen allows granting rights to different users regarding use different GL codes/heads. To maintain the list of the GL codes/heads assigned to a user, select Definitions/GL/GL AMS/User Wise GL Code menu.

Select the user from the Users LOV or from the LIST tab. By selecting any user, the codes assigned to him will be populated automatically in the User – GL Code section. To change the list of codes assigned to him click SELECT button and select/deselect appropriate codes from the popped pick list.