



**Grant Thornton**

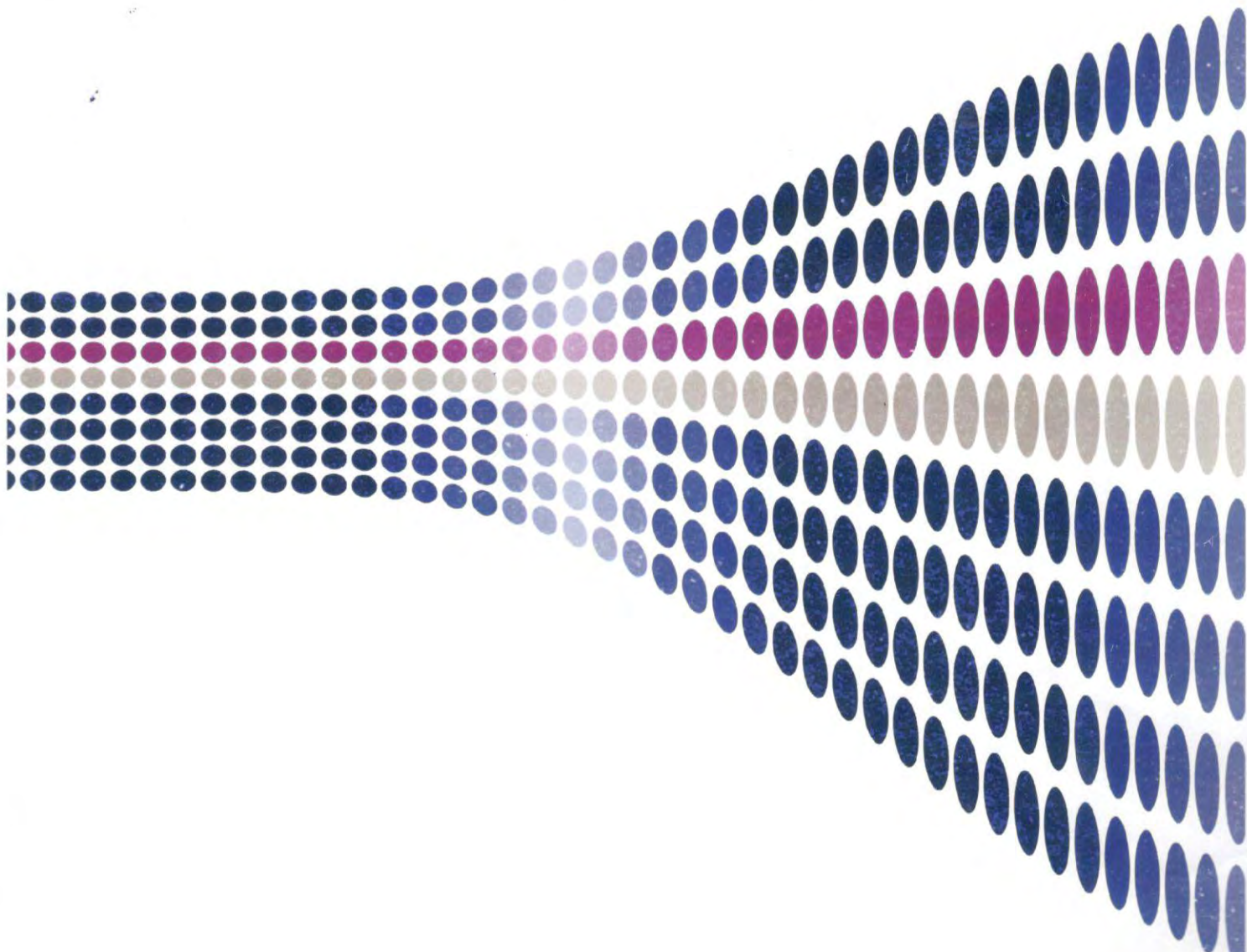
An instinct for growth™

**Grant Thornton Anjum Rahman**

Chartered Accountants

## **Taurus Securities Limited**

*For the year ended December 31, 2018*



**Taurus Securities Limited**  
*Independent Auditors' Report*



# Grant Thornton

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TAURUS SECURITIES LIMITED

### Report on the Audit of the Financial Statements

#### Opinion

#### GRANT THORNTON ANJUM RAHMAN

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Modern Motors House  
Beaumont Road,  
Karachi 75530

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We have audited the annexed financial statements of **Taurus Securities Limited** (the Company), which comprise the statement of financial position as at December 31, 2018, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2018 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Information other than the Financial Statements and Auditor's Report thereon

Management is responsible for the other information. The other information comprises the information included in the annual report i.e., a more specific description of the other

information, such as “the directors’ report,” may be used to identify the other information but does not include the financial statements and our auditor’s report thereon.

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

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

### **Responsibilities of Management and Board of Directors for the Financial Statements**

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

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

Board of directors are responsible for overseeing the Company’s financial reporting process.

### **Auditor’s Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

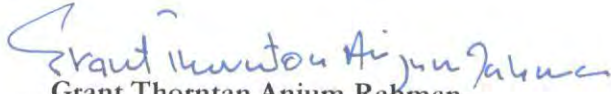
We also provide the board of directors with a statement that have compiled with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Report on Other Legal and Regulatory Requirements**

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is  
**Muhammad Shaukat Naseeb.**

  
Grant Thornton Anjum Rahman  
Chartered Accountants

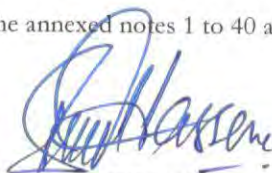
**Place:** Karachi  
**Dated:** March 29, 2019

**Taurus Securities Limited**  
*Financial Statements*  
*for the year ended December 31, 2018*

TAURUS SECURITIES LIMITED  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2018

		December 31, 2018	December 31, 2017
	Note	----- (Rupees) -----	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	5	9,651,507	9,567,506
Intangible assets	6	309,448	741,174
Investment in shares of Pakistan Stock Exchange Limited	7	14,671,803	35,906,147
Long term deposits	8	4,402,102	4,539,956
Taxation - net	14	24,022,245	14,551,944
		<b>53,057,105</b>	<b>65,306,727</b>
<b>Current assets</b>			
Trade debts	9	269,249,324	730,737,329
Loans	10	2,161,289	2,118,418
Deposits and prepayments	11	91,908,861	139,769,675
Other receivables	12	18,152,992	6,814,526
Investments	13	153,427,025	67,641,480
Taxation - net	14	20,451,630	20,451,630
Cash and bank balances	15	144,278,722	218,386,439
		<b>699,629,843</b>	<b>1,185,919,497</b>
<b>Total assets</b>		<b>752,686,948</b>	<b>1,251,226,224</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised share capital	17	400,000,000	400,000,000
Issued, subscribed and paid-up share capital	17	135,023,060	135,023,060
Revenue reserves			
Accumulated profits	18	157,453,154	182,154,335
Unrealised gain on re-measurement of available-for-sale investment	18	17,506,441	31,694,015
		<b>174,959,595</b>	<b>213,848,350</b>
<b>Total equity</b>		<b>309,982,655</b>	<b>348,871,410</b>
<b>Current liabilities</b>			
Trade and other payables	19	203,071,509	792,376,706
Short term running finance	20	239,632,784	109,978,108
		<b>442,704,293</b>	<b>902,354,814</b>
<b>Total liabilities</b>		<b>442,704,293</b>	<b>902,354,814</b>
<b>Total equity and liabilities</b>		<b>752,686,948</b>	<b>1,251,226,224</b>
<b>Contingencies and commitments</b>	21		

The annexed notes 1 to 40 and 'Annexure 1' form an integral part of these financial statements. *Sim*



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER



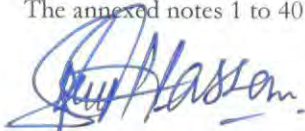
DIRECTOR



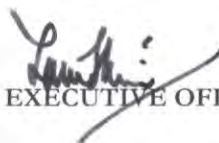
**TAURUS SECURITIES LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

		For the year ended December 31,	
		2018	2017
		----- (Rupees) -----	
<b>INCOME</b>			
- from brokerage and commission	22	96,756,445	93,407,168
- from margin trading system		1,340,354	325,392
- from capital gain on sale of securities and units of mutual funds		13,344,542	13,680,194
- from dividend income		80,648	561,034
		<b>111,521,989</b>	<b>107,973,788</b>
<b>EXPENSES</b>			
Administrative	24	(124,200,686)	(118,822,338)
<b>Operating loss</b>		<b>(12,678,697)</b>	<b>(10,848,550)</b>
Other income	23	11,663,385	64,719,873
Other expenses	25	(26,384)	-
Finance cost	26	(3,429,928)	(2,589,939)
<b>(LOSS) / PROFIT BEFORE TAXATION</b>		<b>(4,471,624)</b>	<b>51,281,384</b>
Taxation	27	(11,222,394)	(13,007,831)
<b>(LOSS) / PROFIT FOR THE YEAR</b>		<b>(15,694,018)</b>	<b>38,273,553</b>
<b>Other comprehensive income</b>			
Items to be reclassified to profit and loss account in subsequent periods			
Unrealised (loss) / gain on remeasurement of available for sale investment	13.2	(14,187,574)	31,407,791
<b>Items that will never be reclassified to profit and loss account</b>			
Remeasurements of defined benefit liability	16.1.6	6,331,188	(3,804,093)
Related current tax charge		(1,836,045)	1,141,228
		<b>(9,692,431)</b>	<b>28,744,926</b>
<b>Total comprehensive (loss) / income for the year</b>		<b>(25,386,449)</b>	<b>67,018,479</b>
<b>(Loss) / earnings per share - basic and diluted</b>	28	<b>(1.16)</b>	<b>2.83</b>


The annexed notes 1 to 40 and 'Annexure 1' form an integral part of these financial statements. *S.M.*



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER

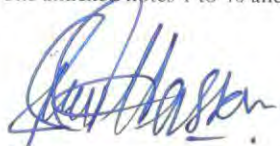


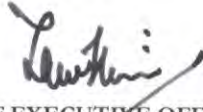
DIRECTOR

TAURUS SECURITIES LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Issued, subscribed and paid-up share capital	Revenue reserves		Total equity
		Accumulated profits	Unrealised gain / (loss) on re- measurement of available-for-sale investment	
----- (Rupees) -----				
Balance as at January 01, 2017	135,023,060	160,045,953	286,224	295,355,237
<b>Total comprehensive income for the year</b>				
Profit for the year ended December 31, 2017	-	38,273,553	-	38,273,553
Other comprehensive (loss)/income	-	(2,662,865)	31,407,791	28,744,926
	-	35,610,688	31,407,791	67,018,479
<b>Transactions with owners, recorded directly in equity</b>				
Interim cash dividend paid @ Rs. 1.00 per share (10%)	-	(13,502,306)	-	(13,502,306)
<b>Balance as at December 31, 2017</b>	<u>135,023,060</u>	<u>182,154,335</u>	<u>31,694,015</u>	<u>348,871,410</u>
<b>Total comprehensive income for the year</b>				
Loss for the year ended December 31, 2018	-	(15,694,018)	-	(15,694,018)
Other comprehensive income / (loss)	-	4,495,143	(14,187,574)	(9,692,431)
	-	(11,198,875)	(14,187,574)	(25,386,449)
<b>Transactions with owners, recorded directly in equity</b>				
Interim cash dividend paid @ Rs. 1.00 per share (10%)	-	(13,502,306)	-	(13,502,306)
<b>Balance as at December 31, 2018</b>	<u>135,023,060</u>	<u>157,453,154</u>	<u>17,506,441</u>	<u>309,982,655</u>

The annexed notes 1 to 40 and 'Annexure 1' form an integral part of these financial statements. *S.M*

