

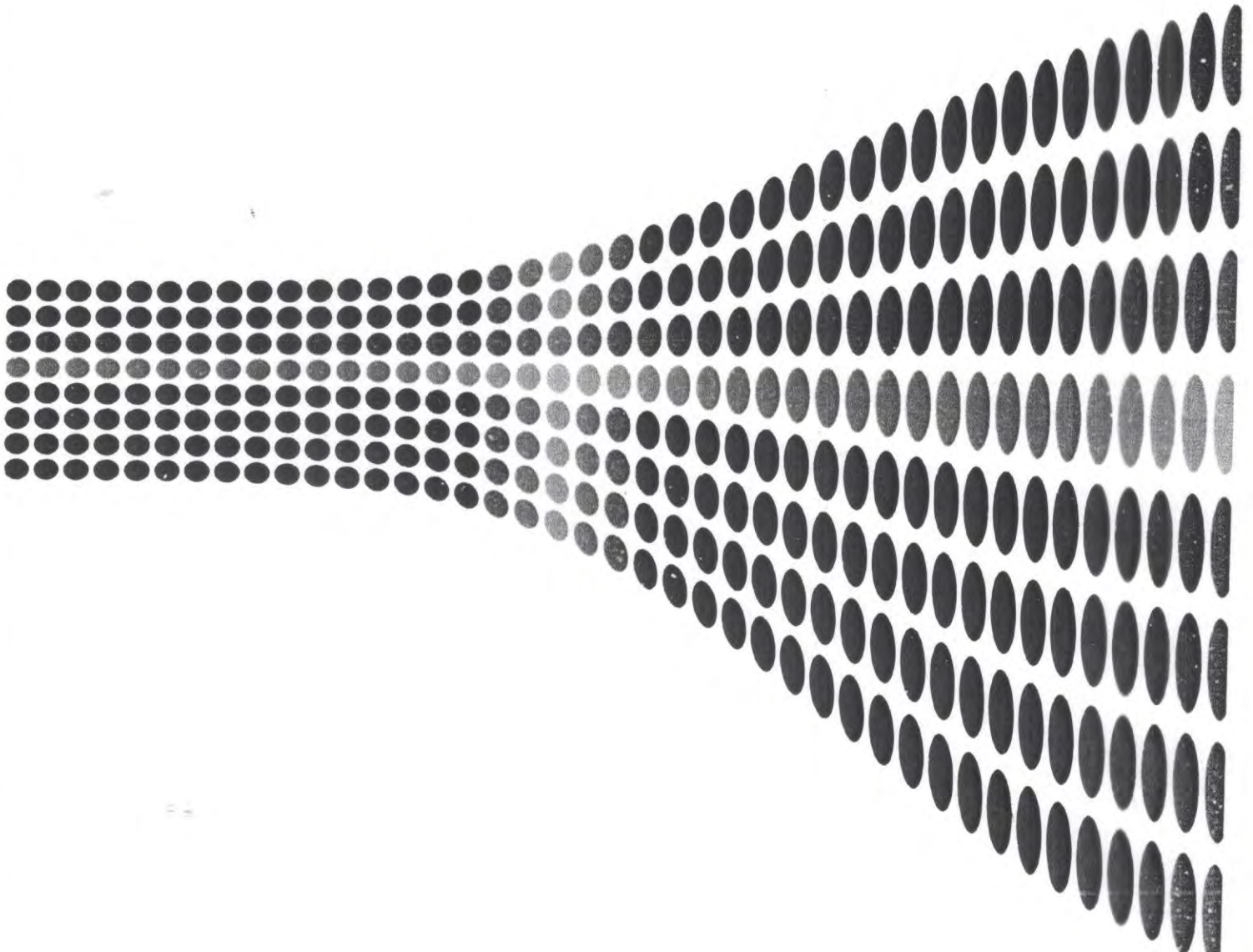


Grant Thornton

An instinct for growth™

Grant Thornton Anjum Rahman
Chartered Accountants

Taurus Securities Limited
For the year ended December 31, 2016



Taurus Securities Limited
Financial Statements
for the year ended December 31, 2016



Grant Thornton

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AUDITORS' REPORT TO 'THE MEMBERS OF TAURUS SECURITIES LIMITED

GRANT THORNTON ANJUM RAHMAN

1st & 3rd Floor,
Modern Motors House
Beaumont Road,
Karachi 75530

T +92 021 3567 2951-56
F +92 021 3568 8834
www.gtpak.com

We have audited the annexed balance sheet of Taurus Securities Limited (the Company) as at December 31, 2016 and the related profit and loss account, statement of comprehensive income, statement of cash flows and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as 'financial statements'), for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

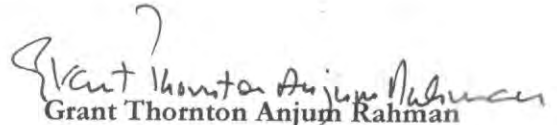
- (a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes forming part thereof have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, statement of cash flows and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, 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, 2016 and of the loss, total comprehensive loss, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Other matter

The financial statements of the Company for the year ended December 31, 2015 were audited by another firm of Chartered Accountants who in their report March 02, 2016 expressed an unqualified opinion.

March 24, 2017
Karachi


Grant Thornton Anjum Rahman
Chartered Accountants
Muhammad Shaukat Naseeb
Engagement Partner

TAURUS SECURITIES LIMITED
BALANCE SHEET
AS AT DECEMBER 31, 2016

	December 31, 2016	December 31, 2015
<i>Note</i>	----- (Rupees) -----	
ASSETS		
Non-current Assets		
Property and equipment	4 12,859,307	10,949,482
Intangible assets	5 1,516,381	2,311,919
Investment in shares of Pakistan Stock Exchange Limited	6 11,000,000	11,000,000
Long term deposits	7 2,888,756	2,666,808
Deferred taxation - net	8 1,404,960	1,556,827
	29,669,404	28,485,036
Current assets		
Trade debts	9 417,958,711	61,578,536
Loans and advances	10 2,394,407	1,058,081
Deposits and prepayments	11 185,756,937	28,927,425
Other receivables	12 1,243,867	6,772,084
Investments	13 148,576,816	167,551,726
Taxation - net	14 26,545,786	14,232,803
Cash and bank balances	15 357,117,372	147,230,171
	1,139,593,896	427,350,826
Total assets	1,169,263,300	455,835,862
EQUITY AND LIABILITIES		
Share capital and Reserves		
Share capital	17 135,023,060	135,023,060
Reserves		
Accumulated profits	19 160,045,953	161,651,647
Unrealised gain on re-measurement of available-for-sale investments	19 286,224	226,594
	160,332,177	161,878,241
Total equity	295,355,237	296,901,301
Non-current liabilities		
Liabilities against assets subject to finance lease	18 -	393,677
Current liabilities		
Trade and other payables	20 633,530,828	158,194,365
Short term running finance	21 239,983,644	-
Current portion of liabilities against assets subject to finance lease	18 393,591	346,519
	873,908,063	158,540,884
Total liabilities	873,908,063	158,934,561
Total equity and liabilities	1,169,263,300	455,835,862

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 39 and 'Annexure 1' form an integral part of these financial statements. 8/1/2017


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

TAURUS SECURITIES LIMITED
 PROFIT AND LOSS ACCOUNT
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Note	For the year ended	
		2016	2015
		----- (Rupees) -----	
INCOME			
Brokerage and commission	23	98,293,866	97,455,097
Other income	24	15,900,714	25,273,318
		<u>114,194,580</u>	<u>122,728,415</u>
EXPENSES			
Administrative	25	(109,925,602)	(97,873,178)
Other	26	(308,354)	-
Finance cost	27	(1,774,445)	(1,006,449)
		<u>(112,008,401)</u>	<u>(98,879,627)</u>
PROFIT BEFORE TAXATION		<u>2,186,179</u>	<u>23,848,788</u>
Taxation	28	(3,034,656)	(4,894,881)
(LOSS)/PROFIT FOR THE YEAR		<u>(848,477)</u>	<u>18,953,907</u>
Loss / earnings per share - basic and diluted	29	<u>(0.06)</u>	<u>1.40</u>

