



**Grant Thornton**

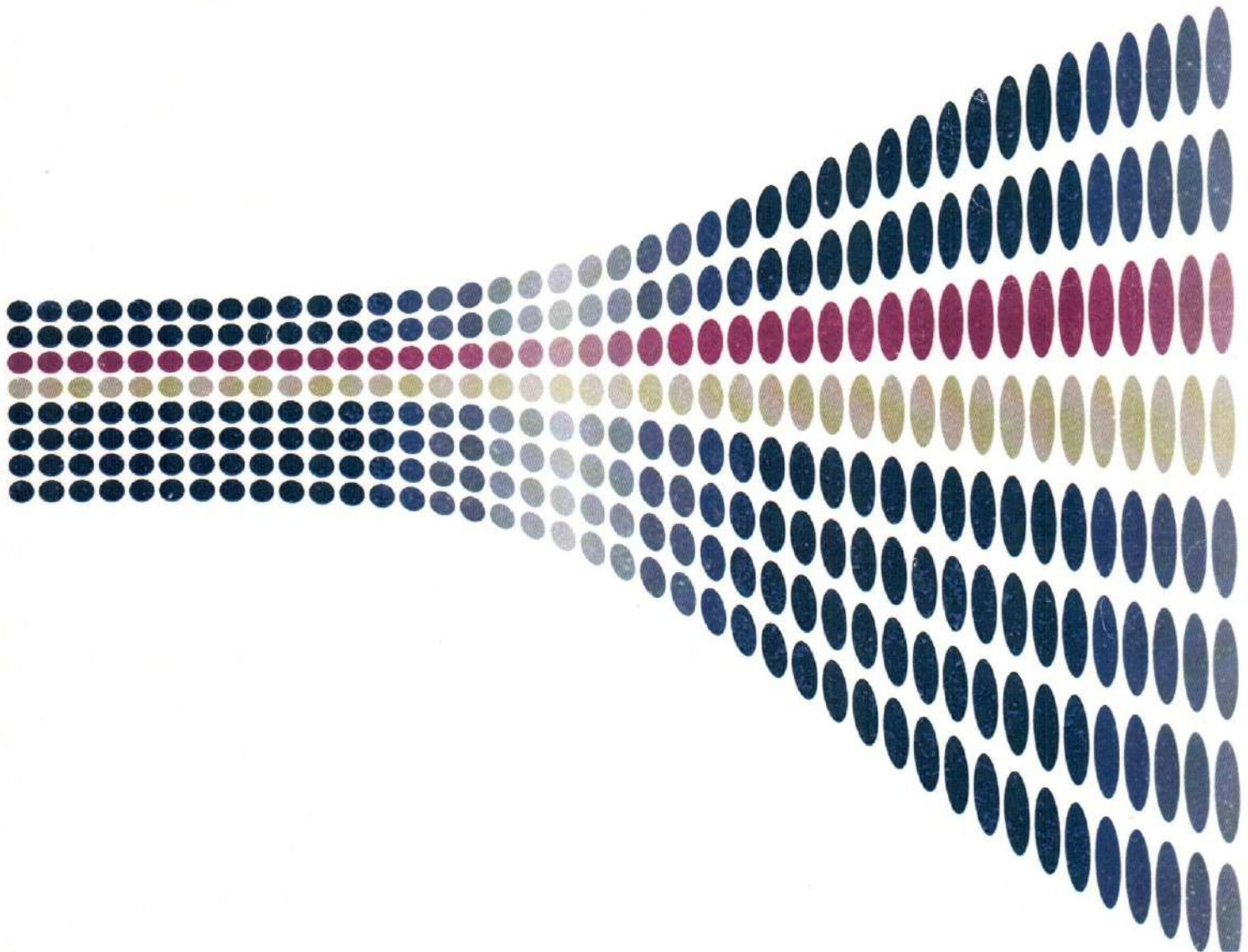
An instinct for growth™

**Grant Thornton Anjum Rahman**

Chartered Accountants

**Taurus Securities Limited**

*For the year ended December 31, 2020*



**Taurus Securities Limited**  
*Independent auditors' report*



# Grant Thornton

An instinct for growth™

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

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the annexed financial statements of **Taurus Securities Limited** (the Company), which comprise the statement of financial position as at December 31, 2020 and the statement of profit or loss, the statement of 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 the statement of 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, 2020 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

#### Basis for Opinion

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

#### 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

### **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 complied 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, the statement of 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 22, 2021

**Taurus Securities Limited**  
*Financial statements*  
*for the year ended December 31, 2020*

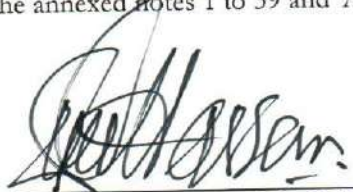
**TAURUS SECURITIES LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2020**

		2020	2019
	Note	(Rupees)	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	5	18,247,122	17,829,401
Intangible assets	6	246,537	328,744
Long term deposits	7	4,666,556	3,051,156
Taxation - net	8	48,791,187	33,939,583
		<u>71,951,402</u>	<u>55,148,884</u>
<b>Current assets</b>			
Trade debts	9	40,742,559	50,861,761
Advances, deposits and prepayments	10	134,001,156	145,565,860
Other receivables	11	2,093,124	5,542,921
Investments	12	181,410,370	177,481,996
Taxation - net	8	-	20,451,630
Cash and bank balances	13	313,227,314	163,635,128
		<u>671,474,523</u>	<u>563,539,296</u>
		<u>743,425,925</u>	<u>618,688,180</u>
<b>Total assets</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised share capital	14.1	400,000,000	400,000,000
Issued, subscribed and paid-up share capital	14.2	135,023,060	135,023,060
<b>Revenue reserves</b>			
Unappropriated profits	15	154,516,601	146,114,630
Surplus on revaluation of investment at fair value through other comprehensive income	15	19,739,673	15,704,147
		<u>174,256,274</u>	<u>161,818,777</u>
		309,279,334	296,841,837
<b>Total equity</b>			
<b>Non-current liabilities</b>			
Lease liabilities	16	6,654,185	6,629,508
<b>Current liabilities</b>			
Trade and other payables	17	347,142,312	180,873,449
Lease liabilities	16	5,350,094	4,343,386
Short term running finance	18	75,000,000	130,000,000
		<u>427,492,406</u>	<u>315,216,835</u>
		434,146,591	321,846,343
<b>Total liabilities</b>			
<b>Total equity and liabilities</b>			
		<u>743,425,925</u>	<u>618,688,180</u>

**Contingencies and commitments**

19

The annexed notes 1 to 39 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**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Note	2020 ----- (Rupees) -----	2019 -----
<b>INCOME</b>			
- from brokerage and commission	20	118,489,329	75,886,134
- from margin trading system		-	14,333
- from capital gain on sale of securities		13,334,293	8,855,103
- from dividend income		-	6,279,020
		<u>131,823,622</u>	<u>91,034,590</u>
Surplus on revaluation of investments classified as fair value through profit or loss	12.4.1	(22,295)	668,353
Administrative expenses	21	(125,548,642)	(103,269,062)
<b>Operating profit/ (loss)</b>		<u>6,252,685</u>	<u>(11,566,119)</u>
Other income	22	11,643,471	13,858,071
Finance cost	23	(3,694,743)	(3,294,128)
<b>PROFIT / (LOSS) BEFORE TAXATION</b>		<u>14,201,413</u>	<u>(1,002,176)</u>
Taxation	24	(4,044,017)	1,598,553
<b>PROFIT FOR THE YEAR</b>		<u><u>10,157,396</u></u>	<u><u>596,377</u></u>
<b>Earnings per share - basic</b>	25	<u><u>0.75</u></u>	<u><u>0.04</u></u>