  
CHIEF FINANCIAL OFFICER

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

TAURUS SECURITIES LIMITED  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	For the year ended	
		December 31, 2018	2017
		----- (Rupees) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss) / profit before taxation		(4,471,624)	51,281,384
Adjustments for:			
Depreciation on property and equipment	5	3,715,567	3,846,004
Amortisation on intangible assets	6	575,612	1,037,233
Loss / (gain) on disposal of property and equipment	25	26,384	(20,000)
Ijarah charges	24	3,168,415	2,920,436
Finance cost	26	3,429,928	2,589,939
Mark-up income on bank deposits and cash margin	23	(11,447,964)	(4,182,902)
Mark-up income under margin trading system		(1,340,354)	(325,392)
Defined benefit cost	16.1.5	2,302,317	1,629,971
Capital gain on sale of shares of Pakistan Stock Exchange Limited	23	-	(60,281,796)
Capital gain on sale of securities and units of mutual funds		(13,344,542)	(13,680,194)
Unrealised loss on investments classified as fair value through profit and loss	25	(189,817)	(156,553)
		<u>(13,104,454)</u>	<u>(66,623,254)</u>
<b>Net cash used in operating activities before working capital changes</b>		<b>(17,576,078)</b>	<b>(15,341,870)</b>
Decrease / (Increase) in working capital assets:			
Trade debts		461,488,005	(312,778,618)
Loans and advances		(42,871)	275,989
Deposits and prepayments		(10,334,095)	3,395,915
Other receivables		(775,461)	(869,892)
Deposit collected / (paid) from National Clearing Company of Pakistan Limited (NCCPL) - net		58,122,967	41,591,347
		<u>508,458,545</u>	<u>(268,385,259)</u>
		<b>490,882,467</b>	<b>(283,727,129)</b>
Increase in working capital liabilities:			
Trade and other payables		(586,716,625)	156,398,907
<b>Net cash flows used in operations</b>		<b>(95,834,158)</b>	<b>(127,328,222)</b>
Income tax paid	14	(22,528,738)	(18,919,431)
Contribution paid to gratuity fund	16.1.5	224,776	(2,727,396)
Financial cost paid		(2,216,254)	(2,849,610)
		<u>(24,520,216)</u>	<u>(24,496,437)</u>
<b>Net cash used in operating activities</b>		<b>(120,354,374)</b>	<b>(151,824,659)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment (made) / sold - net of purchases		(75,567,421)	156,841,469
Mark-up income on balances received		12,588,318	4,521,581
Capital expenditures	5 & 6	(3,969,838)	(1,237,672)
Proceeds from disposal of property and equipment	5.1	-	441,443
<b>Net cash generated from investing activities</b>		<b>(66,948,941)</b>	<b>160,566,821</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Lease rentals paid		-	(93,651)
Ijarah rentals paid		(2,958,615)	(3,873,036)
Dividend paid		(13,500,463)	(13,500,872)
<b>Net cash used in financing activities</b>		<b>(16,459,078)</b>	<b>(17,467,559)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(203,762,393)</b>	<b>(8,725,397)</b>
Cash and cash equivalents at beginning of the year		108,408,331	117,133,728
<b>Cash and cash equivalents at end of the year</b>		<b>(95,354,062)</b>	<b>108,408,331</b>
Cash and cash equivalents comprise			
Cash and bank balances	15	144,278,722	218,386,439
Short term running finance	20	(239,632,784)	(109,978,108)
		<u>(95,354,062)</u>	<u>108,408,331</u>

The annexed notes 1 to 40 and 'Annexure 1' form an integral part of these financial statements. *SM*

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR





**TAURUS SECURITIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

Taurus Securities Limited (the Company) is a public unquoted company, incorporated in Pakistan on June 27, 1993 under the Companies Ordinance, 1984 (now the Companies Act, 2017). The registered office of the Company is situated at 6th Floor, Progressive Plaza, Beaumont Road, Civil Lines, Karachi. The Company is a subsidiary of National Bank of Pakistan, which holds 58.32% (2017: 58.32%) of the shareholding of the Company. The Company is engaged in the business of stock brokerage, investment counseling and fund placements. The Company holds a Trading Rights Entitlement Certificate (TREC) from Pakistan Stock Exchange Limited (PSEL).

**2 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS**

2.1 Adoption of Companies Act, 2017 - note 3.1.

**3 BASIS OF PREPARATION**

**3.1 Statement of compliance**

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan and under ijarah arrangements in accordance with IFAS - 2 " Ijarah". The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRSs), issued by International Accounting Standard Board (IASB) as notified under Companies Act, 2017 (the Act) and, provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ from the IFRSs, the provisions of and directives issued under the Act have been followed.

The Act has also brought certain changes with regard to the preparation and presentation of these financial statements. These changes, amongst others, included change in nomenclature of primary statements. Further, the disclosure requirements contained in the Fourth Schedule of the Act have been revised, resulting in elimination of duplicative disclosure with the IFRSs disclosure requirements and incorporation of additional amended disclosures including, but not limited to, particulars of fixed assets disposed off during the year (note 5.1), change in threshold for identification of executives (note 29 ) and additional disclosure requirements for related parties (note 30 ).

**3.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention except as modified by the recognition of certain investments at fair value commitments in respect of derivative financial instruments and liabilities in respect of defined benefit obligations at present value.

**3.2.1 Standards, Amendments and Interpretations to Approved Accounting Standards**

- Standards, amendments and interpretations to the published standards that are relevant to the company and adopted in the current year

The Company has adopted the following new standards, amendments to published standards and interpretations of IFRSs which became effective during the current year.

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 1 and IAS 28 - Annual Improvements to IFRSs 2014-2016	January 1, 2018
IFRIC 22 - Foreign Currency Transactions and Advance Consideration	January 1, 2018

Adoption of the above revisions, amendments and interpretations of the standards have no significant effect on the amounts for the year ended December 31, 2018 and 2017.

**TAURUS SECURITIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**- Standards, amendments to published standards and interpretations that are effective but not relevant**

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on January 01, 2018 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are therefore not presented here.

**- Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Company**

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

<b>Standard or Interpretation</b>	<b>Effective Date (Annual periods beginning on or after)</b>
IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Postponed
IFRS 15 - Revenue from Contracts with Customers	July 1, 2018
IFRS 9 - Financial Instruments	July 1, 2018
IFRS 16 - Leases	January 1, 2019
IFRIC 23 - Uncertainty over Income Tax Treatments	January 1, 2019
IAS 28 - Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)	January 1, 2019
Annual improvements to IFRSs 2015 - 2017 Cycle	January 1, 2019
IFRS 9 - Prepayment Features with Negative Compensation (Amendments to IFRS 9)	January 1, 2019
IAS 19 - Plan Amendment, Curtail or Settlement (Amendments to IAS 19)	January 1, 2019
IAS 12/IAS 23/ IFRS 3/ IFRS 11 - Annual Improvements to IFRS Standards 2015-2017 Cycle	January 1, 2019
IAS 1/IAS 8 - Definition of Material (Amendments to IAS 1 and IAS 8)	January 1, 2020
Various - Amendments to References to the Conceptual Framework in IFRS Standards	January 1, 2020

The Company is in the process of assessing the impact of these Standards, amendments and interpretations to the published standards on the financial statements of the Company.

**- Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)**

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

<b>Standard or Interpretation</b>	<b>IASB effective date (Annual periods beginning on or after)</b>
IFRS 14 - Regulatory Deferral Accounts	January 1, 2016
IFRS 17 - Insurance Contracts	January 1, 2021

### 3.3 Critical accounting estimates and judgments

The Company's significant accounting policies are stated in *note 4*. Not all of the significant policies require the management to make different, subjective or complex judgement or estimates.

Uncertainty of the policies relating to property and equipment (*note 4.1*), classification and valuation of investments and impairment there against, if any (*note 4.6 & note 4.7*), employee benefit scheme (*note 4.15*), provision for doubtful debts (*note 4.5*) and taxation (*note 4.4*) considered by the management critical because of their complexity, judgement and estimation involved in their application and their impact on the financial statements.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year.

### 4.1 Property and equipment

#### Owned assets

These are stated at cost less accumulated depreciation and accumulated impairment, if any.

Depreciation is charged applying the straight line method at the rates specified in *note 5* to these financial statements, which are considered appropriate to write off the cost of the assets over their useful economic lives.

Proportionate depreciation is charged in respect of additions and disposals made during the year. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Maintenance and normal repairs are charged to profit and loss account. Major renewals and improvements are capitalized.

Gains and losses on disposal of assets, if any, are determined by comparing the sale proceeds with the carrying values and are charged to profit and loss account.

#### Assets subject to finance lease

Assets subject to finance lease are stated at lower of present value of minimum lease payments under the lease agreement and the fair value of leased assets. The related obligations under the lease are accounted for as liabilities. Depreciation is charged by applying the straight line method at the rate given in respective note to the financial statements. The finance charge is calculated at the rate implicit in the lease.

#### 4.2 Intangible assets

Intangible assets, which are stated at cost less accumulated amortization and any impairment loss, mainly represent computer software and website development.

Computer software and website development cost are recognized in the financial statements, if and only if, it is probable that the future economic benefits that are attributable to the assets will flow to the Company; and the cost of the assets can be measured reliably. These are carried at cost less accumulated amortization and impairment, if any. Amortization of computer software and website developed is charged to profit and loss account for the year on a straight line basis at the rates specified in *note 6*. The amortization period and the amortization method for intangible assets with finite useful are reviewed, and adjusted if appropriate, at each balance sheet date. Carrying amount of intangibles with infinite useful life are reviewed for impairment annually.

An intangible is recognized if and only if it is probable that expected future economic benefits that are attributable to the asset will flow to the entity; and the cost of asset can be measured reliably.

#### 4.3 Ijarah

The Company accounts for assets under ijarah arrangements in accordance with IFAS-2 "Ijarah" whereby periodic ijarah payments for such assets are recognized as an expense in profit and loss account on straight line basis over the ijarah term.

#### 4.4 Taxation

Current and deferred tax is charged/reversed to the profit and loss account, except in case of items credited or charged to statement of comprehensive income, in which case it is included in statement of comprehensive income, or where applicable in equity.

##### *Current*

The charge for taxation is based on taxable income at current rates of taxation after taking into account tax credits and tax rebates available, if any.

##### *Deferred*

Deferred tax is recognized using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the tax base. This is recognized on the basis of expected manner of the realization and the settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized to the extent that future taxable profits will be available against which the deductible temporary differences can be utilized. Deferred tax assets are reduced to the extent that is no longer probable that the related tax benefit will be realized.

#### 4.5 Trade debts

Debts originated by the Company are recognized and carried at original invoice amount (which generally equals the fair value) less any amount written off or provision made for debts considered doubtful.

Trade debts are recognized on the basis of 'trade date', i.e. the Company recognize trade debts for brokerage as and when such services are provided and/or as and when a deficit arise in client's account. The information maintained by the Company through its back office system is based on settlement-date convention of accounting. This information is, however, adjusted at each reporting date to arrive at the balance based on trade-date convention of accounting which is the Company's accounting policy.

A provision for bad debts is established when there is an objective evidence that the company will not be able to collect all amounts due from clients according to the original terms of transactions. Trade debts and other receivables considered irrecoverable are written off.

#### 4.6 Investments

Investments in securities are initially recognized at cost, being the fair value of the consideration given, including the transaction costs associated with the investment, except in case of investments at fair value through profit and loss, in which case these transaction costs are charged to the profit and loss account. These are classified and measured as follows:

##### *Trade date*

All the regular way purchases and sales and purchases and sales on derivative market are recognized/derecognized using trade date accounting.

##### *Investments at fair value through profit or loss*

Investments which are acquired principally for the purposes of generating profit from short term fluctuations in price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified under this category. After initial recognition, these are re-measured at fair value. Gains or losses on re-measurement of these investments are recognized in the profit and loss account currently.

##### *Held-to-maturity*

These are securities with fixed or determinable payments and fixed maturity which the Company has the positive intent and ability to hold to maturity. After initial recognition, these are measured at amortized cost less any provision for impairment.