The annexed notes 1 to 39 and 'Annexure 1' form an integral part of these financial statements. *SIM*


 CHIEF EXECUTIVE OFFICER


 DIRECTOR


 CHIEF FINANCIAL OFFICER

TAURUS SECURITIES LIMITED
 STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED DECEMBER 31, 2016

	For the year ended	
	December 31,	
	2016	2015
	(Rupees)	
(Loss)/profit for the year	(848,477)	18,953,907
<i>Other comprehensive income</i>		
<i>Items to be reclassified to profit and loss account in subsequent periods</i>		
Unrealised gain / (loss) on re-measurement of available-for-sale investments	59,630	85,760
Deferred tax on re-measurement of available-for-sale investments	-	49,292
	59,630	135,052
<i>Items that will never be reclassified to profit and loss account</i>		
Remeasurements of defined benefit asset / (liability)	(1,097,416)	(1,896,279)
Current tax charge	340,199	606,809
	(757,217)	(1,289,470)
Total comprehensive (loss) / income for the year	(1,546,064)	17,799,489

The annexed notes 1 to 39 and 'Annexure 1' form an integral part of these financial statements. 5/12


 CHIEF EXECUTIVE OFFICER


 DIRECTOR


 CHIEF FINANCIAL OFFICER

TAURUS SECURITIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2016

	Issued, subscribed and paid-up share capital	Revenue reserves		Total equity
		Accumulated profits	Unrealised gain on re-measurement of available-for- sale investments	
(Rupees)				
Balance as at January 01, 2015	135,023,060	164,240,669	91,542	299,355,271
Total comprehensive income for the year				
Profit for the year ended December 31, 2015	-	18,953,907	-	18,953,907
Other comprehensive income				
Unrealized gain on re-measurement of available-for-sale investments - net of tax	-	-	135,052	135,052
Remeasurements of defined benefit asset / (liability) - net of tax	-	(1,289,470)	-	(1,289,470)
Transactions with owners, recorded directly in equity				
Interim cash dividend paid @ Rs. 1.50 per share	-	(20,253,459)	-	(20,253,459)
Balance as at December 31, 2015	135,023,060	161,651,647	226,594	296,901,301
Total comprehensive income for the year				
Profit for the year ended December 31, 2016	-	(848,477)	-	(848,477)
Other comprehensive income				
Unrealized gain on re-measurement of available-for-sale investments - net of tax	-	-	59,630	59,630
Remeasurements of defined benefit asset / (liability) - net of tax	-	(757,217)	-	(757,217)
	-	(1,605,694)	59,630	(1,546,064)
Balance as at December 31, 2016	135,023,060	160,045,953	286,224	295,355,237

The annexed notes 1 to 39 and 'Annexure 1' form an integral part of these financial statements. SIM


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

TAURUS SECURITIES LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

	For the year ended	
	2016	2015 (Restated)
	Note ----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,186,179	23,848,788
Adjustments for:		
Depreciation on property and equipment	4 4,100,347	4,359,252
Amortisation on intangible assets	5 1,029,280	616,669
Gain on disposal of property and equipment	24 (44,010)	(25,809)
Finance cost	1,774,445	1,006,449
Profit on bank deposits and term deposit receipts	(2,438,608)	(3,928,766)
Staff retirement benefits	1,523,632	1,425,757
Capital gain on sale of securities and units of mutual funds	(11,572,268)	(17,016,806)
Unrealized loss / (gain) on investments classified as fair value through profit and loss	308,354	(330,686)
	(5,318,828)	(13,893,940)
Net cash (used in) / generated from operating activities before working capital changes	(3,132,649)	9,954,848
Decrease / (Increase) in current assets:		
Trade debts	(356,380,175)	258,067
Loan and advances	(1,349,326)	299,997
Deposits and prepayments	(156,829,512)	(16,669,891)
Other receivables	(415,672)	-
Receivable against margin trading	-	5,519,225
	(514,974,685)	(10,592,602)
	(518,107,334)	(637,754)
Increase in current liabilities:		
Trade and other payables	496,385,933	18,688,806
Net cash flows (used in) / generated from operations	(21,721,401)	18,051,052
Income tax paid	14 (14,855,573)	(11,095,156)
Contribution paid to gratuity fund	(3,419,908)	(4,221,976)
Financial cost paid	(1,746,090)	(1,006,449)
	(20,021,571)	(16,323,581)
Net cash (used in) / generated from operating activities	(41,742,972)	1,727,471
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale/(purchase) of investments	17,206,989	67,347,492
Profit received on bank deposits and term deposit receipts	2,439,422	6,445,028
Capital expenditures	(7,744,687)	(6,089,569)
Proceeds from disposal of property and equipment	1,544,783	691,649
Long term loans to employees repaid / (disbursed)	13,000	13,000
Long term deposits paid	(221,948)	(436,400)
Net cash generated from investing activities	13,237,559	67,971,200
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease rentals paid	(374,960)	(307,838)
Dividends paid	(20,250,610)	-
Net cash used in investing activities	(20,625,570)	(307,838)
Net increase in cash and cash equivalents	(49,130,983)	69,390,833
Cash and cash equivalents at beginning of the year	314,501,301	245,110,468
Cash and cash equivalents at end of the year	265,370,318	314,501,301
Cash and cash equivalents comprise		
Cash and bank balances	15 357,117,372	147,230,171
Investments classified as fair value through profit and loss	13 148,236,590	167,271,130
Short term running finance	21 (239,983,644)	-
	265,370,318	314,501,301

The annexed notes 1 to 39 and 'Annexure 1' form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

TAURUS SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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. 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% (2015: 58.32%) of the shareholding of the Company. The Company is engaged in the business of stock brokerage, investment counselling and fund placements. The Company holds a Trading Rights Entitlement Certificate (TREC) from Pakistan Stock Exchange Limited (PSEL).

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. Wherever the requirements of Companies Ordinance, 1984 or directives issued thereunder differ with the requirements of IFRS and IFAS, the requirements of the Companies Ordinance, 1984 and said directives shall prevail.

2.2 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 through profit and loss and commitments in respect of derivative financial instruments.

2.2.1 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.

Amendments	Effective date
IAS 1 - Disclosure Initiative (Amendments to IAS 1 Presentation of Financial Statements)	January 1, 2016
IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	January 1, 2016
Annual Improvements to IFRSs 2012 - 2014 Cycle	January 1, 2016

Adoption of above revision have no significant effect on the amounts for the year ended December 31, 2016 and December 31, 2015. Further the application of these revision has not resulted in a change in accounting policy.

TAURUS SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

2.2.2 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, 2016 are considered not to be relevant and are therefore not presented here.

2.2.3 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.

Amendments	Effective date
IAS 12 - Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12)	January 1, 2017
IFRS 2 - Classification and Measurement of Share-based Payment Transaction (Amendments to IFRS 2)	January 1, 2018
IAS 7 - Disclosure Initiative (Amendments to IAS 7)	January 1, 2017

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.

2.2.4 Standards, amendments and interpretations to the published standards that are relevant to the Company but not yet notified by the Securities and Exchange Commission of Pakistan (SECP)

Following new standards that are relevant to the Company 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.

Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
IFRS 9 - Financial Instruments (2014)	January 1, 2018
IFRS 15 - Revenue from Contracts with Customers	January 1, 2018
IFRS 16 - Leases	January 1, 2019

TAURUS SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

2.3 Critical accounting estimates and judgments

The company's significant accounting policies are stated in *note 3*. 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 3.1*), classification and valuation of investments and impairment there against, if any (*note 3.6*), employee benefit scheme (*note 16*) and taxation (*note 3.4*) 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 recognised 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.

3. 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.

3.1 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 4* 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.

TAURUS SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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.

3.2 Intangible assets

Intangible assets, which are stated at cost less accumulated amortization and any impairment loss, mainly represent computer software, website developed and Trading Rights Entitlement (TRE) Certificate.

Computer software and website developed 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 5. 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.

3.3 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.

3.4 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 utilised. Deferred tax assets are reduced to the extent that is no longer probable that the related tax benefit will be realised.

TAURUS SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

3.5 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.

3.6 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.

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 recognised in profit and loss account is reclassified from other comprehensive income to profit and loss account.

TAURUS SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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 recognised in profit and loss account whenever the carrying value of asset exceeds its recoverable amount.

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.

3.7 Derivative financial instruments

Derivative financial instruments are initially recognised 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.

3.8 Securities under repurchase / reverse repurchase agreements

Transactions of repurchase / reverse repurchase of securities 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 recognised 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 recognised 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.

TAURUS SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

3.9 Securities under margin trading

Securities purchased under margin trading are included as 'receivable against margin trading' at the fair value of the consideration given. All margin trading transactions are accounted for on trade date. Income on margin trading is calculated on outstanding balance at agreed rates and recorded in profit and loss account.

3.10 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 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.

3.11 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 entity, and the amount of revenue can be measured with reliability.

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 income in the period 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 recognised on a time proportionate basis.
- Other revenues are recognised on accrual basis.

3.12 Provision, commitments and contingencies

A provision is recognised 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 recognised 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.

TAURUS SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

3.13 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.

3.14 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.

3.15 Staff retirement benefits

Accounting policy of defined benefit plans is as follows:

Gratuity scheme

The liability / asset recognized in the balance sheet 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.

Provident fund

Monthly contributions by the company are expensed and recognized as payable in the balance sheet.

3.16 Borrowing costs

Borrowing costs are recognised 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 capitalised as part of the cost of that asset.

3.17 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.

3.18 Financial instruments

All financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instruments. Financial asset is derecognised 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 derecognised 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 income currently.

TAURUS SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

3.19 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 maximise the use of relevant observable inputs and minimise 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.

3.20 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 recognised amounts and the Company intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.21 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 AFS financial assets and cash flow hedges – comprises gains and losses relating to these types of financial instruments.

3.22 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

3.23 Presentation And Functional Currency

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

3.24 General

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

TAURUS SECURITIES LIMITED
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4 PROPERTY AND EQUIPMENT

	2016								
	Owned				Leased				
	Vehicles	*Building	Furniture and fixtures	Office equipment	Computer equipment	Library books	Subtotal	Vehicles	Total
----- (Rupees) -----									
<i>Net carrying value basis as at December 31, 2016</i>									
Opening net book value	4,728,738	1,113,482	531,414	1,658,724	2,203,673	-	10,236,031	713,451	10,949,482
Additions / Transfer in	4,779,629	-	442,343	706,907	1,582,066	-	7,510,945	-	7,510,945
Disposals / write-off									
Cost	(8,437,878)	-	(55,485)	(45,166)	(144,500)	-	(8,683,029)	-	(8,683,029)
Accumulated depreciation	6,937,105	-	55,485	45,166	144,500	-	7,182,256	-	7,182,256
	(1,500,773)	-	-	-	-	-	(1,500,773)	-	(1,500,773)
Depreciation charge	(1,896,599)	(79,768)	(151,957)	(561,174)	(1,108,623)	-	(3,798,121)	(302,226)	(4,100,347)
<i>Closing net book value</i>	6,110,995	1,033,714	821,800	1,804,457	2,677,116	-	12,448,082	411,225	12,859,307
<i>Gross carrying value basis as at December 31, 2016</i>									
Cost	8,547,403	1,591,000	5,271,016	6,926,624	12,818,075	-	35,154,118	1,507,000	36,661,118
Accumulated depreciation	(2,436,408)	(557,286)	(4,449,216)	(5,122,167)	(10,140,959)	-	(22,706,036)	(1,095,775)	(23,801,811)
<i>Closing net carrying value</i>	6,110,995	1,033,714	821,800	1,804,457	2,677,116	-	12,448,082	411,225	12,859,307
Rate of depreciation (%)	20	5	10	20	33	20			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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	2015								
	OWNED				LEASED				
	Vehicles	*Building	Furniture and fixtures	Office equipment	Computer equipment	Library books	Sub total	Vehicles	Total
(Rupees)									
<i>Net carrying value basis as at December 31, 2015</i>									
Opening net book value	6,005,801	1,193,032	564,032	1,247,510	1,274,985	-	10,285,360	1,014,851	11,300,211
Additions / Transfer in	1,932,440	-	143,890	854,570	1,743,463	-	4,674,363	-	4,674,363
Disposals / write-off									
Cost	(1,709,330)	-	(323,359)	(504,524)	(567,525)	(156,612)	(3,261,350)	-	(3,261,350)
Accumulated depreciation	1,074,159	-	323,359	473,855	567,525	156,612	2,595,510	-	2,595,510
	(635,171)	-	-	(30,669)	-	-	(665,840)	-	(665,840)
Depreciation charge	(2,574,332)	(79,550)	(176,508)	(412,687)	(814,775)	-	(4,057,852)	(301,400)	(4,359,252)
Closing net book value	4,728,738	1,113,482	531,414	1,658,724	2,203,673	-	10,236,031	713,451	10,949,482
<i>Gross carrying value basis as at December 31, 2015</i>									
Cost	12,205,652	1,591,000	4,884,158	6,264,883	11,380,509	-	36,326,202	1,507,000	37,833,202
Accumulated depreciation	(7,476,914)	(477,518)	(4,352,744)	(4,606,159)	(9,176,836)	-	(26,090,171)	(793,549)	(26,883,720)
Closing net book value	4,728,738	1,113,482	531,414	1,658,724	2,203,673	-	10,236,031	713,451	10,949,482
Rate of depreciation (%)	20	5	10	20	33	20		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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NOTES TO THE FINANCIAL STATEMENTS
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4.1 Detail of disposal of property and equipment having net book value in excess of Rs. 50,000 each is as under:

Particulars	Cost	Accumulated depreciation	Net book value	Sale proceeds	Particulars of buyer	Mode of disposal
(Rupees)						
Vehicles						
Toyota-Fielder	1,711,988	1,370,530	341,458	341,458	Feroz Ahmed	Company's Policy
Toyota-Vigo	4,271,678	3,660,771	610,907	610,907	Zain Hussain	Company's Policy
Toyota-Xli	1,514,212	1,153,289	360,923	360,923	Adeel Ahmed	Company's Policy
Suzuki Cultus	940,000	752,515	187,485	187,485	Ali Abbas	Company's Policy

5 INTANGIBLE ASSETS

5.1 Computer softwares

Rupees

Net carrying value basis as at December 31, 2016

Opening net book value	2,311,919
Additions during the year	233,742
Amortisation for the year	<u>(1,029,280)</u>
Closing net book value	<u>1,516,381</u>

Gross carrying value basis as at December 31, 2016

Cost	7,415,155
Accumulated amortisation	<u>(5,898,774)</u>
Net Book Value	<u>1,516,381</u>

Rate of amortization (%)

33%

Net carrying value basis as at December 31, 2015

Opening net book value	1,738,382
Disposals/write-off	
-Cost	(514,500)
-Accumulated amortisation	289,500
	<u>(225,000)</u>
Additions during the year	1,415,206
Amortisation for the year	<u>(616,669)</u>
Closing net book value	<u>2,311,919</u>

Gross carrying value basis as at December 31, 2015

Cost	7,181,413
Accumulated amortisation	<u>(4,869,494)</u>
Net Book Value	<u>2,311,919</u>

Rate of amortisation (%)

33%

5.2 Trade right entitlement certificate (TREC)

The TREC acquired on surrender of Stock Exchange Membership Card is not recognized as an asset in the balance sheet as the company is unable to measure its cost reliably. For details please refer to note 6.