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



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER



DIRECTOR

**TAURUS SECURITIES LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	2020	2019
Note	(Rupees)	
Profit for the year	10,157,396	596,377
Other comprehensive loss for the year - net of tax		
<i>Items that will never be reclassified to the statement of profit or loss</i>		
Remeasurements of investment classified as 'fair value through OCI'	12.1.3 4,035,526	(1,802,294)
Remeasurements of defined benefit liability	11.1.1.6 (2,472,431)	(2,820,011)
Related current tax charge	717,005	817,803
	(1,755,426)	(2,002,208)
<b>Total comprehensive income / (loss) for the year</b>	<b>12,437,496</b>	<b>(3,208,125)</b>

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

  
 CHIEF FINANCIAL OFFICER

  
 CHIEF EXECUTIVE OFFICER

  
 DIRECTOR

**TAURUS SECURITIES LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Revenue reserves			Total equity
	Share capital	Accumulated profits	Unrealised gain / (loss) on re-measurement of investment at fair value through OCI	
----- (Rupees) -----				
Balance as at January 01, 2019	135,023,060	157,453,154	17,506,441	309,982,655
Adjustment from the adoption of IFRS 9	-	(6,087,371)	-	(6,087,371)
Adjustment from the adoption of IFRS 16	-	(3,845,321)	-	(3,845,321)
Balance as at January 01, 2019	135,023,060	147,520,462	17,506,441	300,049,963
<i>Total comprehensive loss for the year</i>				
Loss for the year ended December 31, 2019	-	596,377	-	596,377
Other comprehensive (loss)/income	-	(2,002,208)	(1,802,294)	(3,804,502)
	-	(1,405,831)	(1,802,294)	(3,208,125)
Balance as at December 31, 2019	135,023,060	146,114,631	15,704,147	296,841,838
<b>Balance as at January 01, 2020</b>	135,023,060	146,114,631	15,704,147	296,841,838
<i>Total comprehensive loss for the year</i>				
Profit for the year ended December 31, 2020	-	10,157,396	-	10,157,396
Other comprehensive (loss)/income	-	(1,755,426)	4,035,526	2,280,100
	-	8,401,970	4,035,526	12,437,496
Balance as at December 31, 2020	135,023,060	154,516,601	19,739,673	309,279,334

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



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER



DIRECTOR

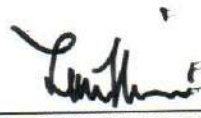
**TAURUS SECURITIES LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Note	2020 ----- (Rupees) -----	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit / (Loss) before taxation		14,201,413	(1,002,176)
Adjustments for:			
Depreciation on property and equipment	5	7,406,785	7,595,349
Amortisation on intangible assets	6	208,789	249,528
(Gain) on disposal of property and equipment	22	-	(25,554)
Ijarah charges	21	1,480,858	2,374,853
Finance cost	23	3,694,743	3,294,128
Mark-up income on bank deposits and cash margin	22	(10,642,581)	(13,284,155)
Mark-up income under margin trading system		-	(14,333)
Defined benefit cost	11.1.1.5	988,404	564,128
Capital gain on sale of securities and units of mutual funds		(13,334,293)	(8,855,103)
Surplus on revaluation of investments classified as FVPL	12.4.1	22,295	(668,353)
		<u>(10,175,000)</u>	<u>(8,769,512)</u>
<b>Net cash generated from / (used in) operating activities before working capital changes</b>		<b>4,026,413</b>	<b>(9,771,688)</b>
Decrease / (Increase) in working capital assets:			
Trade debts		10,119,202	212,300,192
Advances, deposits and prepayments		(2,311,193)	1,008,855
Other receivables		2,235,606	2,937,927
Deposit collected / (paid) from National Clearing Company of Pakistan Limited (NCCPL) - net		13,872,897	(52,538,619)
		<u>23,916,512</u>	<u>163,708,355</u>
		<u>27,942,925</u>	<u>153,936,667</u>
Increase / (Decrease) in working capital liabilities:			
Trade and other payables		166,804,405	(21,329,531)
<b>Net cash flows generated from operations</b>		<b>194,747,330</b>	<b>132,607,136</b>
Income tax paid	8	(8,031,602)	(7,500,982)
Income tax refund	8	10,304,616	-
Contribution paid to gratuity fund	11.1.1.6	(3,460,836)	(3,384,141)
Financial cost paid		(4,230,284)	(4,162,656)
		<u>(5,418,106)</u>	<u>(15,047,779)</u>
<b>Net cash generated from operating activities</b>		<b>189,329,224</b>	<b>117,559,357</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment sold - net of purchases		13,194,421	9,476,059
Mark-up income on balances received		12,081,502	11,832,567
Capital expenditures	5 & 6	(2,626,135)	(5,075,582)
Proceeds from disposal of property and equipment	5.1	-	1,414,867
<b>Net cash generated from investing activities</b>		<b>22,649,788</b>	<b>17,647,911</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Ijarah rentals paid		(3,093,258)	(989,853)
Lease rentals paid		(4,293,568)	(5,228,225)
<b>Net cash used in financing activities</b>		<b>(7,386,826)</b>	<b>(6,218,078)</b>
<b>Net increase in cash and cash equivalents</b>		<b>204,592,186</b>	<b>128,989,190</b>
Cash and cash equivalents at beginning of the year		33,635,128	(95,354,062)
<b>Cash and cash equivalents at end of the year</b>		<b>238,227,314</b>	<b>33,635,128</b>
Cash and cash equivalents comprise			
Cash and bank balances	13	313,227,314	163,635,128
Short term running finance	18	(75,000,000)	(130,000,000)
		<u>238,227,314</u>	<u>33,635,128</u>

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



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER



DIRECTOR

**TAURUS SECURITIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**1.1 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. It is a subsidiary of National Bank of Pakistan (the Holding Company), which holds 58.32% (2019: 58.32%) of the shareholding of the Company. The Company's principal activities are stock brokerage, investment counseling and fund placements. The Company holds a Trading Rights Entitlement Certificate (TREC) from Pakistan Stock Exchange Limited (PSEL).

- 1.2 The license of the Company to operate as a securities broker expired on December 31, 2020. The company has applied via application reference no. ACC/141/20 dated October 14, 2020 for its renewal in the manner so required under the Securities Act, 2015 and Future Market Act, 2016. However, the renewal of the license was in progress on the reporting date.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan 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.