##### *Available-for-sale*

Investments which are not classified in any of the preceding categories are classified as available-for-sale investments. After initial recognition, these investments are re-measured at fair value. Surplus / deficit arising from re-measurement are taken to other comprehensive income until the investments are sold / disposed-off or until the investments are determined to be impaired, at which time, cumulative gain or loss previously reported in the other comprehensive income is included in the current year's profit and loss account.

#### 4.7 Impairment

##### *Impairment of financial assets*

##### *Equity securities - measured at otherwise through profit and loss account*

The Company assesses at each reporting date whether there is objective evidence that the financial asset is impaired. In case of equity securities, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the security is impaired.

If any such evidence exists, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit and loss account is reclassified from other comprehensive income to profit and loss account.

##### *Debt securities*

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated recoverable amount. The recoverable amount represents present value of expected future cash flows discounted at original rate of return. An impairment is recognized in profit and loss account whenever the carrying value of asset exceeds its recoverable amount.



*Impairment of non-financial assets*

The Company assesses at each balance sheet date whether there is any indication that assets except deferred tax assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

**4.8 Derivative financial instruments**

Derivative financial instruments are initially recognized at fair value, using trade date accounting and are subsequently re-measured at fair value using appropriate valuation techniques. All derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative. Any change in the fair value of derivative instruments is taken to the profit and loss account.

**4.9 Securities under repurchase / reverse repurchase agreements**

Transactions of repurchase / reverse repurchase of securities and arrangements under margin trading are entered into at contracted rates for specified periods of time. These are considered to be financing transaction instead of actual sale and purchase of securities and are accounted for as follows:

*Repurchase agreements*

Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognized in the balance sheet and are measured in accordance with accounting policies for investments. The counterparty liability for amounts received under these agreements is included in funds under repurchase agreements. The difference between sale and repurchase price is treated as mark-up on repo transactions of quoted investments and accrued over the life of the repo agreement.

*Reverse repurchase agreements*

Securities purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognized in the balance sheet as investments. Amounts paid under these agreements are recorded as 'Financing under reverse repo'. The difference between purchase and resale price is treated as mark-up on reverse repurchase transactions, as the case may be, and accrued over the life of the reverse repo agreement.

**4.10 Cash and cash equivalents**

Cash in hand and at banks is carried at cost. For the purposes of cash flow statement, cash and cash equivalents consist of cash and bank, running finance obtained to meet short term cash requirements and short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**4.11 Revenue recognition**

Revenue is recognized to the extent that it is probable that any future economic benefit associated with the item of revenue will flow to the company, and the amount of revenue can be measured with reliably.

Revenue is recognized on the following basis:

- Brokerage and other income is accrued as and when such services are provided.
- Gain or loss on disposal of securities is taken to profit and loss account in the year in which it arises.
- Dividend income is recorded when the Company's right to receive payment is established.
- Mark-up / interest from margin trading, reverse repurchase transactions and term deposit receipts is recognized on a time proportionate basis.
- Other revenues are recognized on accrual basis.

#### 4.12 Provision, commitments and contingencies

A provision is recognized when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation of which reliable estimate can be made.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Commitments includes the estimated amount, so far as not provided for in the financial statements, of future contractual commitments.

No liability is recognized if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

#### 4.13 Fiduciary assets

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

#### 4.14 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost using the effective interest method. However the effect of amortization is negligible.

Trade payables are recognized on the basis of 'trade date', i.e. the Company recognize trade payables for brokerage as and when such services are provided and/or as and when a surplus arise in client's account. The information maintained by the Company through its back office system is based on settlement-date convention of accounting. This information is, however, adjusted at each reporting date to arrive at the balance based on trade-date convention of accounting which is the Company's accounting policy.

#### 4.15 Staff retirement benefits

##### *Gratuity fund*

The liability / asset recognized in the statement of financial position is the present value of defined benefit obligation at the balance sheet date less fair value of plan assets. The defined benefit obligation is calculated annually using Projected Unit Credit Method. Remeasurements which comprise actuarial gains and losses and the return on plan assets (excluding interest) are recognized immediately in other comprehensive income. While interest income and interest expense are recognized immediately in the profit and loss account.

##### *Provident fund*

Monthly contributions by the Company are expensed and recognized as payable in the statement of financial position.

#### 4.16 Borrowing costs

Borrowing costs are recognized as an expense in the period in which these are incurred, except to the extent that they are directly attributable to the acquisition or construction of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) in which case these are capitalized as part of the cost of that asset.

#### 4.17 Related party transactions

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

#### 4.18 Financial instruments

All financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instruments. Financial asset is derecognized when the Company loses control of the contractual rights that comprise the financial assets or portion of financial assets, while a financial liability or part of financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets and liabilities is taken to profit and loss account currently.

#### 4.19 Fair value measurement

Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

The Company measures the fair value using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

#### 4.20 Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set-off the recognized amounts and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

#### 4.21 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the board of directors that makes strategic decision. The management has determined that the Company has a single reportable segment as the Board of Directors views the Company's operations as one reportable segment.

#### 4.22 Reserves

##### *Revenue Reserve*

Retained earnings includes all current and prior period retained profits. Reserves also include other components of equity which includes remeasurement of net defined benefit liability – comprises the actuarial losses from changes in demographic and financial assumptions and the return on plan assets and reserves for unrealized gain on remeasurement of available for sale financial assets and cash flow hedges – comprises gains and losses relating to these types of financial instruments.

#### 4.23 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognized in the financial statements in the year in which these are approved.

#### 4.24 Presentation and functional currency

The financial statements have been presented in Pakistani Rupees, which is the Company's functional and presentation currency.

#### 4.25 General

The figures have been rounded off to the nearest rupee, else otherwise stated.

TAURUS SECURITIES LIMITED  
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5	PROPERTY AND EQUIPMENT	OWNED					Subtotal	LEASED	Total
		2018						Vehicles	
		Vehicles	*Building	Furniture and fixtures	Office equipment	Computer equipment			
		(Rupees)							
	Cost								
	As at January 01, 2018	7,027,283	1,591,000	5,473,361	7,129,305	12,794,558	34,015,507	34,015,507	
	Additions	2,593,900	-	611,457	414,091	206,504	3,825,952	3,825,952	
	Transfer in/ (Transfer out)	-	-	-	-	-	-	-	
	Disposals	(166,900)	-	-	(27,265)	-	(194,165)	(194,165)	
	As at December 31, 2018	9,454,283	1,591,000	6,084,818	7,516,131	13,001,062	37,647,294	37,647,294	
	Accumulated depreciation								
	As at January 01, 2018	(2,275,049)	(636,836)	(4,604,768)	(5,748,612)	(11,182,736)	(24,448,001)	(24,448,001)	
	Depreciation for the year	(1,796,279)	(79,550)	(167,745)	(610,473)	(1,061,520)	(3,715,567)	(3,715,567)	
	Disposals	166,900	-	-	881	-	167,781	167,781	
	Transfer in/ (Transfer out)	-	-	-	-	-	-	-	
	As at December 31, 2018	(3,904,428)	(716,386)	(4,772,513)	(6,358,204)	(12,244,256)	(27,995,787)	(27,995,787)	
	Net Book Value	5,549,855	874,614	1,312,305	1,157,927	756,806	9,651,507	9,651,507	
	Rate of depreciation (%)	20	5	10	20	33		20	

\* The rights to occupy room no. 618 at Pakistan Stock Exchange building were acquired through Lease and License agreement for the purpose of the Company's business. The Pakistan Stock Exchange Limited as the lessee of the building has sub-leased the said room in favour of the Company.

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	2017							
	OWNED			LEASED				
	Vehicles	*Building	Furniture and fixtures	Office equipment	Computer equipment	Sub total	Vehicles	Total
Cost								
As at January 1, 2017	8,547,403	1,01,000	5,271,016	6,926,624	12,818,075	35,154,118	1,507,000	36,661,118
Additions	203,800	-	202,345	202,681	366,820	975,646	-	975,646
Transfer in/(Transfer out)	1,507,000	-	-	-	-	1,507,000	(1,507,000)	-
Disposals	(3,230,920)	-	-	-	(390,337)	(3,621,257)	-	(3,621,257)
As at December 31, 2017	7,027,283	1,01,000	5,473,361	7,129,305	12,794,558	34,015,507	-	34,015,507
Accumulated depreciation								
As at January 1, 2017	(2,436,408)	(57,286)	(4,449,216)	(5,122,167)	(10,140,959)	(22,706,036)	(1,095,775)	(23,801,811)
Depreciation for the year	(1,441,692)	(79,550)	(155,552)	(626,445)	(1,432,114)	(3,735,353)	(110,651)	(3,846,004)
Disposals	2,809,477	-	-	-	390,337	3,199,814	-	3,199,814
Transfer in/(Transfer out)	(1,206,426)	-	-	-	-	(1,206,426)	1,206,426	-
As at December 31, 2017	(2,275,049)	(636,836)	(4,604,768)	(5,748,612)	(11,182,736)	(24,448,001)	-	(24,448,001)
Net Book Value	4,752,234	354,164	868,593	1,380,693	1,611,822	9,567,506	-	9,567,506
Rate of depreciation (%)	20	5	10	20	33		20	

\* The rights to occupy room no. 618 at Pakistan Stock Exchange building were acquired through Lease and License agreement for the purpose of the Company's business. The Pakistan Stock Exchange Limited as the lessee of the building has sub-leased the said room in favour of the Company.

TAURUS SECURITIES LIMITED  
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5.1 Following items of property and equipment were disposed off during the year:

Particulars	Cost	Accumulated depreciation	Net book value	Sale proceeds	(Loss)	Particulars of buyer	Mode of disposal
(Rupees)							
<b>Vehicles</b>							
Honda M/Cycle	166,900	166,900	-	-	-	Office Staff	Company's policy
<b>Office Equipments</b>							
Mobile phone	27,265	881	26,384	-	(26,384)	-	Theft
	<b>194,165</b>	<b>167,781</b>	<b>26,384</b>	<b>-</b>	<b>(26,384)</b>		

6 INTANGIBLE ASSETS

6.1 Computer softwares

2018								
Cost				Rate	Accumulated amortization			Net Book Value
Opening	Additions/ (Deletions)	Closing	Opening		Charge for the year	Closing		
(Rupees)								
7,677,181	143,886	7,821,067	33%	6,936,007	575,612	7,511,619	309,448	

2017								
Cost				Rate	Accumulated amortization			Net Book Value
Opening	Additions/ (Deletions)	Closing	Opening		Charge for the year	Closing		
(Rupees)								
7,415,155	262,026	7,677,181	33%	5,898,774	1,037,233	6,936,007	741,174	

TAURUS SECURITIES LIMITED  
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	Note	As at December 31,	
		2018	2017
		----- (Rupees) -----	
<b>7 INVESTMENT IN SHARES OF PAKISTAN STOCK EXCHANGE LIMITED - Available-for-sale</b>			
Carrying Value		4,400,000	11,000,000
Sold 60% quantity of the total		-	(6,600,000)
Cost of remaining 40% PSX shares		4,400,000	4,400,000
Cost of shares transferred to short term investment - Available for sale	13.1	(1,432,194)	-
Unrealized gain on re-measurement to fair value		11,703,997	31,506,147
Investment in shares of Pakistan Stock Exchange Limited	7.1 & 7.2	<u>14,671,803</u>	<u>35,906,147</u>

2018      2017  
 Number of Shares

7.1	<u>1,081,194</u>	<u>1,602,953</u>	<u>14,671,803</u>	<u>35,906,147</u>
-----	------------------	------------------	-------------------	-------------------

7.2 This represents shares of Pakistan Stock Exchange Limited (PSEL) acquired in pursuance of corporatization and demutualization of PSEL as a public company limited by shares. As per the arrangements, the authorized and paid-up share capital of PSEL is Rs. 10,000,000,000 and Rs. 8,014,766,000 respectively with a par value of Rs. 10 each. The paid-up capital of PSEL is equally distributed among 200 members (termed as "initial shareholders" of the exchange after corporatization of PSEL) by or through the Company as set out below in the following manner:

- \* 1. 40% of the total shares allotted (i.e. 1,602,953 shares) are transferred in the House Account - CDC of each initial shareholder frozen till June 30, 2018.
- \* 2. 60% of the total shares (i.e. 2,404,430 shares) have been sold out which were deposited in a sub-account in Company's name under PSEL's participant ID with CDC which was blocked.
  - (a) 40% (out of 60%) shares of PSX have been sold to the Chinese consortium as strategic investor, at the rate of Rs. 28/- by the PSX's Divestment Committee. 10% of sale proceeds held in Escrow Account as Retention Money will be received after one year, subject to reduction, if any, regulations.
  - (b) 20% (out of 60%) shares of PSX have been sold to the general public at the rate of Rs. 28/- through the process initial public offering by the PSX's Divestment Committee.