According to the Stock Exchanges (Corporatisation, Demutualization and Integration) Act 2012, the TREC Certificate may only be transferred once to a company intending to carry out shares brokerage business in the manner to be prescribed. Upto December 31, 2019, a Stock Exchange shall offer for issuance, fifteen TREC each year in the manner prescribed. After 2019, no restriction shall be placed on issuance of TREC. The Company has marked lien on TREC certificate in favour of the PSEL to fulfil the requirement of Base Minimum Capital.

TAURUS SECURITIES LIMITED
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		As at December 31,	
		2016	2015
		<i>Note</i> ----- (Rupees) -----	
6	INVESTMENT IN SHARES OF PAKISTAN STOCK EXCHANGE LIMITED - Available-for-sale		
	Investment in shares of Pakistan Stock Exchange Limited	<i>6.1</i> 11,000,000	11,000,000

6.1 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 issuance of 4,007,383 shares to each initial shareholder 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;
- 2 60% of the total shares (i.e. 2,404,430 shares) have been deposited in a sub-account in Company's name under PSEL's participant ID with CDC which will remain blocked until they are divested to strategic investor(s), general public and financial institutions.

Right to receive distributions and sale proceeds against 60% shares in the blocked account shall vest in the initial shareholder, provided that bonus and right shares (if any) shall be transferred to blocked account and disposed off with the blocked shares.

Right to vote against blocked shares shall be suspended till the time of sale.

The shares of PSEL shall be listed within such time as the SECP may prescribe in consultation with the Board of Directors of PSEL.

The above shares and TRE Certificate were received against surrender of Stock Exchange Membership Card. As the fair value of both the asset transferred and asset obtained can not be determined with reasonable accuracy and the value of TRE Certificate is estimated to be immaterial in view of the conditions described in Note 5, the entire carrying value of Stock Exchange Membership Card in Company's books has been allocated to shares of PSEL. No gain or loss has been recorded on the exchange. The Company has pledged the shares with PSEL to fulfil the requirement of Base Minimum Capital.

		As at December 31,	
		2016	2015
		<i>Note</i> ----- (Rupees) -----	
7	LONG TERM DEPOSITS		
	Security deposits against rental property	342,498	342,498
	Pakistan Stock Exchange Limited (PSEL) / National Clearing Company of Pakistan Limited (NCCPL)	<i>7.1</i> 300,000	500,000
	Security deposits against asset acquired under Ijarah agreement and finance lease	2,100,000	1,721,500
	Other deposits	146,258	102,810
		2,888,756	2,666,808

7.1 This represents deposit with PSEL / NCCPL for trading in ready and future market.

TAURUS SECURITIES LIMITED
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 FOR THE YEAR ENDED DECEMBER 31, 2016

		As at December 31,	
		2016	2015
		----- (Rupees) -----	
8	DEFERRED TAXATION - NET		
	Deferred tax arising in respect of:		
	<i>Deductible / (taxable) temporary differences in respect of:</i>		
	Provision for doubtful debts	1,016,244	983,462
	Accelerated tax depreciation allowance	355,639	608,763
	Revaluation of investments at fair value through profit and loss	38,544	(49,603)
	Excess of accounting book value of lease liabilities over leased assets	(5,467)	14,205
		<u>1,404,960</u>	<u>1,556,827</u>

8.1

8.1 The management of the company believes that based on the projections of future taxable profits, it would be able to realise these deferred tax assets. However, the management on prudent basis has not recorded deferred tax asset amounting to Rs. 1,726,284 and Rs. 982,939 on tax credits for unused tax depreciation/amortization and tax paid under minimum tax regime, respectively.

8.2 Movement in temporary differences during the year

	At January 1, 2015	Recognized in Profit and loss account	Recognized in other compre- -nsive income	At December 31, 2015	Recognized in Profit and loss account	Recognized in other compre- -nsive income	At December 31, 2016
	----- (Rupees) -----						
Deferred tax arising in respect of deductible / (taxable) temporary differences for:							
Provision for doubtful debts	1,147,941	(164,479)	-	983,462	32,782	-	1,016,244
Accelerated tax depreciation allowance	555,375	53,388	-	608,763	(253,124)	-	355,639
Revaluation of investments at fair value through profit and loss	107,303	(156,906)	-	(49,603)	88,147	-	38,544
Provision for impairment in value of investments	244,448	(244,448)	-	-	-	-	-
Excess of accounting book value of lease liabilities over leased assets	11,614	2,591	-	14,205	(19,672)	-	(5,467)
Revaluation of available-for-sale investments	(49,292)	-	49,292	-	-	-	-
Total	<u>2,017,389</u>	<u>(509,854)</u>	<u>49,292</u>	<u>1,556,827</u>	<u>(151,867)</u>	<u>-</u>	<u>1,404,960</u>

TAURUS SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

		As at December 31,	
		2016	2015
		(Rupees)	
9	TRADE DEBTS		
	<i>Secured, considered good</i>		
	Due from clients against trading of securities	22,859,142	52,876,090
	Due from National Clearing Company of Pakistan Limited	314,888,578	-
	Due from associated companies / persons against trading	2,366,113	3,068,002
		<u>340,113,833</u>	<u>55,944,092</u>
	<i>Unsecured, considered good</i>		
	9.1 Unsecured, considered doubtful	77,844,878	5,634,444
		<u>3,278,207</u>	<u>3,278,207</u>
	Trade debts - gross	421,236,918	64,856,743
	Provision for doubtful debts	<u>(3,278,207)</u>	<u>(3,278,207)</u>
	Trade debts - net	417,958,711	61,578,536

9.1 This represents commission receivable from the clients under institutional delivery system (IDS) module.

9.2 The Company holds securities having value of Rs. 3,690,881,258 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, amounting to Rs. 18,549,180 are pledged with the Pakistan Stock Exchange Limited.

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

		2016
		(Rupees)
	Note	
Due from clients against unsettled trades		58,857,451
Due from NCCPL against unsettled trades		314,888,578
Against trades of last 5 days		26,531,384
		<u>400,277,413</u>
Receivables older than 5 days	9.3.1	20,959,505
Trade debts - gross		421,236,918

9.3.1 This comprises of secured receivables of Rs. 6,267,284 and unsecured receivables of Rs. 14,692,221.

		As at December 31,	
		2016	2015
		(Rupees)	
10	LOANS AND ADVANCES		
	Secured - considered good		
	Executives	1,543,915	444,000
	Employees (other than executives)	850,492	601,081
		<u>2,394,407</u>	<u>1,045,081</u>
	Current portion of long term loans	-	13,000
		<u>2,394,407</u>	<u>1,058,081</u>

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

		As at December 31,	
		2016	2015
		(Rupees)	
11	DEPOSITS AND PREPAYMENTS		
	Prepayments	3,983,767	3,131,769
	Deposit - Pakistan Stock Exchange Limited (PSEL) / National Clearing Company of Pakistan Limited (NCCPL)	181,773,170	25,795,656
		<u>185,756,937</u>	<u>28,927,425</u>

TAURUS SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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11.1 This represents deposits maintained with PSEL and NCCPL in respect of future, ready and margin trading transactions.