**2.2 Basis of measurement**

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

**2.2.1 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.

<b>Standard or Interpretation</b>	<b>Effective Date (Annual periods beginning on or after)</b>
IFRS 3 - Definition of a Business - (Amendments)	January 1, 2020
IAS 1 and IAS 8 - Definition of Material - (Amendments)	January 1, 2020
IFRS 9, IAS 39 and IFRS 7 Investment rate benchmark Reform (Amendments)	January 1, 2020
IFRS 16 - COVID-19 Rent Related Concessions (Amendment)	June 1, 2020
Annual improvements to accounting standards (2015-2017 cycle)	January 1, 2020
Adoption of the above standards have no effect on the amounts for the year ended December 31, 2020.	

**TAURUS SECURITIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**- 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, 2019 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 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform - Phase 2 (Amendments)	January 1, 2021
IFRS 17 - Insurance Contracts	January 1, 2022
IFRS 3 - Reference to the Conceptual Framework (Amendments)	January 1, 2022
IAS 16 - Proceeds before Intended Use (Amendments)	January 1, 2022
IAS 37 - Onerous Contracts – Costs of Fulfilling a Contract (Amendments)	January 1, 2022
IFRS 1, IFRS 9, IFRS 16 and IAS 41 - Annual Improvements to accounting standards (2018-2020 cycle)	January 1, 2022
IAS 1 - Classification of Liabilities as Current or Non-current (Amendments)	January 1, 2023

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 9 - ECL model on the financial assets due from Government	July 1, 2021
IFRS 17 - Insurance Contracts	January 1, 2022

**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 & note 3.7), employee benefit scheme (note 3.15), provision for doubtful debts (note 3.6) and taxation (note 3.5) considered by the management critical because of their complexity, judgement and estimation involved in their application and their impact on the financial statements.

**TAURUS SECURITIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

---

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.

### **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, unless otherwise stated.

#### **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 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 reporting date.

Maintenance and normal repairs are charged to the statement of profit or loss. 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 the statement of profit or loss.

##### **Right-of-use assets**

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 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 the statement of profit or loss 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 reporting 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 the statement of profit or loss on straight line basis over the ijarah term.

### **3.4 Capital work-in-progress**

Capital work-in-progress are stated at cost less impairment, if any. These are transferred to specific assets as and when assets are available for use.

### **3.5 Taxation**

Current and deferred tax is charged/(reversed) to the the statement of profit or loss, 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 Statement of financial position 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 reporting 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.

### **3.6 Trade debts**

Trade debts are classified at amortized cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss (ECL).

These 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.

### **3.7 Impairment**

#### ***Impairment of non-financial assets***

The Company assesses at each reporting 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 the statement of profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.



**TAURUS SECURITIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

---

**3.8 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 the statement of profit or loss.

**3.9 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 Statement of financial position 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 Statement of financial position 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.

**3.10 Cash and cash equivalents**

Cash in hand and at banks is carried at cost. For the purposes of the statement of cash flows, 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.

**3.11 Revenue recognition**

The Company is in the business of rendering of brokerage services. Revenue from contracts with customers is recognised when services are rendered to the customer and thereby the performance obligation is satisfied, at amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

- To determine whether to recognise revenue, the Company follows a 5-step process
- Identifying the contract with a customer
- Identifying the performance obligations
- Determining the transaction price
- Allocating the transaction price to the performance obligations
- Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either at a point in time or over time, when and as the Comapny satisfies performance obligations.

- Brokerage fee is recognised on settlement date.
- Capital gains and losses on sale of investments are recorded on the date of sale.
- Dividend income is recognised when the right to receive the dividend is established.
- Mark-up / interest from margin trading, reverse repurchase transactions and term deposit receipts is recognized over time.

**TAURUS SECURITIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

---

**3.12 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.

**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 fund*

The liability / asset recognized in the statement of financial position is the present value of defined benefit obligation at the reporting 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 the statement of profit or loss.

*Provident fund*

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

**3.16 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.

**TAURUS SECURITIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

---

**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 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 the statement of profit or loss currently.

**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 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.

**3.20 Offsetting**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position 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

**3.21 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.

**3.22 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 financial assets carried at fair value through OCI and cash flow hedges – comprises gains and losses relating to these types of financial instruments.

**3.23 Dividend and appropriation to reserves**

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

**TAURUS SECURITIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

---

**3.24 Financial Instruments - Initial recognition and subsequent measurement**

**3.24.1 Initial recognition**

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value, amortized cost as the case may be.

**3.24.2 Classification of financial assets**

The Company classifies its financial instruments in the following categories:

- at fair value through profit or loss ("FVPL")
- at fair value through other comprehensive income ("FVOCI"), or
- at amortized cost.

The Company determines the classifications of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVOCI:

- the financial asset is held within a business model whose objective achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVPL.

**3.24.3 Classification of financial liabilities**

From January 01, 2019, the Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss ("FVPL"), or
- at amortized cost

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL (such as instrument held for trading or derivatives) or the Company has opted to measure them at

**3.24.4 Subsequent measurement**

**i) Financial assets at FVOCI**

Elected investments in equity instruments at FVOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognized in other comprehensive income/(loss).

**ii) Financial assets and liabilities at amortized cost**

Financial assets and liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost, and in the case of financial assets, less any impairment.

Financial assets and liabilities carried at FVPL are initially recorded at fair value and transaction costs are

**TAURUS SECURITIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

---

expensed in the statement of profit or loss. Realised and unrealised gains and losses arising from changes in the fair value of financial assets and liabilities held at FVPL are included in the statement of profit or loss in the period in which they arise.

Where the management has opted to recognise a financial liability at FVPL, any changes associated with the Company's own credit risk will be recognised in other comprehensive income/(loss). Currently, there are no financial liabilities designated at FVPL.

### **3.24.5 Impairment of financial assets**

From January 01, 2019, the Company assesses on a forward looking basis, the expected credit losses associated with the debt instruments carried at amortized cost and FVOCI at an amount equal to life time ECLs except for the financial assets in which there is no significant increase in credit risk since initial recognition or financial assets which are determine to have low credit risk at the reporting date, in which case twelve months' ECL is recorded. The following were either determine to have low or there was no credit risk since initial recognition and at the reporting date:

- bank balances;
- long term deposits;
- trade deposits; and
- other receivables.

Loss allowance for trade receivables are always measured at an amount equal to life time ECLs.

Life time ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. Twelve months ECLs are portion of ECL that result from default events that are possible within twelve months after the reporting date.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured at the present value of all cash short falls (i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the company expects to receive).

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering a financial asset in entirety or a portion thereof.

### **3.24.6 Derecognition**

#### **i) Financial assets**

The Company derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfer the financial assets and substantially all the associated risks and reward of ownership to another entity. On derecognition of financial assets measured at amortized cost, the difference between the assets carrying value and the sum of the consideration received and receivable recognised in statement of profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve reclassified to statement of profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to statement of profit or loss, but is transferred to statement of changes in equity.

#### **ii) Financial liabilities**

The Company derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in statement of profit or loss.

**TAURUS SECURITIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

---

**3.24.7 Off-setting of financial assets and liabilities**

Financial assets and liabilities are off set and the net amount is reported in the statement of financial position if the Company has a legal right to set-off the transactions and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

**3.25 Leases**

**3.25.1 Right-of-use assets**

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight- line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

**3.25.2 Lease liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The company has obtained ijarah financing of vehicles as a lessee under IFAS-2, therefore Company has not adopted IFRS-16 on such financing.