As on the balance sheet date, Company has 1,081,194 (2017: 1,602,953) shares of PSX which have been marked as frozen by the CDC. While as per the requirements of Sub-Regulation 1, 2 and 3 of Regulation 5 of Public Offering Regulations, 2017 promulgated by the SECP, PSX was required to release 75 % of frozen shares of 1,602,953 after one year of public subscription i.e. June 29, 2018. However, at current reporting date only 521,759 shares out of 1,602,953 were released by PSX.

The Company has remeasured its remaining investment in PSX using rate at the closing of December 31, 2018.

7.3 Break up of shares received and transacted is as follows :

	Number of share
Shares Transferred to Chinese Consortium	1,602,953
Shares Sold to General Public	801,477
Shares Transferred to Short Term Investment	521,759
Shares in Hand	<u>1,081,194</u>
<b>Total Shares Originally Allotted to the Company</b>	<u><u>4,007,383</u></u>

TAURUS SECURITIES LIMITED  
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		As at December 31,	
		2018	2017
		----- (Rupees) -----	
8	<b>LONG TERM DEPOSITS</b>		
	Security deposits against rental property	342,498	342,498
	National Clearing Company of Pakistan Limited (NCCPL)	1,300,000	1,300,000
	Security deposits - against asset acquired under ijarah agreement	2,541,400	2,751,200
	Other deposits	218,204	146,258
		<u>4,402,102</u>	<u>4,539,956</u>

8.1 This represent deposit with NCCPL for trading in ready and future market.

		As at December 31,	
		2018	2017
		----- (Rupees) -----	
9	<b>TRADE DEBTS</b>		
	<i>Secured, considered good</i>		
	Due from clients against trading of securities	4,308,086	7,489,414
	Due from associated companies / persons against trading of securities	1,390,720	1,023,175
		5,698,806	8,512,589
	<i>Unsecured, considered good</i>	214,676,285	84,681,241
	<i>Unsecured, considered doubtful</i>	3,278,207	3,278,207
		217,954,492	87,959,448
		223,653,298	96,472,037
	<i>Secured, considered good</i>		
	Due from National Clearing Company of Pakistan Limited		
	-against trading	48,874,233	636,427,963
	-against margin trading	-	1,115,536
		48,874,233	637,543,499
	<b>Trade debts - gross</b>	272,527,531	734,015,536
	Provision for doubtful debts	(3,278,207)	(3,278,207)
	<b>Trade debts - net</b>	<u>269,249,324</u>	<u>730,737,329</u>

9.1 This represents receivable from institutional delivery system (IDS) clients and non-IDS clients operating under Delivery versus payment (DVP) mode. Receivable from IDS Clients includes commission only, while receivable from non-IDS clients comprise of commission and trading receivable. Further, subsequent to the year-end, the Company has collected significant portion of the amount presented as un-secured.

9.2 The Company holds securities having value of Rs. 940,768,076 (2017: Rs. 743,321,677) in its sub-accounts for its clients within the Central Depository System of the Central Depository Company of Pakistan Limited. Securities beneficially held by the Company's clients pledged with the Pakistan Stock Exchange Limited is Nil (2017: Nil).

9.3 The age analysis of the trade debts required under the Securities Brokers (Licensing and Operations) Regulations, 2016 is as under:

		As at December 31,	
		2018	2017
		----- (Rupees) -----	
	Due from NCCPL against unsettled trades	48,874,233	636,427,963
	Due from clients against trades of last 5 days	210,086,779	85,252,802
		258,961,012	721,680,765
	Due from clients, outstanding for more than 5 days:		
	-against trading	13,566,519	11,219,235
	-against margin trading	-	1,115,536
	<b>Trade debts - gross</b>	<u>272,527,531</u>	<u>734,015,536</u>



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9.3.1 This comprises of secured receivables of Rs. 3,623,298 (2017: Rs. 3,448,684) and unsecured receivables of Rs. 9,943,221 (2017: Rs. 8,886,087). This also includes receivable under margin trading system.

9.4 Gross receivable under settlement date basis is Rs. 223,653,298 (2017: Rs. 97,587,573), whereas gross receivable under trade date basis is Rs. 272,527,531 (2017: Rs. 734,015,536). The Company updates ledger balance of the client once it receives the amount from NCCPL. The Company however provides in ordinary course of business trading limits based on the value of ledger balance adjusted for collateral solds and securities held by its clients.

9.5 This includes unsettled receivable amounting to Rs. 194,170,150 (2017: Rs. 152,795,417) in respect of propriety trading.

9.6 Gross amount of receivables overdue by more than 14 days amounts to Rs. 12,028,588 (2017: Rs. 10,277,106). The Company holds securities having value of Rs. 3,209,462 (2017: Rs. 1,728,730) against these receivables.

		As at December 31,	
		2018	2017
		----- (Rupees) -----	
<b>10</b>	<b>LOANS</b>		
	Secured - considered good		
	Executives	1,696,164	1,455,500
	Employees (other than executives)	465,125	662,918
		<u>2,161,289</u>	<u>2,118,418</u>

10.1 This represents interest-free loans to executives and employees whose recovery is made in 12 equal monthly installments. The facility is secured against retirement benefits of the respective executives and employees.

		As at December 31,	
		2018	2017
		----- (Rupees) -----	
<b>11</b>	<b>DEPOSITS AND PREPAYMENTS</b>		
	Prepayments	4,031,828	4,078,464
	Deposit - Pakistan Stock Exchange Limited	11,500,000	2,491,211
	Deposit - National Clearing Company of Pakistan Limited- (NCCPL)	76,377,033	133,200,000
		<u>91,908,861</u>	<u>139,769,675</u>

11.1 This includes advance against office rent, prepaid insurances and prepaid against repairs and maintenance amounting to Rs. 2,129,012, Rs. 1,275,223 and Rs. 510,223 respectively.

11.2 This represents deposit maintained by the Company against Base Minimum Capital, as a broker, with the PSX for its eligibility to trade through the Exchange Trading Systems to be calculated / prescribed as per Schedule I to Chapter 19 of the PSX Rule Book.

11.3 This represents deposits maintained with NCCPL in respect of future, ready and margin trading transactions.

		As at December 31,	
		2018	2017
		----- (Rupees) -----	
<b>12</b>	<b>OTHER RECEIVABLES</b>		
	Accrued interest income on savings accounts	350,000	150,000
	Receivable against future contracts - unrealized gain on investment through profit and loss account	11,138,065	775,060
	Receivable under gratuity scheme	6,331,188	-
	Receivable from Pakistan Stock Exchange against sale of - shares	-	4,488,269
	Others	333,739	1,401,197
		<u>18,152,992</u>	<u>6,814,526</u>

12.1 This represented 10% of sale proceeds withheld by Pakistan Stock Exchange Limited (PSX) on disposal of shares of PSX to Chinese Consortium in previous year which has been received during the current financial year.

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**13 INVESTMENTS**

	As at December 31,	
	2018	2017
	----- (Rupees) -----	
Available for sale - in shares	7,288,640	241,870
Fair value through profit and loss - in shares	146,138,385	67,399,610
	<u>153,427,025</u>	<u>67,641,480</u>

**13.1 Available-for-sale**

**13.1.1 Details of investment in listed shares**

This represents shares acquired from National Clearing Company of Pakistan Limited (NCCPL), under the CFS MK-II square up scheme (the scheme) signed up by the Company with NCCPL, on December 28, 2008. Under the provisions of the scheme, the Company as Financer had purchased 30% of the shares financed under CFS MK-II, and the remaining 70% had been received in cash from NCCPL after completion of the squaring up process, as full and final settlement of all amounts receivable to the Company, as Financer, against open CFS-II release transaction and shares of PSX transferred from long term investment to short term investment.

2018	2017	Name of investee	2018		2017	
			Cost	Market Value	Cost	Market Value
Number of Shares			----- (Rupees) -----			
<b>INVESTMENT COMPANY</b>						
13,400	13,400	Jahangir Siddiqui & Company Limited	752,426	208,370	752,426	241,870
521,759	-	Pakistan Stock Exchange Limited	1,432,194	7,080,270	-	-
			<u>2,184,620</u>	<u>7,288,640</u>	<u>752,426</u>	<u>241,870</u>
		Provision for impairment in value of investments	(698,424)		(698,424)	
		Unrealized gain on re-measurement of investment	<u>5,802,444</u>		<u>187,868</u>	
		Carrying value	<u>7,288,640</u>		<u>241,870</u>	

**13.2 Movement in unrealized gain / (loss) on available for sale investment - net**

	As at December 31,	
	2018	2017
	----- (Rupees) -----	
Balance as on January 1,	31,694,015	(286,224)
Unrealized gain / (loss) remeasurement of investment	<u>(14,187,574)</u>	31,407,791
Balance as on December 31,	<u>17,506,441</u>	<u>31,694,015</u>

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13.3	Fair value through profit and loss		Name of investee	2018		2017
	2018	2017		Cost	Market value	Market value
	Number of shares			----- (Rupees) -----		
			<b>TEXTILE COMPOSITE</b>			
	29,500	-	Nishat Mills Limited	3,903,787	3,732,635	-
			<b>CHEMICAL</b>			
	47,000	-	Lotte Chemical Pakistan PTA Limited	844,094	793,830	-
			<b>ENGINEERING</b>			
	504,500	-	Aisha Steel Mills Limited	5,199,080	5,297,250	-
	154,500	-	International Steels Limited	10,711,023	10,161,465	-
			<b>REFINERY</b>			
	30,000	22,000	Attock Refinery Limited	5,070,532	4,425,600	5,150,640
			<b>CABLE &amp; ELECTRICAL GOODS</b>			
	99,500	1,000	Pak Elektron Limited	2,703,620	2,477,550	47,490
			<b>FERTILIZER</b>			
	3,500	-	Engro Corporation Limited	1,108,236	1,018,780	-
	381,500	-	Engro Fertilizer Limited	27,587,659	26,342,575	-
			<b>TECHNOLOGY &amp; COMMUNICATION</b>			
	187,000	2,056,000	TRG Pakistan Limited	4,782,343	4,170,100	60,857,600
			<b>CEMENT</b>			
	382,000	10,000	Fauji Cement Company Limited	8,465,472	7,995,260	250,100
	162,500	15,500	Maple Leaf Cement Factory Limited	7,140,534	6,605,625	1,060,820
	500	-	Pioneer Cement Limited	21,902	20,955	-
	347,000	-	D. G. Khan Cement Company Ltd	30,599,346	27,812,050	-
			<b>VANASPATI &amp; ALLIED INDUSTRIES</b>			
	500	-	Unity Foods Limited	14,576	12,865	-
			<b>BANK</b>			
	830,000	4,000	Bank of Punjab	10,654,945	9,935,100	32,960
	104,500	-	Habib Bank Limited	13,024,212	12,587,025	-
	185,500	-	United Bank Limited	25,255,272	22,749,720	-
				157,086,633	146,138,385	67,399,610
			Unrealized loss on re-measurement to fair value	(10,948,248)		
			<b>Carrying value</b>	<b>146,138,385</b>		

13.3.1 All of the above shares have been sold under futures contracts. The total value of the contract amounting to Rs. 158,697,415 (2017: Rs. 68,516,215), corresponding unrealized gain amounting to Rs. 189,817 (2017: Rs. 156,553) and unrealized loss Rs. Nil (2017:Rs. Nil) as mentioned in note 23.