		As at December 31,	
		2016	2015
Note		(Rupees)	

12 OTHER RECEIVABLES

Accrued interest income on savings accounts	163,287	164,101
Unrealized gain on futures contract	549,275	6,492,350
Other receivables	531,305	115,633
	<u>1,243,867</u>	<u>6,772,084</u>

13 INVESTMENTS

Available for sale - in shares	13.1	340,226	280,596
Fair value through profit and loss - in shares	13.2	148,236,590	167,271,130
		<u>148,576,816</u>	<u>167,551,726</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.

2016	2015	Name of investee	2016		2015
Number of Shares			Cost	Market Value	Market Value
(Rupees)					

INVESTMENT COMPANY

13,400	13,400	Jahangir Siddiqui & Company Limited	752,426	340,226	280,596
			<u>752,426</u>	<u>340,226</u>	<u>280,596</u>

Provision for impairment in value of investments (698,424)

Unrealized gain on re-measurement of investment 286,224

Carrying value 340,226

TAURUS SECURITIES LIMITED
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13.2 Fair value through profit and loss

2016	2015	Name of investee	2016		2015
			Number of shares	Cost	Market value
			----- (Rupees) -----		
OIL AND GAS					
3,000	54,000	Pakistan State Oil Company Limited	1,284,474	1,302,630	17,591,580
-	444,000	Oil & Gas Development Co Limited	-	-	52,098,960
CABLE & ELECTRICAL GOODS					
185,000	1,357,000	Pak Elektron Limited	12,643,234	13,186,800	84,866,780
FERTILIZER					
117,000	5,000	Engro Fertilizer Limited	7,945,805	7,953,660	420,650
TECHNOLOGY & COMMUNICATION					
2,779,000	-	TRG Pakistan Limited	124,419,306	122,998,540	-
CEMENT					
62,000	-	Fauji Cement Company Limited	2,801,400	2,794,960	-
CHEMICALS					
-	44,000	Engro Corporation Limited	-	-	12,293,160
			149,094,219	148,236,590	167,271,130
Unrealised loss on re-measurement to fair value			(857,629)		
Carrying value			148,236,590		

13.2.1 These shares have been sold under futures contracts. The total value of the contract, corresponding unrealized gain and unrealized loss is mentioned in note 22, 24 and 26 respectively.

13.2.2 Securities beneficially held by the Company, amounting to Rs. 176,716,986 are pledged with the Pakistan Stock Exchange Limited.

13.2.3 The Company holds 77,826 shares which were purchased by the Company on behalf of the customers. The owners of such shares are untraceable and these shares are unclaimed. 64,834 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'.

	As at December 31,	
	2016	2015
----- (Rupees) -----		
14 TAXATION - net		
Opening balance	14,232,803	6,915,865
Provision for taxation		
- recognised in profit and loss account	(2,882,789)	(4,385,027)
- recognised in other comprehensive income	340,199	606,809
Tax paid during the year	14,855,573	11,095,156
	<u>26,545,786</u>	<u>14,232,803</u>
15 CASH AND BANK BALANCES		
Savings accounts	353,391,965	140,595,132
Current accounts	3,708,429	6,628,813
Cash in hand	16,978	6,226
	<u>357,117,372</u>	<u>147,230,171</u>

15.1 Savings accounts carry profit rates ranging between 4.10% to 7.5 % per annum (2015: 4.35% to 7.25% per annum).

15.2 Savings accounts include Rs. 258,008,616 (2015: 106,746,446) 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. 1,643,056 (2015: Rs. 2,325,320) and Rs. 12,848 (2015: Rs. 14,196), respectively.

TAURUS SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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16 EMPLOYEE BENEFITS

16.1 Gratuity fund

The Company operates an approved funded gratuity scheme for all its permanent employees who have completed the qualifying period of service. Actuarial valuation of the fund was carried out as at December 31, 2016.

		<u>As at December 31,</u>	
		<u>2016</u>	<u>2015</u>
16.1.1	Actuarial assumptions		
	Financial assumptions		
	Discount rate	9.5%	10%
	Expected rate of increase in salaries	6%	6%
	Demographic assumptions		
	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
		<u>As at December 31,</u>	
		<u>2016</u>	<u>2015</u>
		----- (Rupees) -----	
16.1.2	Reconciliation of (receivable) / payable to defined benefit plan		
	Present value of defined benefit obligation	14,459,883	11,914,098
	Fair value of plan assets	(13,362,464)	(10,017,819)
	Net obligation / (asset)	<u>1,097,419</u>	<u>1,896,279</u>
16.1.3	Movement in present value of defined benefit obligation		
	Opening net obligation	11,914,098	9,677,976
	Expense for the year	2,588,403	2,258,278
	Benefits paid during the year	(409,660)	(1,401,601)
	Actuarial (gain)/loss on remeasurement of of defined benefit obligation	367,042	1,379,445
	Closing net obligation	<u>14,459,883</u>	<u>11,914,098</u>
16.1.4	Movement in fair value of plan assets		
	Fair value of plan assets at beginning of the year	10,017,819	6,881,757
	Expected return on plan assets	1,064,771	832,521
	Actual contribution by employer	3,419,908	4,221,976
	Actual benefits paid during the year	(409,660)	(1,401,601)
	Actuarial gain/(loss)	(730,374)	(516,834)
	Fair value of plan assets at end of the year	<u>13,362,464</u>	<u>10,017,819</u>
16.1.5	Movement in net defined benefit liability		
	Liability at beginning of year	1,896,279	2,796,219
	Net periodic benefit cost / (income) for the year	1,523,632	1,425,757
	Employer's contribution during the year	(3,419,908)	(4,221,976)
	Remeasurement recognised in other comprehensive income	1,097,416	1,896,279
	Liability at end of year	<u>1,097,419</u>	<u>1,896,279</u>

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		As at December 31,	
		2016	2015
		----- (Rupees) -----	
16.1.6	Defined benefit cost for the year		
	<i>Cost recognised in profit and loss for the year</i>		
	Current service cost	1,272,916	1,055,695
	Interest cost on defined benefit obligation	1,315,487	1,202,583
	Interest income on plan assets	(1,064,771)	(832,521)
	Net interest cost	250,716	370,062
	Cost recognised in profit and loss account	1,523,632	1,425,757
	<i>Remeasurements recognised in other comprehensive income during the year</i>		
	Actuarial loss on obligation	367,042	1,379,445
	Actuarial loss on plan assets	730,374	516,834
	Total remeasurements recognised in other comprehensive income	1,097,416	1,896,279
	Total defined benefit cost for the year	2,621,048	3,322,035
16.1.7	Remeasurements recognised in other comprehensive income during the year		
	Re-measurements: Actuarial gain / (loss) on obligation:		
	Loss due to change in financial assumptions	(847,675)	(1,281,321)
	Gain/(loss) due to change in experience adjustments	480,633	(98,124)
		(367,042)	(1,379,445)
	Re-measurements: Net return on plan assets over interest income:		
	Actual return on plan assets	334,397	315,687
	Interest income on plan assets	(1,064,771)	(832,521)
		(730,374)	(516,834)
	Net remeasurements	(1,097,416)	(1,896,279)
16.1.8	Composition of fair value of plan assets		
	Cash and cash equivalents	13,362,464	10,017,819
16.1.9	Maturity profile of the defined benefit obligation	2016	2015
		-----Years-----	
	Weighted average duration of the defined benefit obligation	14.26	14.80
	Distribution of timing of benefit payments (in years)	-----Percent per annum-----	
	1	2.8%	3.3%
	2	0.8%	0.9%
	3	0.8%	0.9%
	4	2.9%	0.9%
	5	0.7%	2.6%
	6-10	13.3%	7.3%
	11-15	49.7%	45.3%
	16-20	18.2%	23.9%
	20+	10.8%	14.9%

TAURUS SECURITIES LIMITED
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	As at December 31,	
	2016 (Unaudited)	2015 (Audited)
	----- (Rupees) -----	
16.2 Provident fund		
Net assets of the fund	6,813,749	5,960,346
Cost of investments	6,256,006	5,410,346
Cost of investment / net assets of the fund	91.81%	90.77%
Fair value of investments	6,256,006	5,410,346

Break-up of investments of provident fund

Cash at Bank	6,256,006	5,410,346
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Investments out of provident fund have been made in accordance with the provisions of the section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

16.2.1 Number of members

The number of members of the fund as at December 31, 2016 are 53 (2015: 58).