**3.26 Presentation and functional currency**

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

**3.27 General**

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

**4 IMPACT OF COVID-19**

The World Health Organization has declared COVID-19 (the virus) a global pandemic. With the growing number of cases in Pakistan, the Government of Pakistan has provided directions to take measures to respond to the virus.

While the virus has impacted the global economy, the Company's operations and financial results have not been materially impacted.

TAURUS SECURITIES LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

5 PROPERTY AND EQUIPMENT -  
OPERATING FIXED ASSETS

	2020							
	OWNED			ROUA				
	Vehicles	*Building	Furniture and Fixtures	Office Equipment	Computer equipment	Subtotal	Building	Total
Cost								
As at January 01, 2020	11,056,581	1,591,000	6,084,818	7,617,721	12,655,886	39,006,006	12,355,798	51,361,804
Additions	641,044	-	550,113	467,561	840,835	2,499,553	5,324,953	7,824,506
Disposals	(546,400)	-	-	-	-	(546,400)	-	(546,400)
As at December 31, 2020	11,151,225	1,591,000	6,634,931	8,085,282	13,496,721	40,959,159	17,680,751	58,639,910
Accumulated depreciation								
As at January 01, 2020	(4,899,319)	(795,936)	(4,954,953)	(6,837,683)	(12,312,349)	(29,800,240)	(3,732,163)	(33,532,403)
Depreciation for the year	(2,337,682)	(79,768)	(203,173)	(417,264)	(325,542)	(3,363,429)	(4,043,356)	(7,406,785)
Disposals	546,400	-	-	-	-	546,400	-	546,400
As at December 31, 2020	(6,690,601)	(875,704)	(5,158,126)	(7,254,947)	(12,637,891)	(32,617,269)	(7,775,519)	(40,392,788)
Net Book Value	4,460,624	715,296	1,476,805	830,335	858,830	8,341,890	9,905,232	18,247,122
Rate of depreciation (%)	20	5	10	20	33		33	

\* 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**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	2019						Total
	OWNED			ROUA			
	Vehicles	*Building	Furniture and fixtures	Office equipment	Computer equipment	Building	
Cost							
As at January 1, 2019	9,454,283	1,591,000	6,084,818	7,516,131	13,001,062	37,647,294	37,647,294
Adjustment on transition to IFRS 16	-	-	-	-	-	-	12,355,798
Additions	4,485,779	-	-	101,590	219,389	4,806,758	4,806,758
Disposals	(2,883,481)	-	-	-	(564,565)	(3,448,046)	(3,448,046)
As at December 31, 2019	11,056,581	1,591,000	6,084,818	7,617,721	12,655,886	39,006,006	51,361,804
Accumulated depreciation							
As at January 1, 2019	(3,904,428)	(716,386)	(4,772,513)	(6,358,204)	(12,244,256)	(27,995,787)	(27,995,787)
Depreciation for the year	(2,489,059)	(79,550)	(182,440)	(479,479)	(632,658)	(3,863,186)	(7,595,349)
Disposals	1,494,168	-	-	-	564,565	2,058,733	2,058,733
As at December 31, 2019	(4,899,319)	(795,936)	(4,954,953)	(6,837,683)	(12,312,349)	(29,800,240)	(33,532,403)
Net Book Value	6,157,262	795,064	1,129,865	780,038	343,537	9,205,766	17,829,401
Rate of depreciation (%)	20	5	10	20	33	33	33

\* The rights to occupy room no. 618 at Pakistan Stock Exchange building were acquired through lease and license agreement for the purposes 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  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2020

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 City	338,600	338,600	-	-	-	M. Tawab	Company's policy
Suzuki Cultas	207,800	207,800	-	-	-	Umair Ahmed	Company's policy
	<u>546,400</u>	<u>546,400</u>	<u>-</u>	<u>-</u>	<u>-</u>		

6 INTANGIBLE ASSETS

6.1 Computer softwares

2020								
Cost				Rate	Accumulated amortization			Net Book Value
Opening	Additions/ (Deletions)	Closing	Opening		Charge for the year	Closing		
----- (Rupees) -----					----- (Rupees) -----			
8,089,891	126,582	8,216,473	33%	7,761,147	208,789	7,969,936	246,537	
-----								
2019								
Cost				Rate	Accumulated amortization			Net Book Value
Opening	Additions/ (Deletions)	Closing	Opening		Charge for the year	Closing		
----- (Rupees) -----					----- (Rupees) -----			
7,821,067	268,824	8,089,891	33%	7,511,619	249,528	7,761,147	328,744	
-----								

**TAURUS SECURITIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

		2020	2019
		----- (Rupees) -----	
<b>7</b>	<b>LONG TERM DEPOSITS</b>		
	Security deposits against rental property	342,498	342,498
	National Clearing Company of Pakistan Limited (NCCPL)	1,400,000	1,400,000
	Security deposits - against asset acquired under ijarah agreement	2,768,800	1,156,400
	Other deposits	155,258	152,258
		<u>4,666,556</u>	<u>3,051,156</u>
<b>7.1</b>	This represent deposit with NCCPL for trading in ready and future market.		
<b>8</b>	<b>TAXATION - net</b>		
	Opening balance	54,391,213	44,473,875
	Less: tax refunds received	(10,304,616)	-
	Provision for taxation		
	- recognized in the statement of profit or loss	(4,044,017)	(3,543,917)
	- recognized in the statement of profit or loss for prior years	-	5,142,470
	- recognized in other comprehensive income	717,005	817,803
	Advance tax paid during the year	8,031,602	7,500,982
	Closing balance - total	48,791,187	54,391,213
	Less: applied for refund	-	(20,451,630)
	Closing balance - non-current portion	<u>48,791,187</u>	<u>33,939,583</u>
<b>8.1</b>	Workers Welfare Fund is not applicable since the Company is not an industrial establishment as defined under 'Sindh Worker's Welfare Fund Act, 2014.		
<b>8.2</b>	<b>Deferred taxation</b>	2020	2019
	<b>Deferred tax arising in respect of:</b>	----- (Rupees) -----	
	<i>Taxable temporary differences:</i>		
	Accelerated tax depreciation allowance	2,380,884	(565,375)
	Accelerated tax amortization allowance	642	1,737
		2,381,526	(563,638)
	<i>Deductible temporary differences:</i>		
	Allowance for expected credit loss	(2,425,035)	(2,715,293)
	Lease obligation	(3,481,241)	-
	Surplus on revaluation of investment at FVOCI	(6,465)	193,822
		<u>(5,912,741)</u>	<u>(2,521,471)</u>
	<b>Unrecognized deferred tax asset</b>	<u>(3,531,215)</u>	<u>(3,085,109)</u>

**8.2.1** The Company has not recognised above deferred tax asset due to frequent amendments in Income Tax Ordinance, 2001 relating to taxation of brokerage income.