	As at December 31,	
	2018	2017
	----- (Rupees) -----	
Unrealized loss on re-measurement to fair value - ready market	10,948,248	618,507
Unrealized gain on re-measurement to fair value - future market	11,138,065	775,060
Unrealized gain on investment	189,817	156,553

13.3.2 Securities beneficially held by the Company, amounting to Rs. 153,218,655 (2017: Rs. 67,299,570) are pledged with the Pakistan Stock Exchange Limited.

13.3.3 The Company holds 81,667 (2017: 79,388) shares which were purchased by the Company on behalf of the customers. The owners of such shares are untraceable and these shares are unclaimed. 68,675 (2017: 66,396) shares are placed in an account blocked by Central Depository Company of Pakistan Limited (CDC). The matter has already been referred to CDC and on resolution, these shares shall be transferred to the appropriate account accordingly. The details of these shares are disclosed in Annexure 'I'.

13.3.4 Investment eligible for Net Capital Balance amounts to Rs. 130,412,971 (2017: Rs. 57,495,258) as reduced by haircut amounting to Rs. 23,014,054 (2017: Rs. 10,146,222).

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	Note	As at December 31,	
		2018	2017
		----- (Rupees) -----	
<b>14 TAXATION - net</b>			
Opening balance		35,003,574	26,545,786
Provision for taxation			
- recognized in profit and loss account	27	(11,222,394)	(11,602,871)
- recognized in other comprehensive income		(1,836,043)	1,141,228
Tax paid during the year		22,528,738	18,919,431
Closing balance - total		44,473,875	35,003,574
Less: available for adjustment in short term		-	-
Less: applied for refund		(20,451,630)	(20,451,630)
Closing balance - non-current portion		24,022,245	14,551,944

14.1 Workers Welfare Fund is not applicable since the Company is not an industrial establishment as defined under 'Sindh Worker's Welfare Fund Act, 2014.

	Note	As at December 31,	
		2018	2017
		----- (Rupees) -----	
<b>15 CASH AND BANK BALANCES</b>			
<i>Cash at bank</i>			
Saving accounts	15.1 & 15.2	140,714,295	216,261,469
Current accounts	15.3	3,534,082	2,097,760
		144,248,377	218,359,229
Cash in hand		30,345	27,210
		144,278,722	218,386,439

15.1 Saving accounts carry profit rate 6.75% to 8.50% per annum (2017: 4.10% per annum).

15.2 Saving accounts include Rs. 134,107,306 (2017: 212,289,907) pertaining to the clients of the Company for which the Company has maintained separate accounts with various schedule banks.

15.3 Balances held with associated undertakings in current and savings accounts amount to Rs. 1,951,758 (2017: Rs. 1,418,237) and Rs. 29,222,142 (2017: Rs. 13,481,901), respectively.

**16 EMPLOYEE BENEFITS**

**16.1 Gratuity fund**

As disclosed in note 4.15 to these financial statements, the Company operates an approved gratuity fund for its permanent employees who have completed their minimum qualifying period of service with the Company. The Company determines the defined obligation through actuarial valuations carried out under the projected unit credit method. The latest actuarial valuation was carried out as at December 31, 2018. The following notes from 16.1.1 to 16.1.8 are based on the information included in that actuarial report.

TAURUS SECURITIES LIMITED  
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16.1.1 Actuarial assumptions	Note	As at December 31,	
		2018	2017
		----- (Rupees) -----	
<b>Financial assumptions</b>			
Discount rate		13.25%	9.5%
Expected rate of increase in salaries		6%	6%
<b>Demographic assumptions</b>			
Mortality rates (for death in service)		LIC 94-96, Rated down 3 years for females	LIC 94-96, Rated down 3 years for females
Rates of employee turnover		2% per annum upto age 40, Nil thereafter	2% per annum upto age 40, Nil thereafter
<b>16.1.2 Reconciliation of (receivable) / payable to defined benefit plan</b>			
Present value of defined benefit obligation	16.1.3	13,375,731	16,976,111
Fair value of plan assets	16.1.4	(19,706,919)	(13,172,024)
Net asset		<u>(6,331,188)</u>	<u>3,804,087</u>
<b>16.1.3 Movement in present value of defined benefit obligation</b>			
Opening obligation		16,976,111	14,459,883
Expense for the year		3,641,389	2,967,775
Benefits paid during the year		(50,760)	(3,321,866)
Actuarial (gain) / loss on remeasurement of defined benefit obligation		(7,191,009)	2,870,319
Closing obligation		<u>13,375,731</u>	<u>16,976,111</u>
<b>16.1.4 Movement in fair value of plan assets</b>			
Fair value of plan assets at beginning of the year		13,172,024	13,362,464
Expected return on plan assets		1,339,072	1,337,804
Actual contribution by employer		6,106,410	2,727,396
Actual benefits paid during the year		(50,760)	(3,321,866)
Actuarial loss on remeasurement of fair value of plan assets		(859,827)	(933,774)
Fair value of plan assets at end of the year		<u>19,706,919</u>	<u>13,172,024</u>

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	Note	As at December 31,	
		2018	2017
		----- (Rupees) -----	
<b>16.1.5 Movement in net defined benefit liability</b>			
Net liability at beginning of year		3,804,087	1,097,419
Net periodic benefit cost for the year		2,302,317	1,629,971
Employer's contribution during the year		(6,106,410)	(2,727,396)
Remeasurement recognized in other comprehensive income	16.1.6	(6,331,182)	3,804,093
Net (assets) / liability at end of year		<u>(6,331,188)</u>	<u>3,804,087</u>
<b>16.1.6 Defined benefit cost for the year</b>			
<i>Cost recognized in profit and loss account for the year:</i>			
Current service cost		1,868,540	1,457,908
Interest cost on defined benefit obligation		1,772,849	1,509,867
Interest income on plan assets		(1,339,072)	(1,337,804)
Net interest cost		433,777	172,063
		<u>2,302,317</u>	<u>1,629,971</u>
<i>Remeasurements recognized in other comprehensive income during the year:</i>			
Re-measurements: Actuarial (gain) / loss on obligation:			
(Gain)/ loss due to change in experience adjustments		(7,191,009)	2,870,319
Actuarial (gain) / loss on obligation		(7,191,009)	2,870,319
Re-measurements: Net return on plan assets over interest income:			
Actual return on plan assets		(479,245)	(404,030)
Interest income on plan assets		1,339,072	1,337,804
Actuarial loss on plan assets		859,827	933,774
		<u>(6,331,182)</u>	<u>3,804,093</u>
Total defined benefit (income) / cost for the year		<u>(4,028,865)</u>	<u>5,434,064</u>
<b>16.1.7 Composition of fair value of plan assets</b>			
Cash and cash equivalents		<u>19,706,919</u>	<u>13,172,024</u>
<b>16.1.8 Maturity profile of the defined benefit obligation</b>		2018	2017
		-----Years-----	
Weighted average duration of the defined benefit obligation		9.53	13.06
		-----Percent per annum-----	
Distribution of timing of benefit payments (in years)			
1		5.5%	2.6%
2		6.0%	0.7%
3		0.9%	4.1%
4		0.9%	0.7%
5		1.0%	0.7%
6-10		12.7%	11.3%
11-15		55.6%	48.9%
16-20		14.1%	26.2%
20+		3.3%	4.9%

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	As at June 30,	
	2018 (Audited)	2017 (Audited)
	----- (Rupees) -----	
<b>16.2 Provident fund</b>		
Net assets of the fund	8,727,978	8,067,772
Cost of investments	8,608,744	7,968,670
Cost of investment / net assets of the fund	98.63%	98.77%
Fair value of investments	8,608,744	7,968,670
<b>Break-up of investments of provident fund</b>		
Cash at Bank	8,608,744	7,968,670

Investments out of provident fund have been made in accordance with the provisions of the section 218 of Companies Act, 2017 and the rules formulated for this purpose.

**16.2.1 Number of members**

The number of members of the fund as at December 31, 2018 are 52 (2017: 62).

**17 SHARE CAPITAL**

**17.1 Authorized share capital**

	As at December 31			As at December 31	
	2018	2017		2018	2017
	(Number of shares)		----- (Rupees) -----		
40,000,000	40,000,000	Ordinary shares of Rs. 10 each	400,000,000	400,000,000	

**17.2 Issued, subscribed and paid-up share capital**

	Ordinary shares of Rs. 10 each				
	13,502,306	13,502,306	fully paid in cash	135,023,060	135,023,060

**17.3 Pattern of shareholding of the Company is as follows:**

	Number of shares	Percentage of holding (%)
National Bank of Pakistan (Holding Company)	7,875,002	58.32
The Bank of Khyber (Associated Company)	4,050,374	30.00
Saudi Pak Industrial and Agricultural Investment Company Ltd.	1,125,001	8.33
The Bank of Khyber - Employees Gratuity Fund	449,627	3.33
Other shareholders	2,302	0.02
	13,502,306	100.00

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		As at December 31,	
		2018	2017
		----- (Rupees) -----	
18	<b>RESERVES</b>		
	Revenue reserves		
	Accumulated profits	157,453,154	182,154,335
	Unrealized gain on re-measurement of available-for-sale investments	17,506,441	31,694,015
		<u>174,959,595</u>	<u>213,848,350</u>
19	<b>TRADE AND OTHER PAYABLES</b>		
			<i>Note</i>
	Trade creditors		
	Due to clients against trading of securities	129,902,648	208,200,160
	Due to associated companies/persons against trading of securities	436,226	314,534
	Due to clients against unsettled trades	60,075,055	564,408,165
	Amounts allocated subsequent to balance sheet date:		
	- Receipts from clients	2,052,031	3,610,369
	- Mark-up payable to clients	1,716,401	164,844
		19.1	194,182,361
	Accrued and other liabilities	5,194,418	8,579,566
	Payable under gratuity scheme	-	3,804,088
	Salaries, benefits and allowances payable	1,500,000	2,572,944
	Income and sales taxes payable	756,102	498,925
	Accrued markup	1,426,782	213,108
	Dividend payable	11,846	10,003
		<u>203,071,509</u>	<u>792,376,706</u>

19.1 The above balance of Rs. 194,092,248 (2017: Rs. 776,698,072) has been reported under trade date basis while the balance under settlement date basis amounting to Rs. 130,338,874 (2017: Rs. 208,514,694). Trade creditors outstanding for more than 30 days amounts to Rs. 79,480,815 (2017: Rs. 135,213,833). The Company updates ledger balance of the client once it receives the amount from NCCPL. The Company however provides in ordinary course of business trading limits based on the value of ledger balance adjusted for collateral solds and securities held by its clients.

20 **SHORT TERM RUNNING FINANCE**

Running finance facility of Rs. 240 million (2017: Rs. 240 million) has been obtained by the Company from National Bank of Pakistan (Holding company) which is secured against first pari passu charge by way of hypothecation over all present and future receivables, books debts, claims and rights of the Company. The mark-up is payable quarterly. During the year, mark-up structure of the facility was on floating rate which is KIBOR plus 2.5% (based on timely payment rebate ranges from 0.5% to 0.1%) per annum [2017: KIBOR plus 2.5% (based on timely payment rebate ranges from 0.5% to 0.1%) per annum.