17 SHARE CAPITAL

17.1 Authorised share capital

As at December 31			As at December 31	
2016	2015		2016	2015
(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

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

18 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2016		2015	
	Minimum Lease	Present Value	Minimum Lease Payments	Present Value
	----- (Rupees) -----			
Upto one year	395,051	393,591	375,408	346,519
One year to three years	-	-	395,252	393,677
	395,051	393,591	770,660	740,196
Finance charges allocated to future periods	(1,460)	-	(30,464)	-
Present value of minimum lease payments	393,591	393,591	740,196	740,196
Current maturity	-	(393,591)	-	(346,519)
	393,591	-	740,196	393,677

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The Company has entered into lease agreement with NBP Leasing Limited for leased vehicle. Lease rentals are payable in monthly instalments. Financial charges included in lease rentals are determined on the basis of discount factor applied at the rate of six months KIBOR+3.5% per annum. At the end of the lease term, the ownership of the assets shall be transferred to the company on the settlement of the residual value against lease key money amounting to Rs. 301,400 paid to leasing company.

		<u>As at December 31,</u>	
		<u>2016</u>	<u>2015</u>
		----- (Rupees) -----	
19	RESERVES		
	Revenue reserves		
	Accumulated profits	160,045,953	161,651,647
	Unrealised gain on re-measurement of available-for-sale investments	286,224	226,594
		<u>160,332,177</u>	<u>161,878,241</u>
20	TRADE AND OTHER PAYABLES		
	Due to clients against trading of securities	618,665,305	112,746,934
	Due to National Clearing Company of Pakistan Limited	-	15,752,491
	Accrued and other liabilities	13,652,611	7,462,374
	Dividend payable	8,569	20,259,179
	Payable under gratuity scheme	1,097,419	1,896,279
	Due to associated companies / persons against trading of securities	106,924	77,108
		<u>633,530,828</u>	<u>158,194,365</u>

21 SHORT TERM RUNNING FINANCE FACILITY

Running finance facility of Rs. 240 million (2015: Rs. 240 million) has been obtained by the Company from National Bank of Pakistan (Holding Company) which is secured against hypothecation of amounts due from customers. 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 [2015: KIBOR plus 2.5% (based on timely payment rebate ranges from 0.5% to 0.1%) per annum].

22 CONTINGENCIES AND COMMITMENTS

22.1 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. The department however issued an order raising demand of Rs. 18.603 million. An appeal/stay application has already been filed before Commissioner Inland revenue - Appeals [CIR(A)] which are pending. Further, the management has challenged the order on constitutional grounds before the Honorable Sindh High Court alongwith Stockbrokers' Assosiation wherein the Honorable Sindh High Court 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 date.

The Company based on the opinion from its tax advisor is of the opinion that the order passed by the department is issued out of jurisdiction.

22.2 Commitments

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

		<u>As at December 31,</u>	
		<u>2016</u>	<u>2015</u>
		----- (Rupees) -----	
		<u>150,110,505</u>	<u>174,984,770</u>

TAURUS SECURITIES LIMITED
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22.2.2 Ijarah Agreement

The Company has obtained vehicles under Ijarah agreement for a period of four years. Financial charges included in rentals are determined on the basis of discount factor applied at the rate of six months KIBOR+3.25% per annum (2015: KIBOR+3.25% per annum). The total Ijarah payments under ijarah are as follows:

	As at December 31,	
	2016	2015
	----- (Rupees) -----	
Not later than one year	2,097,864	1,741,620
Later than one year and not later than five years	3,036,408	3,380,884
	<u>5,134,272</u>	<u>5,122,504</u>

22.3 Payable under operating lease arrangement of office premises

Not later than one year	2,999,671	2,828,287
Later than one year and not later than five years	4,217,671	7,217,342
	<u>7,217,342</u>	<u>10,045,629</u>

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

23 BROKERAGE AND COMMISSION

Note

	As at December 31,	
	2016	2015
	----- (Rupees) -----	
	<u>98,293,866</u>	<u>97,455,097</u>

23.1 Brokerage and Commission is exclusive of sindh sales tax on services amounting to Rs. 13,195,328.

23.2 Turnover, representing both selling and buying, during the year amounted to Rs. 82,666,063,271; which includes turnover from proprietary trades of Rs. 3,458,597,391, turnover from retail customers of Rs. 44,819,971,423 and turnover from institutional clients of Rs. 34,387,494,457.

Turnover, representing both selling and buying, of marketable securities for and on behalf of National Bank of Pakistan amounted to Rs. 3,411,626,025; 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. 2,331,646,376; and for and on behalf of chairman / directors and chief executive officer amounted to Rs. 73,118,694.

24 OTHER INCOME

Note

	As at December 31,	
	2016	2015
	----- (Rupees) -----	
<i>Income from financial asset</i>		
Mark-up income on bank PLS deposits	2,438,608	3,767,670
Income on margin trading system	94,897	636,858
Profit on term deposit receipt	-	161,096
Unrealized gain on investments classified as fair value through profit and loss	-	330,686
Capital gain on sale of securities	11,551,233	15,573,116
Capital gain on sale of units of mutual funds	21,035	1,443,690
Profit on cash margin with Pakistan Stock Exchange Limited / National Clearing Company of Pakistan Limited	1,004,656	1,432,776
Dividend income	601,107	1,482,732
Bad debts recovered	-	1,624
<i>Income from other than financial asset</i>		
Gain on disposal of property and equipment	44,010	25,809
Reversal of Workers' Welfare Fund	-	386,666
Miscellaneous income	145,168	30,595
	<u>15,900,714</u>	<u>25,273,318</u>

24.1 The Company is not an industrial establishment as defined under 'Sindh Worker's Welfare Fund Act, 2014'.

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		As at December 31,	
		2016	2015
		----- (Rupees) -----	
27	FINANCE COST	<i>Note</i>	
	Mark-up on short term running finance	1,124,204	313,950
	Finance lease charges	28,355	72,587
	Bank charges	621,886	544,912
	Guarantee commission charges	-	75,000
		<u>1,774,445</u>	<u>1,006,449</u>
28	TAXATION		
	Current	2,882,789	4,385,027
	Deferred	151,867	509,854
		<u>3,034,656</u>	<u>4,894,881</u>
28.1	Relationship between income tax expense and accounting profit		
	Profit before taxation	<u>2,151,179</u>	<u>23,848,788</u>
	Tax at applicable tax rate of 31% (2015: 32%)	666,865	7,631,612
	Tax effect of lower tax rate on capital gain / dividend	(2,018,035)	(3,238,206)
	Effect of change in rate of tax	-	273,420
	Others	4,385,826	228,055
		<u>3,034,656</u>	<u>4,894,881</u>
28.2	Status of tax assessments		

The income tax assessments upto assessment year 2002 - 2007 corresponding to the accounting year June 30, 2007 have been finalized.

The return for the tax years 2007 - 2015 were filed under section 120 of the Income Tax Ordinance, 2001 according to which the return filed is deemed assessment order.