**TAURUS SECURITIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

		2020	2019
		(Rupees)	
<b>9</b>	<b>TRADE DEBTS</b>		
	<i>Secured, considered good</i>		
	Due from clients against trading of securities	32,300,612	11,136,575
	Due from associated companies / persons against trading of securities	1,612,428	3,138,621
		<b>33,913,040</b>	<b>14,275,196</b>
	<i>Unsecured, considered good</i>	11,913,502	22,196,084
	<i>Unsecured, considered doubtful</i>	3,278,207	3,278,207
		<b>15,191,709</b>	<b>25,474,291</b>
		<b>49,104,749</b>	<b>39,749,487</b>
	<i>Secured, considered good</i>		
	Due from National Clearing Company of Pakistan Limited against trading	-	20,475,354
	<b>Trade debts - gross</b>	<b>49,104,749</b>	<b>60,224,841</b>
	Allowance for expected credit loss	<b>(8,362,190)</b>	<b>(9,363,080)</b>
	<b>Trade debts - net</b>	<b>40,742,559</b>	<b>50,861,761</b>
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. 936,682,515 (2019: Rs. 741,489,912) 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 are Nil (2019: Nil).		
9.3	The age analysis of the trade debts required under the Securities Brokers (Licensing and Operations) Regulations, 2016 is as under:		
		2020	2019
		(Rupees)	
	Due from NCCPL against unsettled trades	-	20,475,354
	Due from clients against trades of last 5 days	27,579,466	14,818,964
		<b>27,579,466</b>	<b>35,294,318</b>
	Due from clients, outstanding for more than 5 days:		
	-against trading	21,525,284	24,930,523
	<b>Trade debts - gross</b>	<b>49,104,750</b>	<b>60,224,841</b>
9.3.1	This comprises of secured receivables of Rs. 4,870,907 (2019: Rs. 7,476,611) and unsecured receivables of Rs. 16,654,377 (2019: Rs. 17,453,912).		
9.4	Gross receivable under settlement date basis is Rs. 49,104,749 (2019: Rs. 39,749,487), whereas gross receivable under trade date basis is Rs. 49,104,749 (2019: Rs. 60,224,841). 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	Gross amount of receivables overdue by more than 14 days amounts to Rs. 18,228,782 (2019: Rs. 21,325,032). The Company holds securities having value of Rs. 3,763,358 (2019: Rs. 5,797,337) against these receivables.		

**TAURUS SECURITIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

		2020	2019
		----- (Rupees) -----	
<b>9.6</b>	<b>Movement in allowance for expected credit loss</b>		
	Allowance as at January 01,	9,363,080	3,278,207
	Adjustment from the adoption of IFRS 9	-	6,087,371
	Adjusted allowance as at January 01,	9,363,080	9,365,578
	Charge / (Reversal) for the year	9.6.2 (1,000,890)	(2,498)
	Allowance as at December 31,	<u>8,362,190</u>	<u>9,363,080</u>
9.6.1	The Company assessed on a forward looking basis, the expected credit losses (ECLs) associated with trade debts and measured loss allowance for trade debts at an amount equal to life time ECLs.		
9.6.2	This represents benefit of collateral taken into account againsts the secured balances.		
<b>10</b>	<b>ADVANCES, DEPOSITS AND PREPAYMENTS</b>		
	<b>Advances to employees - considered good</b>		
	- Executives	260,000	847,500
	- Employees (other than executives)	2,178,195	1,024,000
		10.1 2,438,195	1,871,500
	Prepayments	10.2 2,820,206	2,378,708
	Deposit - Pakistan Stock Exchange Limited	10.3 11,100,000	11,100,000
	Deposit - National Clearing Company of Pakistan Limited- (NCCPL)	10.4 117,642,755	130,215,652
		<u>134,001,156</u>	<u>145,565,860</u>
10.1	This represents interest-free loans to executives and employees whose recovery is made in 24 equal monthly installments. The facility is secured against retirement benefits of the respective executives and employees.		
10.2	This includes prepaid insurance and prepaid against repairs and maintenance amounting to Rs. 2,091,776 (2019: 1,491,442) and Rs. 616,424 (2019: 762,389) respectively.		
10.3	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.		
10.4	This represents deposits maintained with NCCPL in respect of future, ready and margin trading transactions.		
<b>11</b>	<b>OTHER RECEIVABLES</b>		
	Accrued interest income on savings accounts	377,000	1,815,921
	Receivable under gratuity scheme	11.1 & 11.1.1.2 1,038,739	3,511,170
	Receivable under provident fund scheme	224,729	-
	Others	452,656	215,830
		<u>2,093,124</u>	<u>5,542,921</u>
<b>11.1</b>	<b>EMPLOYEE BENEFITS</b>		
<b>11.1.1</b>	<b>Gratuity fund</b>		

As disclosed in note 3.15 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, 2020. The following notes from 14.1.1 to 14.1.8 are based on the information included in that actuarial report.

**TAURUS SECURITIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

		2020	2019
<b>11.1.1.1 Actuarial assumptions</b>			
<b>Financial assumptions</b>	Note		
Discount rate		9.75%	11.25%
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>11.1.1.2 Reconciliation of (receivable) / payable to defined benefit plan</b>		2020	2019
		----- (Rupees) -----	
Present value of defined benefit obligation	11.1.1.3	21,126,383	16,042,733
Fair value of plan assets	11.1.1.4	(22,165,695)	(19,553,910)
Net asset		<u>(1,039,312)</u>	<u>(3,511,177)</u>
<b>11.1.1.3 Movement in present value of defined benefit obligation</b>			
Opening obligation		16,042,733	13,375,731
Expense for the year		3,258,261	3,257,300
Benefits paid during the year		(313,407)	(1,987,405)
Actuarial		2,138,796	1,397,107
<b>Closing obligation</b>		<u>21,126,383</u>	<u>16,042,733</u>
<b>11.1.1.4 Movement in fair value of plan assets</b>			
Fair value of plan assets at beginning of the year		19,553,910	19,706,919
Expected return on plan assets		2,269,857	2,693,172
Actual contribution by employer		988,970	564,128
Actuarial loss on remeasurement of fair value of plan assets		(333,635)	(1,422,904)
Actual benefits paid during the year		(313,407)	(1,987,405)
Fair value of plan assets at end of the year		<u>22,165,695</u>	<u>19,553,910</u>
<b>11.1.1.5 Movement in net defined benefit liability</b>			
Net liability at beginning of year		(3,511,177)	(6,331,188)
Net periodic benefit cost for the year		988,404	564,128
Employer's contribution during the year		(988,970)	(564,128)
Remeasurement recognized in other comprehensive income	11.1.1.6	2,472,431	2,820,011
Net / liability at end of year		<u>(1,039,312)</u>	<u>(3,511,177)</u>

**TAURUS SECURITIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**11.1.1.6 Defined benefit cost for the year**

*Cost recognized in the statement of profit or loss for the year:*

	2020	2019
	----- (Rupees) -----	
Current service cost	1,274,894	1,288,576
Interest cost on defined benefit obligation	1,983,367	1,968,724
Interest income on plan assets	(2,269,857)	(2,693,172)
Net interest cost	(286,490)	(724,448)
	<u>988,404</u>	<u>564,128</u>

*Remeasurements recognized in other comprehensive income during the year:*

Re-measurements: Actuarial (gain) / loss on obligation:		
Loss due to change in financial assumptions	-	-
Loss/(Gain) due to change in experience adjustments	2,138,796	1,397,107
Actuarial (gain) / loss on obligation	<u>2,138,796</u>	<u>1,397,107</u>