21 CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

Tax Department issued notice alleging non-payment of Federal Excise Duty [FED] on Company's services under Federal Excise Act, 2005 for tax years 2010 to 2013. In response thereto, an extension request was filed. The Department however issued an order raising demand of Rs. 18.603 million. The said demand represents duplicate levy of FED on services on which sales tax has already been paid under the Sindh Sales Tax on Services Act, 2011. An appeal / stay application has already been filed before Commissioner Inland Revenue - Appeals [CIR(A)], which has been decided order dated March 22, 2016, where the CIR(A) has upheld the order of the DCIR presuming that if the Sindh Revenue Board has started charging sales tax on the same services, the provision for charging FED is to be treated as redundant or superfluous; these are two separate and distinct taxes be imposed by two different legislative bodies. Appeal against same is pending before ATIR. Further, we have been informed by the management that the Company has challenged the order on constitutional grounds before the Hon'ble Sindh High Court (SHC) along with Stockbrokers' Association wherein the Honorable SHC has strike down levy of FED on constitutional grounds.

Being aggrieved, the Department has challenged the said order before Honorable Supreme court hearing of which is not fixed till to date.

21.2 Commitments

21.2.1 For sale of quoted securities under future contracts against counter commitments

As at December 31,	
2018	2017
----- (Rupees) -----	
158,697,415	68,516,215

21.2.2 Ijarah Agreement

The Company has obtained vehicles under Ijarah agreement for a period of four years from Orix Modaraba. Financial charges included in rentals are determined on the basis of discount factor applied at the rate of six months KIBOR plus 3.25% per annum (2017: KIBOR plus 3.25% per annum). The total Ijarah payments under ijarah are as follows:

	As at December 31,	
	2018	2017
	----- (Rupees) -----	
Not later than one year	2,348,412	3,153,332
Later than one year and not later than five years	2,500,653	4,644,470
	<u>4,849,065</u>	<u>7,797,802</u>

Had these asset been recognized in these financial statements, net book value of these would have been as under:

	As at December 31,	
	2018	2017
	----- (Rupees) -----	
Cost	13,746,000	13,746,000
Accumulated depreciation	(6,259,138)	(4,387,422)
	<u>7,486,862</u>	<u>9,358,578</u>

21.3 Payable under operating lease arrangement of office premises

Not later than one year	-	1,956,855
Later than one year and not later than five years	-	2,260,816
	<u>-</u>	<u>4,217,671</u>

The amount for the 11 months for the varying periods as per the agreement has been paid in advance.

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		As at December 31,	
		2018	2017
		----- (Rupees) -----	
<b>22</b>	<b>BROKERAGE AND COMMISSION</b>		
	From Corporate Clients	67,831,738	57,841,097
	From Individuals Clients	28,924,707	35,566,071
		<u>96,756,445</u>	<u>93,407,168</u>

22.1 Brokerage and Commission is inclusive of Sindh sales tax on services amounting to Rs. 12,372,382 (2017: Rs. 11,863,514).

		As at December 31,	
		2018	2017
		----- (Rupees) -----	
<b>22.2</b>	<b>Equity Brokerage (Turnover)</b>		
	Local Corporate Clients Trades	65,155,415,787	54,132,736,984
	Individuals Client Trades	17,880,181,599	24,963,287,126
	Proprietary Trades	4,315,388,730	3,909,886,369
		<u>87,350,986,116</u>	<u>83,005,910,479</u>

22.2.1 This comprises of ready and futures market turnover amounting to Rs. 83,803,187,859 and Rs. 3,547,798,257 respectively.

22.3 Turnover, representing both selling and buying, of marketable securities for and on behalf of National Bank of Pakistan amounted to Rs. 1,767,008,737 (2017:Rs. 1,863,575,695); for and on behalf of the Bank of Khyber, First Credit Investment Bank Limited and First National Bank Modaraba and NAFA Funds (associated entities) amounted to Rs.4,035,708,424 (2017: Rs. 1,477,788,997); and for and on behalf of chairman / directors and chief executive officer amounted to Rs.109,651,001 (2017:Rs. 93,374,126).

		As at December 31,	
		2018	2017
		----- (Rupees) -----	
<b>23</b>	<b>OTHER INCOME</b>		
	<i>Income from financial assets</i>		
	Mark-up income on bank PLS deposits	9,617,162	2,062,976
	Profit on cash margin with National Clearing Company of Pakistan Limited	1,830,802	2,119,926
	Capital gain on sale of shares of Pakistan Stock Exchange Limited	-	60,281,796
	Unrealized gain on investments classified as fair value through profit and loss	189,817	156,553
	<i>Income from assets other than financial assets</i>		
	Gain on disposal of property and equipment	-	20,000
	Miscellaneous income	25,604	78,622
		<u>11,663,385</u>	<u>64,719,873</u>

23.1 This includes income amounting to Rs. 527,242 received from related party.

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	Note	As at December 31,	
		2018	2017
		----- (Rupees) -----	
<b>24 ADMINISTRATIVE EXPENSES</b>			
Salaries, benefits and allowances		69,890,101	67,644,341
Staff retirement benefits	24.1	6,870,314	5,806,399
Rent		4,702,887	4,376,886
Telephone and fax		2,752,726	3,052,195
Pakistan Stock Exchange Limited service charges		6,916,752	6,109,298
Depreciation	5	3,715,567	3,846,004
Ijarah charges		3,168,415	2,920,436
Electricity and utilities		2,175,864	2,464,597
Vehicle running expenses		3,076,281	2,404,535
Insurance		2,087,041	2,322,363
Legal and professional		2,068,839	1,777,556
CDC charges		2,886,812	2,632,418
Repairs and maintenance		3,035,285	2,651,220
Amortization	6	575,612	1,037,233
Printing and stationery		1,263,363	1,446,615
Entertainment		1,354,951	1,107,416
Postage / courier		1,419,464	1,404,382
Subscriptions		1,511,080	1,143,645
Umrah facility to employees		620,400	590,440
SECP transactions fees		747,996	841,525
Office supplies		480,102	546,086
Auditors' remuneration	24.2	924,380	748,980
Computer expenses		50,646	295,709
Travelling and conveyance		873,734	646,777
Professional tax		210,734	211,698
Advertising and business promotion		429,935	735,791
Library and periodicals		50,317	45,953
Seminar and training		341,088	11,840
		<b>124,200,686</b>	<b>118,822,338</b>

24.1 This includes charge for defined benefit plan (note. 16) of Rs. 2,302,317 (2017: Rs. 1,629,971), contribution to staff provident fund amounting to Rs. 3,610,029 (2017: Rs. 3,333,382) and contribution to E.O.B.I. and S.E.S.S.I amounting to Rs. 818,180 (2017: Rs. 843,040).

	As at December 31,	
	2018	2017
		----- (Rupees) -----
<b>24.2 Auditors' remuneration</b>		
Annual audit fee	345,000	345,000
Other certifications	410,907	248,500
Out-of-pocket expenses	100,000	100,000
Sindh sales tax	68,473	55,480
	<b>924,380</b>	<b>748,980</b>

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	As at December 31,	
	2018	2017
	----- (Rupees) -----	
<b>25 OTHER EXPENSES</b>		
Loss on disposal of property and equipment	26,384	-
	<u>26,384</u>	<u>-</u>
<b>26 FINANCE COST</b>		
Mark-up on short term running finance	2,984,348	2,029,720
Finance lease charges	-	1,460
Bank charges	445,580	558,759
	<u>3,429,928</u>	<u>2,589,939</u>
<b>27 TAXATION</b>		
Current	11,222,394	11,602,871
Deferred 9.2	-	1,404,960
	<u>11,222,394</u>	<u>13,007,831</u>
<b>27.1 Relationship between income tax expense and accounting profit</b>		
(Loss) / profit before taxation	<u>(4,471,624)</u>	<u>51,281,384</u>
Tax at applicable tax rate of 29% (2017: 30%)	-	15,384,415
Tax on brokerage income under FTR	8,460,783	
Tax effect of lower tax rate on capital gain / dividend	2,037,261	(2,142,195)
Others	724,350	(234,389)
	<u>11,222,394</u>	<u>13,007,831</u>
<b>27.2 Status of tax assessments</b>		
The income tax assessments upto assessment year / tax year 2018 corresponding to the accounting year December 31, 2017 have been finalized.		
	As at December 31,	
	2018	2017
	----- (Rupees) -----	
<b>28 EARNINGS/(LOSS) PER SHARE - BASIC AND DILUTED</b>		
(loss) / Profit for the year	<u>(15,694,018)</u>	<u>38,273,553</u>
	(Number of shares)	
Weighted average number of ordinary shares outstanding during the year	<u>13,502,306</u>	<u>13,502,306</u>
	----- (Rupees) -----	
(Loss) / earnings per share - Basic	<u>(1.16)</u>	<u>2.83</u>

There being no potentially diluted shares outstanding as at the year ended December 31, 2018 and December 31, 2017, therefore, there is no dilutive effect on the (loss) / earnings per share of the Company.

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**29 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES**

	Chief executive officer		Chairman & Directors		Executives		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	(Rupees)							
Managerial remuneration	6,600,000	6,600,000	-	-	18,779,167	31,191,000	25,379,167	37,791,000
Other benefits	-	-	580,000	780,000	1,618,272	2,648,032	2,198,272	3,428,032
Retirement benefits	733,333	733,333	-	-	2,151,768	3,428,546	2,885,101	4,161,879
Commission	-	-	-	-	2,191,445	1,639,534	2,191,445	1,639,534
	<u>7,333,333</u>	<u>7,333,333</u>	<u>580,000</u>	<u>780,000</u>	<u>24,740,652</u>	<u>38,907,112</u>	<u>32,653,985</u>	<u>47,020,445</u>
Number of persons	<u>1</u>	<u>1</u>	<u>7</u>	<u>7</u>	<u>5</u>	<u>18</u>	<u>13</u>	<u>26</u>

29.1 The chief executive officer and certain executives are provided with free use of the Company's cars / cash in lieu of cars and mobile phones (subject to limits authorized by the Company) in accordance with the terms of employment.

**30 TRANSACTIONS WITH RELATED PARTIES**

The Company is a Government-related entity as defined in IAS 24 'Related Party Disclosures' and is indirectly controlled by the Government of Pakistan, consequently, all entities owned or controlled, whether directly or indirectly, by the Government of Pakistan are related parties of the Company.

The disclosures required under Para 18 of IAS 24 are impracticable for all entities owned or controlled by the Government of Pakistan. Nonetheless, under IAS 24, the Company, being a government entity, is required to disclose the nature and amount of each individually significant transaction and for other transactions that are collectively, but not individually, significant, a qualitative or quantitative indication of their extent.

The related parties and associated undertakings comprise parent company, its subsidiaries and associated companies, directors and their related concerns and key management personnel. All transactions involving related parties arising in the normal course of business are conducted at commercial terms and conditions. Transactions with the key management personnel are made under the terms of employment / entitlements. Contributions to the employee retirement benefits are made in accordance with the terms of employee retirement benefit schemes and actuarial advice. Details of transactions and balances with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

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		As at December 31,	
		2018	2017
		----- (Rupees) -----	
<b>30.1</b>	<b>Holding Company</b>		
		<i>Note</i>	
	National Bank of Pakistan (NBP)		
	<i>Transactions during the year</i>		
	Brokerage earned	1,936,628	2,146,485
	Running finance obtained	3,760,000,000	2,765,500,000
	Running finance repaid	3,520,000,000	2,655,500,000
	Financial charges on running finance	2,984,348	2,029,720
		26	
	<i>Balances</i>		
	Trade debts	-	11,586
	Trade payable	79,259	-
	Short term running finance	239,632,784	109,978,108
	Bank balances	1,286,535	600,232
	Accrued mark-up	1,426,782	213,108
		19	
<b>30.2</b>	<b>Associated Companies</b>		
	The Bank of Khyber, First Credit Investment Bank Limited and First National Bank Modaraba, NAFA Funds		
	<i>Transactions during the year</i>		
	Brokerage earned	4,398,286	4,107,931
	<i>Balances</i>		
	Trade debts	1,390,720	1,011,589
	Trade payable	82,238	96,977
	Bank balance	29,887,366	14,299,906
<b>30.3</b>	<b>Chairman / Directors and Chief Executive Officer</b>		
	<i>Transactions during the year</i>		
	Brokerage earned	172,192	276,576
	<i>Balances</i>		
	Trade payable	274,728	217,557

### 31 OPERATIONAL RISK MANAGEMENT

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

Operational risks arise from all of the Company's activities. The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors. The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

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

### 32 FINANCIAL RISK MANAGEMENT

The management of the Company has an overall responsibility for the establishment and oversight of the Company's risk management framework. Management is also responsible for developing and monitoring the Company's risk management policies. However board is responsible to setup risk management committee to effectively review the risk function.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

#### 32.1 Risk management framework

The Company is exposed to credit risk, liquidity risk and market risk in respect of financial instruments.