		As at December 31,	
		2016	2015
		----- (Rupees) -----	
29	(LOSS)/EARNINGS PER SHARE - BASIC AND DILUTED		
	(Loss)/profit for the year	<u>(883,477)</u>	<u>18,953,907</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)/profit per share - Basic	<u>(0.07)</u>	<u>1.40</u>

There being no potentially diluted shares outstanding as at the year ended December 31, 2016 and December 31, 2015, therefore, there is no dilutive effect on the earning per share of the company.

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30 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	Chief executive officer		Chairman / Directors		Executives		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	(Rupees)							
Managerial remuneration	6,600,000	5,723,800	-	675,000	25,904,256	20,589,001	32,504,256	26,987,801
Bonus*	-	1,400,000	-	-	100,000	3,081,820	100,000	4,481,820
Other benefits	-	-	1,055,000	552,000	2,933,575	2,080,729	3,988,575	2,632,729
Retirement benefits	733,333	658,008	-	-	2,890,788	2,346,404	3,624,121	3,004,412
Commission	-	-	-	-	1,586,773	-	1,586,773	-
	<u>7,333,333</u>	<u>7,781,808</u>	<u>1,055,000</u>	<u>1,227,000</u>	<u>33,415,392</u>	<u>28,097,954</u>	<u>41,803,725</u>	<u>37,106,762</u>
Number of persons	1	1	6	6	15	14	22	21

* This represents bonus for 2015, paid to CEO and other executives.

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

31 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 the standard 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:

	2016	2015
31.1 Holding Company	(Rupees)	
National Bank of Pakistan (NBP)		
<i>Transactions during the year</i>		
Brokerage earned	3,954,891	2,104,212
Running finance obtained	3,089,476,421	536,000,000
Running finance repaid	2,849,476,422	536,000,000
Financial charges on running finance	1,124,204	313,950
<i>Balances</i>		
Trade debts	871,336	312,511
Short term running finance	239,983,644	-
Bank balances	756,075	1,842,438

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	2016	2015
	----- (Rupees) -----	
31.2 Associated Companies		
The Bank of Khyber, First Credit Investment Bank Limited and First National Bank Modaraba, NAFA Funds		
<i>Transactions during the year</i>		
Brokerage earned	<u>2,159,531</u>	<u>2,291,784</u>
<i>Balances</i>		
Trade debts	<u>1,248,435</u>	<u>2,755,491</u>
Trade payable	<u>34,325</u>	<u>77,108</u>
31.3 Chairman / Directors and Chief Executive		
<i>Transactions during the year</i>		
Brokerage earned	<u>195,876</u>	<u>260,210</u>
Disposal of fixed assets at net book value	<u>610,907</u>	<u>-</u>
<i>Balances</i>		
Trade debts	<u>246,342</u>	<u>-</u>
Trade payable	<u>72,599</u>	<u>1,553</u>

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.

The Company's risk management policies are established to identify and analyse 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.

TAURUS SECURITIES LIMITED
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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. The risk is generally limited to principal amounts and accrued interest thereon, if any. The Company's policy is to enter into financial contracts in accordance with the risk management framework. Out of total assets of Rs. 1,169 million (2015: Rs. 456 million) the financial assets which are subject to credit risk amounted to Rs. 964 million (2015: Rs. 245 million). The carrying amount of these financial assets represents the maximum credit exposure at the reporting date.

	Note	2016 (Rupees)	2015
Long term deposits		2,888,756	2,666,808
Trade debts	32.2.1	417,958,711	61,578,536
Loans and advances		2,394,407	1,058,081
Deposits		181,773,170	25,795,656
Other receivables		531,305	115,633
Accrued interest income		712,562	6,656,451
Cash and bank balances	32.2.2	357,100,394	147,223,945
		<u>963,359,305</u>	<u>245,095,110</u>

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

	2016					
	Carrying amount		Provision held	Total	Amount un-secured	Amount secured
Amount outstanding	Impaired	(Rupees)				
Not yet due*	373,746,029	-	-	373,746,029	58,857,451	314,888,578
Upto 3 months	40,803,097	-	-	40,803,097	16,778,206	24,024,891
3 to 6 months	1,564,191	-	-	1,564,191	1,311,027	253,164
More than 6 months	5,123,601	3,278,207	(3,278,207)	1,845,394	4,176,401	947,200
	<u>421,236,918</u>	<u>3,278,207</u>	<u>(3,278,207)</u>	<u>417,958,711</u>	<u>81,123,085</u>	<u>340,113,833</u>

* This includes an amount of Rs. 314,888,578 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.

	2015					
	Carrying amount		Provision held	Total	Amount un-secured	Amount secured
Amount outstanding	Impaired	(Rupees)				
Not yet due	22,407,490	-	-	22,407,490	99,578	22,307,912
Upto 3 months	35,475,115	-	-	35,475,115	3,538,184	31,936,931
3 to 6 months	2,360,134	-	-	2,360,134	1,585,835	774,299
More than 6 months	4,614,004	3,278,207	(3,278,207)	1,335,797	410,847	924,950
	<u>64,856,743</u>	<u>3,278,207</u>	<u>(3,278,207)</u>	<u>61,578,536</u>	<u>5,634,444</u>	<u>55,944,092</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		2016	2015
				(Rupees)	
MCB Bank Limited	A1+	AAA	PACRA	338,298,113	133,083,493
JS Bank Limited	A1+	A+	PACRA	115,720	115,720
Bank Alfalah Limited	A1+	AA	PACRA	703,039	2,932,534
Bank of Khyber Limited	A1	A	PACRA	11,447,252	1,092,121
Habib Bank Limited	A-1+	AAA	JCR-VIS	958,865	767,005
Habib Metropolitan Limited	A-1+	AAA	JCR-VIS	2,043,118	6,082,247
United Bank Limited	A-1+	AA+	PACRA	2,006,326	1,201,139
NIB Bank Limited	A1+	AA-	PACRA	771,886	107,248
National Bank of Pakistan	A1+	AAA	PACRA	756,075	1,842,438
Total				<u>357,100,394</u>	<u>147,223,945</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:

	2016					
	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)
Trade and other payables	633,565,828	633,565,828		633,565,828		-
Short term running finance	239,983,644	239,983,644		239,983,644		-
Liabilities against assets subject to finance lease	393,591	393,591	30,460	363,131		-
	<u>873,943,063</u>	<u>873,943,063</u>	<u>873,579,932</u>	<u>363,131</u>		<u>-</u>
						(Rupees)
						2015
						(Rupees)
Trade and other payables	158,194,365	158,194,365				-
Short term running finance	740,196	740,196	27,750	55,805		263,164
Liabilities against assets subject to finance lease	158,934,561	158,934,561	158,222,115	55,805	263,164	393,477
	<u>158,934,561</u>	<u>158,934,561</u>	<u>158,222,115</u>	<u>55,805</u>	<u>263,164</u>	<u>393,477</u>

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 optimising 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:

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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.

The Company's investments in quoted equity securities amount to Rs. 148.57 million (2015: Rs 167.55 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.

	2016	2015
	----- (Rupees) -----	
Effect on profit or loss (impairment loss)	-	-
Effect on other comprehensive income	<u>34,023</u>	<u>28,060</u>
Effect on investments	<u>34,023</u>	<u>28,060</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. Since investment in Pakistan Stock Exchange Limited (PSEL) is not listed on any stock exchange, a quoted market price is not available and the fair value of such investment can not be determined with reasonable accuracy. 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 investment in PSEL and financial assets and financial liabilities not measured at fair value. These financial assets and financial liabilities, except investment in PSEL, are short term and their fair value approximates their carrying value.