Re-measurements: Net return on plan assets over interest income:

Actual return on plan assets	(1,936,222)	(1,270,268)
Interest income on plan assets	2,269,857	2,693,172
Actuarial loss on plan assets	333,635	1,422,904
	<u>2,472,431</u>	<u>2,820,011</u>
<b>Total defined benefit (cost) / income for the year</b>	<u><b>3,460,835</b></u>	<u><b>3,384,139</b></u>

**11.1.1.7 Composition of fair value of plan assets**

Cash and cash equivalents	<u>22,165,695</u>	<u>19,553,910</u>
---------------------------	-------------------	-------------------

**11.1.1.8 Maturity profile of the defined benefit obligation**

Weighted average duration of the defined benefit obligation

2020	2019
-----Years-----	
11.00	11.12

Distribution of timing of benefit payments (in years)

	-----Percent per annum-----	
1	7.7	9.8
2	0.7	0.7
3	0.8	0.8
4	0.8	0.8
5	4	0.9
6-10	40	15.7
11-15	22.4	51.9
16-20	19.9	15.7
20+	3.5	3.6

**TAURUS SECURITIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**11.1.1.9 Trends in asset and liabilities**

Table 10 shows, for the last five years, the Projected Benefit Obligation at each valuation date and the proportion thereof resulting from experience loss during the year leading up to the valuation date. Similarly, it shows Scheme assets at each valuation date and the proportion resulting from experience gain during the year leading up to the valuation date.

Actuarial Valuation Date	Projected Benefit Obligation	Fair Value of Assets	Surplus / (Deficit)	Loss / (Gain) on Obligation	Gain / (Loss) on Scheme Assets
-----Rs-----					
31-Dec-20	21,126,383	22,165,695	1,039,312	10%	-2%
31-Dec-19	16,042,167	19,553,910	3,511,742	9%	-7%
31-Dec-18	13,375,731	19,706,919	6,331,188	-54%	-4%
31-Dec-17	16,976,111	13,172,024	(3,804,088)	17%	-7%
31-Dec-16	14,459,882	13,362,464	(1,097,419)	3%	-5%

**11.1.2 Provident fund**

Net assets of the fund  
 Cost of investments  
 Cost of investment / net assets of the fund  
 Fair value of investments

2020 (Audited)	2019 (Audited)
----- (Rupees) -----	
11,420,158	10,049,589
10,998,610	9,200,737
96.31%	91.55%
10,998,610	9,200,737

**Break-up of investments of provident fund**

Cash at bank balances

10,998,610	9,200,737
------------	-----------

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.

**11.1.2.1 Number of members**

The number of members of the fund as at December 31, 2020 are 57 (2019: 59).

**12 INVESTMENTS**

Fair value through OCI - in shares  
 Fair value through OCI - in mutual funds  
 Fair value through profit or loss - in shares

Note	2020 (Rupees)	2019
12.1	24,193,675	20,158,149
12.2	-	54,432,297
12.3	157,216,695	102,891,550
	181,410,370	177,481,996

**TAURUS SECURITIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**12.1 Fair value through OCI**

**12.1.1 Details of investment in listed shares**

2020		2019		Name of investee	Note	2020		2019	
Number of Shares						Cost	Market Value	Cost	Market Value
INVESTMENT COMPANY									
13,400	13,400	Jahangir Siddiqui & Company Limited	12.1.2	752,426	437,912	752,426	153,296		
1,602,953	1,602,953	Pakistan Stock Exchange Limited		4,400,000	23,755,763	4,400,000	20,004,853		
				5,152,426	24,193,675	5,152,426	20,158,149		
		Provision for impairment in value of investments		(698,424)	-	(698,424)	-		
		Surplus on re-measurement of investments		19,739,673	-	15,704,147	-		
		<b>Carrying value</b>		<b>24,193,675</b>	<b>24,193,675</b>	<b>20,158,149</b>	<b>20,158,149</b>		

**12.1.2** 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.

**12.1.3 Movement in unrealized gain / (loss) on FVOCI - net**

	2020	2019
Opening balance	15,704,147	17,506,441
Surplus / (deficit) on remeasurement of investment	4,035,526	(1,802,294)
Closing balance	19,739,673	15,704,147

**12.2 Details of investment in mutual funds**

2020		2019		Name of investee	Note	2020		2019	
Number of Units						Cost	Market Value	Cost	Market Value
-	5,334,094	NBP GOVERNMENT SECURITIES LIQUID FUND (Associated Company)	12.2.1	-	-	53,879,559	54,432,297		
				-	-	53,879,559	54,432,297		

**12.2.1** During the year, the company redeemed 5,334,094 units held in NBP Government Securities Liquid Fund (Associated Company) at a sale proceed of Rs. 54,922,093.



TAURUS SECURITIES LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2020

12.3	Fair value through profit or loss		Name of investee	2020		2019
	2020	2019		Cost	Market value	Market value
	Number of shares					
	138,000	25,000	<b>TEXTILE COMPOSITE</b>			
	-	59,000	Nishat Mills Limited	13,641,230	14,044,260	2,653,500
			Nishat Chunian Limited	-	-	2,516,350
			<b>CHEMICAL</b>			
	-	29,000	Lotte Chemical Pakistan Limited	-	-	406,580
			<b>ENGINEERING</b>			
	-	62,500	International Steels Limited.	-	-	3,618,125
			<b>REFINERY</b>			
	-	57,500	Attock Refinery Limited	-	-	6,422,175
			<b>AUTOMOBILE ASSEMBLER</b>			
	40,000	-	Ghandhara Industries Limited	11,754,525	13,056,800	-
			<b>FERTILIZER</b>			
	-	26,500	Fauji Fertilizer Company Limited	-	-	2,688,955
			<b>TECHNOLOGY &amp; COMMUNICATION</b>			
	-	809,000	TRG Pakistan Limited	-	-	19,860,950
			<b>CEMENT</b>			
	6,000	-	Lucky Cement Company Limited	4,162,838	4,176,540	-
	130,000	-	Maple Leaf Cement Factory Limited	5,333,520	5,851,300	-
	192,500	-	Pioneer Cement Limited	19,432,890	19,885,250	-
	392,000	-	D. G. Khan Cement Company Ltd	44,065,521	44,915,360	-
			<b>POWER GENERATION &amp; DISTRIBUTION</b>			
	-	78,000	Hub Power Company Limited	-	-	7,281,300
	-	320,000	K-Electric Limited	-	-	1,398,400
			<b>OIL AND GAS</b>			
	39,000	327,500	Pak Petroleum Limited	3,472,485	3,522,870	44,913,350
	22,500	2,000	Oil & Gas Development Company Ltd	2,334,987	2,334,825	284,640
			<b>OIL AND GAS MARKETING</b>			
	209,000	-	Sui Northern Gas Pipelines Ltd	9,127,774	9,283,780	-
			<b>PHARMACEUTICALS</b>			
	95,000	-	The Searle Co	23,100,754	23,676,850	-
			<b>VANASPATI &amp; ALLIED INDUSTRIES</b>			
	-	131,500	Unity Foods Limited	-	-	2,118,465
			<b>BANK</b>			
	-	562,000	Bank of Punjab	-	-	6,367,460
	124,500	15,000	Habib Bank Limited	16,698,921	16,468,860	2,361,300
				<u>153,125,445</u>	<u>157,216,695</u>	<u>102,891,550</u>
			Surplus on re-measurement to fair value	<u>4,091,250</u>		
			Carrying value	<u>157,216,695</u>		

12.4.1 All of the above shares have been sold under futures contracts. The total value of the contract amounting to Rs. 154,795,000 (2019: Rs. 100,583,580), corresponding unrealized gain/(loss) amounting to Rs. (22,295) (2019: Rs. 115,615).