#### 32.2 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation. Out of total assets of Rs. 752.686 million (2017: Rs. 1,251 million) the financial assets which are subject to credit risk amounted to Rs. 525.757 million (2017: Rs. 1,098 million). The carrying amount of these financial assets represents the maximum credit exposure at the reporting date.

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	Note	As at December 31,	
		2018	2017
----- (Rupees) -----			
Long term deposits		4,402,102	4,539,956
Trade debts	32.2.1	269,249,324	730,737,329
Loans		2,161,289	2,118,418
Deposits		87,877,033	135,691,211
Other receivables		6,664,927	5,889,466
Accrued income		11,488,065	925,060
Cash and bank balances	32.2.2	144,248,377	218,359,229
		<u>526,091,117</u>	<u>1,098,260,669</u>

32.2.1 The age analysis of the trade debts is as follows:

	2018					
	Carrying amount		Provision held	Total	Amount un-secured - net of provision	Amount secured
	Amount outstanding	Impaired				
----- (Rupees) -----						
Not yet due*	48,874,233	-	-	48,874,233	-	48,874,233
Upto 3 months*	216,964,746	-	-	216,964,746	213,158,552	3,806,194
3 to 6 months	1,123,473	-	-	1,123,473	-	1,123,473
More than 6 months	5,565,079	3,278,207	(3,278,207)	2,286,872	1,517,733	769,139
	<u>272,527,531</u>	<u>3,278,207</u>	<u>(3,278,207)</u>	<u>269,249,324</u>	<u>214,676,285</u>	<u>54,573,039</u>

\* Not yet due' represents an amount of Rs. 48,874,233 (2017: Rs. 636,427,963) due from National Clearing Company of Pakistan Limited against unsettled trades, which is considered secured. Further, subsequent to the year-end, the Company has collected significant portion of the amount presented as un-secured in the 'upto 3 months' category.

	2017					
	Carrying amount		Provision held	Total	Amount un-secured - net of provision	Amount secured
	Amount outstanding	Impaired				
----- (Rupees) -----						
Not yet due*	636,427,963	-	-	636,427,963	-	636,427,963
Upto 3 months*	90,997,216	-	-	90,997,216	83,899,928	7,097,288
3 to 6 months	1,287,329	-	-	1,287,329	-	1,287,329
More than 6 months	5,303,028	3,278,207	(3,278,207)	2,024,821	781,314	1,243,507
	<u>734,015,536</u>	<u>3,278,207</u>	<u>(3,278,207)</u>	<u>733,737,329</u>	<u>848,681,212</u>	<u>100,626,087</u>

32.2.2 Bank balances

The Company limits its exposure to credit risk by investing in liquid securities and maintaining bank accounts only with counter-parties that have stable credit rating. Given these high credit ratings, management does not expect that any counter party will fail to meet their obligations.

The bank balances along with the credit ratings are tabulated below:

	Rating		Rating agency	As at December 31,	
	Short-term	Long-term		2018	2017
----- (Rupees) -----					
MCB Bank Limited	A1+	AAA	PACRA	95,149,604	193,268,743
JS Bank Limited	A1+	AA-	PACRA	-	280,326
Bank Alfalah Limited	A1+	AA+	PACRA	6,399,495	3,984,885
Bank of Khyber Limited	A1	A	PACRA	29,887,366	14,299,906
Habib Bank Limited	A1+	AAA	JCR-VIS	3,241,799	577,789
Habib Metropolitan Limited	A1+	AA+	PACRA	4,669,950	3,786,879
United Bank Limited	A1+	AAA	JCR-VIS	2,710,670	1,560,469
National Bank of Pakistan	A1+	AAA	PACRA	1,286,535	600,232
MIB Bank Limited	A1	A	PACRA	184,062	-
Askari Bank Limited	A1+	AA+	PACRA	718,896	-
Total				<u>144,248,377</u>	<u>218,359,229</u>



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**32.3 Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the contractual maturities of financial liabilities:

			2018			
	Carrying Amount	Contractual cash flows	Maturity not later than one month	Maturity later than one month and not later than three months	Maturity later than three months and not later than one year	Maturity later than one year and not later than five years
	(Rupees)					
<b>On balance sheet liabilities</b>						
Trade and other payables	203,071,509	203,071,509	-	-	-	-
Short term running finance	239,632,784	239,632,784	-	-	-	-
	<b>442,704,293</b>	<b>442,704,293</b>	<b>442,704,293</b>	<b>442,704,293</b>	<b>442,704,293</b>	<b>442,704,293</b>
<b>Off balance sheet liabilities</b>						
Garah rentals payable	-	-	-	-	-	-
Payable under operating lease arrangement of office premises	-	-	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
			<b>2017</b>			
	Carrying Amount	Contractual cash flows	Maturity upto one month	Maturity later than one month and not later than three months	Maturity later than three months and not later than one year	Maturity later than one year and not later than five years
	(Rupees)					
<b>On balance sheet liabilities</b>						
Trade and other payables	788,572,618	788,572,618	-	-	-	-
Short term running finance	109,978,108	109,978,108	-	-	-	-
	<b>898,550,726</b>	<b>898,550,726</b>	<b>898,550,726</b>	<b>898,550,726</b>	<b>898,550,726</b>	<b>898,550,726</b>
<b>Off balance sheet liabilities</b>						
Garah rentals payable	-	-	-	-	-	-
Payable under operating lease arrangement of office premises	-	-	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
				<b>3,153,332</b>	<b>1,956,855</b>	<b>4,644,470</b>
					<b>2,260,816</b>	

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**32.4 Market risk**

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, interest rates and equity prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risk comprises of three types of risk: foreign exchange or currency risk, interest / mark up rate risk and price risk. The market risks associated with the Company's business activities are discussed as under:

**32.4.1 Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market yield. At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2018				Total
	Effective yield / interest rate percent	Maturity not later than one month	Interest / Maturity later than one month and not later than three months	Mark-up bearing later than three months and one year	
<b>On balance sheet assets</b>					
<b>Financial Assets</b>					
Long term deposits	-	-	-	-	4,402,102
Trade debts	-	-	-	-	269,249,324
Loans	-	-	-	-	2,161,289
Deposits	-	-	-	-	87,877,033
Other receivables	-	-	-	-	17,802,992
Accrued interest income	-	-	-	-	350,000
Investments	-	-	-	-	168,098,828
Cash and bank balances	6.75% to 8.5%	140,714,295	-	-	144,248,377
		140,714,295	-	-	694,189,945
<b>Financial Liabilities</b>					
Trade and other payables		-	-	-	203,071,509
Short term running finance		-	-	-	239,632,784
<b>On balance sheet gap</b>	KIBOR + 2.5%	239,632,784	-	-	251,485,652
<b>Non-financial net assets</b>		(98,918,489)	-	-	58,497,003
<b>Total net assets</b>					309,982,655

(Rupees)

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	2017				Total
	Effective yield / interest rate percent	Maturity not later than one month	Interest / mark-up bearing Maturity later than one month and not later than three months	Non interest / Maturity later than one year bearing mark-up	
<b>On balance sheet assets</b>					
<b>Financial Assets</b>					
Long term deposits	-	-	-	4,539,956	4,539,956
Trade debts	-	-	-	730,737,329	730,737,329
Loans	-	-	-	2,118,418	2,118,418
Deposits	-	-	-	135,691,211	135,691,211
Other receivables	-	-	-	5,889,466	5,889,466
Accrued interest income	-	-	-	925,060	925,060
Investments	-	-	-	103,547,627	103,547,627
Cash and bank balances	4.10%	216,261,469	-	2,097,760	218,359,229
		216,261,469	-	985,546,827	1,201,808,296
<b>Financial Liabilities</b>					
Trade and other payables	-	-	-	788,572,618	788,572,618
Short term running finance	KIBOR + 2.5%	109,978,108	-	-	109,978,108
Current portion of liabilities against assets subject to finance lease	-	-	-	-	-
<b>On balance sheet gap</b>		106,283,361	-	196,974,209	303,257,570
<b>Non-financial net assets</b>					45,613,840
<b>Total net assets</b>					348,871,410

(Rupees)

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**32.4.2 Price risk**

Price risk is the risk of unfavourable changes in the fair value of securities as a result of changes in the value of individual shares / net asset value of units. The price risk exposure arises from the Company's investments in equity securities and units of mutual funds. The Company's policy is to manage price risk through selection of blue chip securities and obtain cover under futures.

The Company's investments in quoted equity securities amount to Rs. 168.10 million (2017: Rs 103.55 million) at the balance sheet date. The carrying value of investments subject to equity price risk are, in almost all instances, based on quoted market prices as of the balance sheet date. Market prices are subject to fluctuation. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions.

In case of available-for-sale investments, a 10% increase / decrease in share prices and net asset value at year end would have increased / decreased the other comprehensive income of the Company by increasing / decreasing surplus on revaluation of such investment by the amounts given below. Investments at fair value through profit and loss are currently not exposed to any price risk since the Company has entered into future sale contract in respect of these securities.

	As at December 31,	
	2018	2017
	----- (Rupees) -----	
Effect on other comprehensive income - net of tax	<u>2,086,714</u>	<u>3,611,174</u>
Effect on investments	<u>2,196,044</u>	<u>3,614,802</u>

**32.4.3 Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company, at present is not exposed to currency risk as all transactions are carried out in Pak Rupees.

**33 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES**

Fair value is an amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in arm's length transaction. The table below analyses financial instruments carried at fair value, by valuation method. The different levels (methods) have been defined as follows:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

Fair value of the financial assets that are traded in active markets are based on quoted market prices. The following table shows fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value. These financial assets and financial liabilities are short term and their fair value approximates their carrying value.

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On balance sheet financial instruments	December 31, 2018				Fair value					
	Available for Sale	Fair value through P/L	Held to Maturity	Loan and Receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value										
Investments										
Available for sale of listed securities	21,960,443	-	-	-	-	21,960,443	21,960,443	-	-	21,960,443
Securities at fair value through profit or loss	-	146,138,385	-	-	-	146,138,385	146,138,385	-	-	146,138,385
Unrealized gain on futures	-	11,138,065	-	-	-	11,138,065	11,138,065	-	-	11,138,065
	21,960,443	157,276,450	-	-	-	179,236,893	179,236,893	-	-	179,236,893
Financial assets not measured at fair value **										
Long term deposits	-	-	-	4,402,102	-	4,402,102	-	-	-	4,402,102
Loan and advances	-	-	-	2,161,289	-	2,161,289	-	-	-	2,161,289
Trade debts	-	-	-	269,249,324	-	269,249,324	-	-	-	269,249,324
Deposits	-	-	-	76,377,033	-	76,377,033	-	-	-	76,377,033
Other receivable	-	-	-	333,739	-	333,739	-	-	-	333,739
Accrued income	-	-	-	350,000	-	350,000	-	-	-	350,000
Cash and bank balances	-	-	-	144,278,722	-	144,278,722	-	-	-	144,278,722
	-	-	-	497,152,209	-	497,152,209	-	-	-	497,152,209
Financial liabilities not measured at fair value **										
Trade and other payables	-	-	-	-	(203,071,509)	(203,071,509)	(203,071,509)	-	-	(203,071,509)
Short term running finance	-	-	-	-	(239,632,784)	(239,632,784)	(239,632,784)	-	-	(239,632,784)
	-	-	-	-	(442,704,293)	(442,704,293)	(442,704,293)	-	-	(442,704,293)
	21,960,443	157,276,450	-	497,152,209	(442,704,293)	233,684,809				

\*\* The Company has not disclosed the fair values for these financial assets and liabilities, however it believes that their carrying amounts are reasonable approximation of fair value.