TAURUS SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

On balance sheet financial instruments

31 December 2016						
Available for Sale	Carrying Amount			Fair value		
	Held for Trading	Held to Maturity	Loans and Receivables	Other financial liabilities	Total	Total
340,226	-	-	-	-	340,226	340,226
-	148,236,590	-	-	-	148,236,590	148,236,590
-	549,275	-	-	-	549,275	549,275
340,226	148,785,865	-	-	-	149,126,091	149,126,091

Financial assets measured at fair value

(Rupees)						
Investments						
Available for sale of listed securities	-	-	-	-	340,226	340,226
Securities held for trading	148,236,590	-	-	-	148,236,590	148,236,590
Unrealized gain on futures	549,275	-	-	-	549,275	549,275
340,226	148,785,865	-	-	-	149,126,091	149,126,091

Financial assets not measured at fair value **

Long term loans	-	-	-	-	-	-
Long term deposits	-	-	2,888,756	-	2,888,756	2,888,756
Loan and advances	-	-	2,394,407	-	2,394,407	2,394,407
Trade debts	-	-	417,958,711	-	417,958,711	417,958,711
Deposits	-	-	181,773,170	-	181,773,170	181,773,170
Other receivable	-	-	1,243,867	-	1,243,867	1,243,867
Accrued interest income	-	-	1,243,867	-	1,243,867	1,243,867
Cash and bank balances	-	-	357,100,394	-	357,100,394	357,100,394
-	-	-	964,603,172	-	964,603,172	964,603,172

Financial liabilities not measured at fair value **

Trade and other payables	-	-	-	(633,565,828)	(633,565,828)	(633,565,828)
Short term running finance	-	-	-	(239,983,644)	(239,983,644)	(239,983,644)
Liabilities against assets subject to finance lease	-	-	-	-	-	-
Current portion of liabilities against assets subject to finance lease	-	-	-	(393,591)	(393,591)	(393,591)
-	-	-	-	(873,943,063)	(873,943,063)	(873,943,063)
340,226	148,785,865	-	964,603,172	(873,943,063)	239,786,200	239,786,200

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

TAURUS SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

On balance sheet financial instruments

	31 December 2015									
	Available for Sale	Held for Trading	Held to Maturity	Loans and Receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Investments										
Available for sale of listed securities	280,596	-	-	-	-	280,596	280,596	-	-	280,596
Securities held for trading	-	167,271,130	-	-	-	167,271,130	167,271,130	-	-	167,271,130
Unrealized gain on futures	-	6,492,350	-	-	-	6,492,350	6,492,350	-	-	6,492,350
	280,596	173,763,480	-	-	-	174,044,076	174,044,076	-	-	174,044,076

Financial assets measured at fair value

	Carrying Amount	Fair value
Long term deposits	2,666,808	2,666,808
Loan and advances	1,058,081	1,058,081
Trade debts	61,578,536	61,578,536
Deposits	25,795,656	25,795,656
Other receivable	6,772,084	6,772,084
Accrued interest income	6,772,084	6,772,084
Cash and bank balances	147,223,945	147,223,945
	251,867,194	251,867,194

Financial liabilities not measured at fair value **

Trade and other payables	-	(158,194,365)	(158,194,365)
Liabilities against assets subject to finance lease	-	(393,677)	(393,677)
Current portion of liabilities against assets subject to finance lease	-	(346,519)	(346,519)
	-	(158,934,561)	(158,934,561)
	280,596	173,763,480	251,867,194
	-	(158,934,561)	266,976,709

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

TAURUS SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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 shareholder's value, for tapping potential investment opportunities and to reduce cost of capital.

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 minimise 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.

The Company enters into security transactions on behalf of its customer involving future settlement. The Company has entered into transactions that gives rise to future settlement, the unsettled amount as on December 31, 2016 in respect of sellings and buyings under these future transactions amounts to Rs. 17,165,545 and Rs. 17,141,515, respectively.

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 NUMBER OF EMPLOYEES

The details of number of employees are as follows:

	<u>As at December 31,</u>	
	<u>2016</u>	<u>2015</u>
- Average number of employees during the year	<u>65</u>	<u>65</u>
- Number of employees at year end	<u>67</u>	<u>65</u>

37 RECLASSIFICATIONS

Prior period balance sheet and statement of cash flows have been reclassified to conform to current period presentation. Effect of reclassification for balances stated as at 31 December, 2015 is limited only to the financial statements line items as presented in following table:

TAURUS SECURITIES LIMITED
ANNEXURE I
FOR THE YEAR ENDED DECEMBER 31, 2016

Symbol	Security Name	Number of shares
Followings shares held by company in its sub-account No. 21 under CDS which is blocked by the Central Depository Company of Pakistan Limited.		
AGIC	Askari General Insurance Company Limited	292
AKZO	Akzo Nobel Pakistan Limited	14
ATLH	Atlas Honda Limited	601
BCL	Bolan Castings Limited	174
CFL	Crescent Fibres Limited	3,360
DCH	Descon Chemicals Limited	1,000
DNCC	Dandot Cement Company Limited	1,000
DSFL	Dewan Salman Fibre Limited	2,027
DWSM	Dewan Sugar Mills Limited	100
GNGI	English Leasing Limited- Freeze	500
FABL	Faysal Bank Limited	13,018
FANM	First Alnoor Modaraba	500
FASL	Faisal Spinning Mills Limited	500
FECM	First Elite Capital Mobaraba	10,500
FECs	Fecto Sugar Mills Limited Revoked wef December 26, 2014	293
FRSM	Faran Sugar Mills Limited	78
FTSM	First Tri Star Modaraba	100
HAJT	Hajra Textile Mills Limited- Freeze	500
HCAR	Honda Atlas Cars (Pakistan) Limited	127
HUBC	The Hub Power Company Limited	200
HUSI	Hussein Industries Limited-Freeze	130
ICI	Ici Pakistan Limited	27
IDRT	Idrees Textile Limited	200
JSBL	Js Bank Limited	2,792
KTML	Kohinoor Textile Mills Limited	3,346
LOTCHEM	Lotte Chemical Pakistan Limited	42
LUCK	Lucky Cement Limited	150
MCB	Mcb Bank Limited	81
MLCF	Maple Leaf Cement Factory Limited	2,801
MSCL	Metropolitan Steel Corporation Limited- Freeze	2,500
NBP	National Bank Of Pakistan	71
NCL	Nishat(Chunian) Limited	50
NICL	Nimir Industrial Chemicals Limited	2,000
NML	Nishat Mills Limited	834
OGDC	Oil And Gas Development Company Limited	8
OTSU	Otsuka Pakistan Limited	440
PAKMI	First Pak Mobaraba	51
PIF	Picic Investment Fund	1,189
TPL	Pakistan Petroleum Limited	1,436
PSO	Pakistan State Oil Company Limited	55
PTC	Pakistan Telecommunication Company Limited	900
SCBPL	Standard Chartered Bank (Pakistan) Limited	37
SCM	Standard Chartered Modaraba	679
SNBL	Soneri Bank Limited	2,988
SNGP	Sui Northern Gas Pipelines Limited	350
SSGC	Sui Southern Gas Company Limited	117
SSML	Saritow Spinning Mills Limited	5,491
TRIBL	Trust Investment Bank Limited	537
TSMF	Tri Star Mutual Fund Limited	500
ZELP	Zeal Pak Cement Factory Limited- Freeze	148
		64,834

Followings shares held by company in its sub-account No. 39 under CDS which is blocked by the Central Depository Company of Pakistan Limited.

BSML	Bawany Sugar Mills Limited	500
IDSML	Ideal Spinning Mills Limited	1,000
IIBL	Innovative Investment Bank Limited	15
NBP	National Bank Of Pakistan	11,404
SNGP	Sui Northern Gas Pipelines Limited	73
		12,992