	2020	2019
	(Rupees)	
Unrealized gain on re-measurement to fair value - ready market	4,091,250	3,532,475
Unrealized loss on re-measurement to fair value - future market	(4,113,545)	(3,416,860)
	(22,295)	115,615
Unrealized gain on investment of mutual funds	-	552,738
Unrealized (loss) / gain on investment	(22,295)	668,353

12.4.2 Securities beneficially held by the Company, amounting to Rs. 179,490,458 (2019: Rs. 177,328,700) are pledged with the Pakistan Stock Exchange Limited.

**TAURUS SECURITIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

12.4.3 The Company holds 83,375 (2019: 85,755) shares which were purchased by the Company on behalf of the customers. The owners of such shares are untraceable and these shares are unclaimed. 70,383 (2019: 72,763) 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'.

12.4.4 Investment eligible for Net Capital Balance amounts to Rs. 134,006,416 (2019: Rs. 150,859,697) as reduced by haircut amounting to Rs. 23,648,191 (2019: Rs. 26,622,300).

13 CASH AND BANK BALANCES	Note	2020	2019
		----- (Rupees) -----	
<i>Cash at bank</i>			
Saving accounts	13.1 & 13.2	309,402,932	160,194,460
Current accounts	13.3	3,784,209	3,412,219
		313,187,141	163,606,679
Cash in hand		40,173	28,449
		<u>313,227,314</u>	<u>163,635,128</u>

13.1 Saving accounts carry profit rate 6.00% to 12.00% per annum (2019: 8.50% to 11.50% per annum).

13.2 Saving accounts include Rs. 285,088,449 (2019: 147,257,854) pertaining to the clients of the Company for which the Company has maintained separate accounts with various schedule banks.

13.3 Balances held with associated undertakings in current and savings accounts amount to Rs. 1,825,455 (2019: Rs. 1,913,067) and Rs. 49,742,668 (2019: Rs. 11,700,709), respectively.

**14 SHARE CAPITAL**

**14.1 Authorized share capital**

	2020	2019	Note	2020	2019
				----- (Rupees) -----	
(Number of shares)					
40,000,000	40,000,000	Ordinary shares of Rs. 10 each		400,000,000	400,000,000

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

	2020	2019	Note	2020	2019
	(Number of shares)			----- (Rupees) -----	
Ordinary shares of Rs. 10 each					
13,502,306	13,502,306	fully paid in cash		135,023,060	135,023,060

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

	Note	Number of shares	Percentage of holding (%)
National Bank of Pakistan (Holding Company)	14.3.1	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
		<u>13,502,306</u>	<u>100.00</u>

**TAURUS SECURITIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**14.3.1** National Bank of Pakistan (Holding Company) was incorporated in Pakistan under the National Bank Ordinance, 1949 and is listed on Pakistan Stock Exchange (PSX). Its registered and head office is situated at I. I. Chundrigar Road, Karachi. The Holding Company is engaged in providing commercial banking and related services in Pakistan and overseas. The Holding Company also handles treasury transactions for the Government of Pakistan (GoP) as an agent of State Bank of Pakistan (SBP). The Holding Company also provides services in respect of Endowment Fund for student loans scheme.

15 RESERVES	Note	2020	2019
----- (Rupees) -----			
<b>Revenue reserves</b>			
Unappropriated profits		154,516,601	146,114,630
Surplus on revaluation of investment at fair value through other comprehensive income		19,739,673	15,704,147
		<u>174,256,274</u>	<u>161,818,777</u>

**16 LEASE LIABILITIES**

Lease liabilities are presented in the statement of financial position as follows:

Current	5,350,094	4,343,386
Non-current	6,654,185	6,629,508
	<u>12,004,279</u>	<u>10,972,894</u>

**17 TRADE AND OTHER PAYABLES**

Trade creditors

Due to clients against trading of securities	277,270,958	141,016,433
Due to associated companies/persons against trading of securities	4,091,056	808,037
Due to clients against unsettled trades	4,270,154	16,355,499

17.1

Accrued and other liabilities	285,632,168	158,179,969
Salaries, benefits and allowances payable	16,557,515	18,294,030
National Clearing Company of Pakistan Limited against trading	7,414,862	3,040,232
Income and sales taxes payable	15,952,374	-
Accrued markup	21,550,834	789,118
Dividend payable	22,713	558,254
	11,846	11,846
	<u>347,142,312</u>	<u>180,873,449</u>

**17.1** The above balance of Rs. 285,632,168 (2019: Rs. 158,179,969) has been reported under trade date basis while the balance under settlement date basis amounting to Rs. 281,362,014 (2019: Rs. 141,824,470). Trade creditors outstanding for more than 30 days amounts to Rs. 112,070,681 (2019: Rs. 92,539,262). 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.

**18 SHORT TERM RUNNING FINANCE**

The Company has a running finance facility upto Rs. 240 million (2019: Rs. 240 million) obtained 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 [2019: KIBOR plus 2.5% (based on timely payment rebate ranges from 0.5% to 0.1%) per annum].

**TAURUS SECURITIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**19 CONTINGENCIES AND COMMITMENTS**

**19.1 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 CIRA 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 to be imposed by two different legislative bodies. Appeal against same has been decided in favour of the company by the ATIR. Further, 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.

Securities & Exchange Commission of Pakistan (SECP) imposed a penalty of Rs 400,000 for contravening the provisions of Anti Money Laundering Regulations vide its order dated 23 December 2020. The management of the company has filed an appeal against the said order in the Appellate Tribunal of SECP

**19.2 Commitments**

**19.2.1 For sale of quoted securities under future contracts against counter commitments**

	2020	2019
	----- (Rupees) -----	
	<b>154,795,000</b>	<b>100,583,580</b>

**19.2.2 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 (2019: KIBOR plus 3.25% per annum). The total Ijarah payments under ijarah are as follows:

	2020	2019
	----- (Rupees) -----	
Not later than one year	608,495	1,505,772
Later than one year and not later than five years	-	627,405
	<b>608,495</b>	<b>2,133,177</b>

**20 BROKERAGE AND COMMISSION**

From corporate clients  
 From individuals clients

	2020	2019
	----- (Rupees) -----	
20.1	<b>79,181,719</b>	48,398,301
	<b>39,307,610</b>	27,487,833
	<b>118,489,329</b>	<b>75,886,134</b>

**20.1** Brokerage and Commission is inclusive of Sindh sales tax on services amounting to Rs. 15,018,436 (2019: Rs. 9,550,605).