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On balance sheet financial instruments	December 31, 2017		Fair value				
	Carrying Amount		Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value							
Investments							
Available for sale of listed securities	36,148,017	-	36,148,017	36,148,017	-	-	36,148,017
Securities at fair value through profit or loss	-	67,399,610	67,399,610	67,399,610	-	-	67,399,610
Unrealized gain on futures	-	775,060	775,060	775,060	-	-	775,060
	36,148,017	68,174,670	104,322,687	104,322,687	-	-	104,322,687
Financial assets not measured at fair value **							
Long term deposits	-	-	1,642,498	-	-	-	1,642,498
Loans	-	-	2,118,418	-	-	-	2,118,418
Trade debts	-	-	730,737,329	-	-	-	730,737,329
Deposits	-	-	133,200,000	-	-	-	133,200,000
Other receivable	-	-	5,889,466	-	-	-	5,889,466
Accrued interest income	-	-	150,000	-	-	-	150,000
Cash and bank balances	-	-	218,386,439	-	-	-	218,386,439
	-	-	1,092,124,150	-	-	-	1,092,124,150
Financial liabilities not measured at fair value **							
Trade and other payables	-	-	(788,572,618)	-	-	-	(788,572,618)
Short term running finance	-	-	(109,978,108)	-	-	-	(109,978,108)
	-	-	(898,550,726)	-	-	-	(898,550,726)
	36,148,017	68,174,670	1,092,124,150	(898,550,726)	-	-	297,896,111

\*\* The Company has not disclosed the fair values for these financial assets and liabilities, however it believes that their carrying amounts are reasonable approximation of fair value.

### 34 CAPITAL RISK MANAGEMENT

The primary objective of the Company's capital management is to maintain healthy capital ratios and optimal capital structure in order to ensure ample availability of finance for its existing operations, for maximizing shareholders' value, for tapping potential investment opportunities and to reduce cost of capital.

The Company is subject to minimum capital and base minimum capital requirements under PSX Regulations. The minimum capital requirement is Rs. 35 million and that for base minimum capital is Rs. 26 million, however Company's capital and base minimum capital is Rs. 135 million and Rs. 34.82 million respectively.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. Furthermore, the Company finances its operations through equity and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk.

### 35 USE OF COLLATERAL AND TRADING SECURITIES

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

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

### 36 OPERATING SEGMENTS

A segment is a distinguishable component of the Company that is engaged in business activities from which the Company earns revenues and incurs expenses and its results are regularly reviewed by the Company's Chief Operating Decision Maker to make decision about resources to be allocated to the segment and assess its performance. Further, discrete financial information is available for each segment. Based on internal management reporting structure, the Company is organized into the following three operating segments namely equity brokerage, investment and treasury operations and other operations. Segment revenue, segment result, costs, assets and liabilities for the year are as follows:

	December 31, 2018			Total
	Equity Brokerage	Investment and treasury	Other operations	
	(Rupees)			
Segment revenues *	96,756,445	25,062,969	1,340,354	123,159,768
Administrative and operating expenses **	(119,909,506)	-	-	(119,909,506)
Depreciation	(2,919,014)	(756,117)	(40,437)	(3,715,568)
Amortization	(452,211)	(117,137)	(6,264)	(575,612)
Finance cost	-	(3,429,928)	-	(3,429,928)
	<u>(26,524,286)</u>	<u>20,759,787</u>	<u>1,293,653</u>	<u>(4,470,846)</u>
Other income - unallocated				25,606
Other expenses - unallocated				(26,384)
Taxation				<u>(11,222,394)</u>
Profit after tax				<u>(15,694,018)</u>
Segment assets	<u>280,387,389</u>	<u>472,299,555</u>	<u>-</u>	<u>752,686,944</u>
Segment liabilities	<u>194,092,248</u>	<u>248,612,045</u>	<u>-</u>	<u>442,704,293</u>

TAURUS SECURITIES LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2018

\* Reconciliation of total segment revenue with revenue as per profit & loss account is as follows:

	As at December 31, 2018 (Rupees)
Total segment revenue	123,159,768
Less - Revenue from Investment & treasury	- 25,062,969
Less - Revenue from other operations	- 1,340,354
	<u>96,756,445</u>

\*\* In the absence of any specific administrative and operational costs pertaining to investment & treasury and other operating segments, no cost is allocated to these segments.

	December 31, 2017			
	Equity Brokerage	Investment and treasury	Other operations	Total
	(Rupees)			
Segment revenues *	93,407,168	78,862,479	325,392	172,595,039
Administrative and operating expenses **	(113,939,101)	-	-	(113,939,101)
Depreciation	(2,081,429)	(1,757,324)	(7,251)	(3,846,004)
Amortization	(561,343)	(473,935)	(1,955)	(1,037,233)
Finance cost	-	(2,589,939)	-	(2,589,939)
	<u>(23,174,705)</u>	<u>74,041,281</u>	<u>316,186</u>	<u>51,182,762</u>
Other income - unallocated				98,622
Other expenses - unallocated				-
Taxation				<u>(13,007,831)</u>
Profit after tax				<u>38,273,553</u>
Segment assets	<u>769,967,876</u>	<u>480,142,812</u>	<u>1,115,536</u>	<u>1,251,226,224</u>
Segment liabilities	<u>787,012,913</u>	<u>115,341,901</u>	<u>-</u>	<u>902,354,814</u>

\* Reconciliation of total segment revenue with revenue as per profit & loss account is as follows:

	As at December 31, 2017 (Rupees)
Total segment revenue	172,595,039
Less - Revenue from Investment & treasury	(78,862,479)
Less - Revenue from other operations	(325,392)
	<u>93,407,168</u>

\*\* In the absence of any specific administrative and operational costs pertaining to investment & treasury and other operating segments, no cost is allocated to these segments.

The Company has received the commission of Rs. 56,691,551 (59% of total brokerage) from 15 major clients with commission income from each client exceeding Rs. 1 million.



**TAURUS SECURITIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**37 MAXIMUM CUSTODY LIMIT UNDER CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED REGULATIONS**

Following information is presented for determination of 'Capital Adequacy Level' by the CDC under Central Depository Company of Pakistan Limited Regulations.

	As at December 31, 2018
	(Rupees)
Total assets as per balance sheet	752,686,948
Notional value of TRE certificate at year-end as determined by PSX vide notice PSX/N-7178 dated November 10, 2017	2,500,000
Total assets including notional value of TRE certificate	755,186,948
Less: Total liabilities as per balance sheet	(442,704,293)
Less: Revaluation reserves (created upon revaluation of fixed assets)	-
<b>Capital adequacy level</b>	<b>312,482,655</b>

**38 NUMBER OF EMPLOYEES**

The details of number of employees are as follows:

	As at December 31,	
	2018	2017
- Average number of employees during the year	62	65
- Number of employees at year end	57	65

**39 SUBSEQUENT EVENT**

The Board of Directors of the Company in the \_\_\_\_\_ meeting held on \_\_\_\_\_, 2018 has approved the following appropriation:

	As at December 31,	
	2018	2017
	----- (Rupees) -----	
- Cash dividend - Rs. _____ (2017: Nil) per share of Rs. 10 each	-	-
- Issue of bonus shares _____ % (2017: Nil) in the ratio of _____ (2017: Nil) shares for every 100 shares held	-	-

These would be accounted for in the Company's financial statements in the year in which these are approved.

**40 DATE OF AUTHORIZATION**

These financial statements were authorized for issue by the Board of Directors of the Company in their 100<sup>th</sup> meeting held on 26 March, 2019



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER



DIRECTOR

TAURUS SECURITIES LIMITED  
ANNEXURE 'I' OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

Annexure - I

I.i Followings shares held by Company in its sub-account No. 21 (Client account) under CDS which is blocked by the Central Depository Company of Pakistan Limited.

Symbol	Security Name	Number of shares	
		2018	2017
AGIC	Askari General Insurance Company Limited	364	364
AKZO	Akzo Nobel Pakistan Limited	14	14
ATLH	Atlas Honda Limited	601	601
BCL	Bolan Castings Limited	174	174
CFL	Crescent Fibers Limited	3,360	3,360
DNCC	Dandot Cement Company Limited	1,000	1,000
DSFL	Dewan Salman Fiber Limited	2,027	2,027
DWSM	Dewan Sugar Mills Limited	100	100
GNGI	English Leasing Limited- Freeze	500	500
FABL	Faysal Bank Limited	16,285	14,254
FANM	First Alnoor Modaraba	500	500
FASL	Faisal Spinning Mills Limited	500	500
FECM	First Elite Capital Mobaraba	10,500	10,500
FRSM	Faran Sugar Mills Limited	78	78
FTSM	First Tri Star Modaraba	100	100
HAJT	Hajra Textile Mills Limited- Freeze	500	500
HCAR	Honda Atlas Cars (Pakistan) Limited	127	127
HUBC	The Hub Power Company Limited	200	200
HUSI	Hussein Industries Limited-Freeze	130	130
ICI	Ici Pakistan Limited	27	27
IDRT	Idrees Textile Limited	220	200
JSBL	Js Bank Limited	2,792	2,792
KTML	Kohinoor Textile Mills Limited	3,822	3,822
LOTCEM	Lotte Chemical Pakistan Limited	42	42
LUCK	Lucky Cement Limited	150	150
MCB	Mcb Bank Limited	81	81
MLCF	Maple Leaf Cement Factory Limited	2,801	2,801
MSCL	Metropolitan Steel Corporation Limited- Freeze	2,500	2,500
NBP	National Bank Of Pakistan	71	71
NCL	Nishat( Chunian) Limited	50	50
NICL	Nimir Industrial Chemicals Limited	2,000	2,000
NRL	Nimir Resins Limited	1,020	1,020
NML	Nishat Mills Limited	834	834
OGDC	Oil And Gas Development Company Limited	8	8
OTSU	Otsuka Pakistan Limited	481	481
PAKMI	First Pak Mobaraba	51	51
PIF	Picic Investment Fund	1,189	1,189
TPL	Pakistan Petroleum Limited	1,651	1,436
PSO	Pakistan State Oil Company Limited	78	65
PTC	Pakistan Telecommunication Company Limited	900	900
SCBPL	Standard Chartered Bank (Pakistan) Limited	37	37
SCM	Orix Modaraba (Standard Chartered Modaraba)	679	679
SNBL	Soneri Bank Limited	2,988	2,988
SNGP	Sui Northern Gas Pipelines Limited	350	350
SSGC	Sui Southern Gas Company Limited	117	117
SSML	Saritow Spinning Mills Limited	5,491	5,491
TRIBL	Trust Investment Bank Limited	537	537
TSMF	Tri Star Mutual Fund Limited	500	500
ZELP	Zeal Pak Cement Factory Limited- Freeze	148	148
		<u>68,675</u>	<u>66,396</u>

**TAURUS SECURITIES LIMITED**  
**ANNEXURE 'I' OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

I.ii Followings shares held by Company in its sub-account No's. 39 and 54 (House account) under CDS.

Symbol	Security Name	Number of shares	
		2018	2017
BSML	Bawany Sugar Mills Limited	500	500
IDSML	Ideal Spinning Mills Limited	1,000	1,000
IIBL	Innovative Investment Bank Limited	15	15
NBP	National Bank Of Pakistan	11,404	11,404
SNGP	Sui Northern Gas Pipelines Limited	73	73
		<b>12,992</b>	<b>12,992</b>

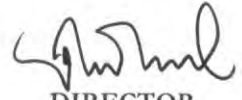
I.iii There have been no change except bonus in these shares/details since last year. Cash dividend received on shares held in account number 21, 39 and 54 is Rs. 454,772. *500*



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER



DIRECTOR