**20.2 Equity Brokerage (Turnover)**

Local Corporate Clients Trades  
 Individuals Client Trades  
 Proprietary Trades

	2020	2019
	----- (Rupees) -----	
21.2.1	<b>51,209,275,021</b>	36,996,611,636
	<b>25,754,003,697</b>	16,471,651,690
	<b>4,080,744,485</b>	2,423,070,622
	<b>81,044,023,203</b>	<b>55,891,333,948</b>

**TAURUS SECURITIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**21.2.1** This comprises of ready and futures market turnover amounting to Rs. 78,843,724,708 (2019: 54,764,460,807) and Rs. 2,200,298,495 (2019: 1,126,873,140) respectively.

**20.3** Turnover, representing both selling and buying, of marketable securities for and on behalf of National Bank of Pakistan amounted to Rs. 3,154,938,519 (2019:Rs. 2,495,352,538); for and on behalf of the Bank of Khyber, First Credit Investment Bank Limited, First National Bank Modaraba and NAFA Funds (associated entities) amounted to Rs.3,197,648,595 (2019: Rs. 3,328,471,576); and for and on behalf of chairman / directors and chief executive officer amounted to Rs.1,280,248,749 (2019:Rs. 694,402,778).

	Note	2020 ----- (Rupees) -----	2019
<b>21 ADMINISTRATIVE EXPENSES</b>			
Salaries, benefits and allowances		73,910,945	60,388,050
Pakistan Stock Exchange Limited service charges		8,288,076	5,430,905
Depreciation on property and equipment	5	7,406,785	7,595,349
Staff retirement benefits	21.1	5,154,777	4,445,325
Repairs and maintenance		3,858,175	2,824,369
Vehicle running expenses		3,156,638	1,992,369
Telephone and fax		2,995,232	2,489,578
Insurance		2,452,254	1,779,233
Legal and professional	21.2	2,366,432	1,516,810
CDC charges		1,883,557	2,196,667
Electricity and utilities		1,881,548	2,098,533
Entertainment		1,626,180	1,289,888
Office supplies		1,566,122	477,800
Ijarah charges		1,480,858	2,374,853
Printing and stationery		1,441,870	1,059,581
Postage / courier		1,373,319	1,132,810
Subscriptions		1,096,049	799,760
Auditors' remuneration	21.3	1,130,901	802,000
Umrah facility to employees		844,800	844,800
SECP transactions fees		599,014	550,462
Amortization on intangible assets	6	208,789	249,528
Professional tax		202,186	214,868
Computer expenses		159,490	79,573
Seminar and training		136,500	92,500
Travelling and conveyance		135,711	482,958
Advertising and business promotion		87,740	5,000
Rent		81,619	30,888
Library and periodicals		23,075	24,605
		<b>125,548,642</b>	<b>103,269,062</b>

**21.1** This includes charge for defined benefit plan (note. 14) of Rs. 988,970 (2019: Rs. 564,128), contribution to staff provident fund amounting to Rs. 3,235,559 (2019: Rs. 2,992,561) and contribution to E.O.B.I. and S.E.S.S.I amounting to Rs. 871,580 (2019: Rs. 809,962).

**21.2** Securities & Exchange Commission of Pakistan (SECP) has imposed a penalty of Rs 200,000 for contravening the provisions of Anti Money Laundering Regulations vide its order dated 05 November 2020 which was paid under protest by the Company.

**TAURUS SECURITIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Note	2020	2019
		----- (Rupees) -----	
<b>21.3 Auditors' remuneration</b>			
<b>Statutory Audit</b>			
Annual audit fee		418,000	380,000
Other certifications		368,131	262,593
Out-of-pocket expenses		135,000	100,000
Sindh sales tax		73,690	59,407
<b>IBTS Audit</b>			
Annual audit fee		126,000	-
Sindh sales tax		10,080	-
		<u>1,130,901</u>	<u>802,000</u>
<b>22 OTHER INCOME</b>			
<i>Income from financial assets</i>			
Mark-up income on bank PLS deposits	22.1	7,713,043	11,353,191
Profit on cash margin with National Clearing Company of Pakistan Limited		2,929,538	1,930,964
<i>Income from assets other than financial assets</i>			
Gain on disposal of property and equipment		-	25,554
Reversal of allowance for expected credit losses during the year		1,000,890	2,498
Miscellaneous income		-	545,864
		<u>11,643,471</u>	<u>13,858,071</u>
22.1 This includes income amounting to Rs. 1,200 (2019: Rs. 896) received from related party.			
<b>23 FINANCE COST</b>			
Mark-up on short term running finance		1,947,562	1,316,599
Finance charges on finance lease obligation		1,323,869	1,556,358
Bank charges		423,312	421,171
		<u>3,694,743</u>	<u>3,294,128</u>
<b>24 TAXATION</b>			
Current			
- for the year		4,044,017	3,543,917
- for prior years		-	(5,142,470)
		<u>4,044,017</u>	<u>(1,598,553)</u>
<b>24.1 Relationship between income tax expense and accounting profit</b>			
Profit / (loss) before taxation		<u>14,201,413</u>	<u>(1,002,176)</u>
Tax at applicable tax rate of 29% (2019: 29%)		-	-
Tax on brokerage income under FTR		-	-
Tax on turnover for minimum tax under section 113		1,936,644	1,229,732
Tax effect of lower tax rate on capital gain / dividend		2,000,144	2,314,185
Tax effect of prior years taxation		-	(5,142,470)
Others		107,229	-
		<u>4,044,017</u>	<u>(1,598,553)</u>
<b>24.2 Status of tax assessments</b>			
The income tax assessments upto assessment year / tax year 2020 corresponding to the accounting year December 31, 2019 have been finalized.			

	2020	2019
	----- (Rupees) -----	
<b>25 EARNINGS PER SHARE - BASIC</b>		
Profit for the year	10,157,396	596,377
	(Number of shares)	
Weighted average number of ordinary shares outstanding during the year	13,502,306	13,502,306
	----- (Rupees) -----	
Earnings per share - Basic	0.75	0.04

There being no potentially diluted shares outstanding as at the year ended December 31, 2020 and December 31, 2019, therefore, there is no dilutive effect on the earnings per share of the Company.

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

	Chief Executive Officer		Chairman & Directors		Executives		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	----- (Rupees) -----							
Managerial remuneration	6,600,000	6,600,000	-	-	19,076,750	9,980,000	25,676,750	16,580,000
Other benefits	1,800,000	-	840,000	724,000	4,550,160	7,587,160	7,190,160	8,311,160
Retirement benefits	733,333	733,333	-	-	2,146,015	1,781,939	2,879,348	2,515,272
Commission	-	-	-	-	2,012,269	-	2,012,269	-
	<u>9,133,333</u>	<u>7,333,333</u>	<u>840,000</u>	<u>724,000</u>	<u>27,785,194</u>	<u>19,349,099</u>	<u>37,758,527</u>	<u>27,406,432</u>
Number of persons	<u>1</u>	<u>1</u>	<u>7</u>	<u>7</u>	<u>5</u>	<u>4</u>	<u>13</u>	<u>12</u>

26.1 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.

**27 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:

**TAURUS SECURITIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Note	2020	2019
		----- (Rupees) -----	
<b>27.1 Holding Company</b>			
National Bank of Pakistan (NBP)			
<i>Transactions during the year</i>			
Brokerage earned		4,661,296	2,878,329
Running finance - net		55,000,000	110,000,000
Financial charges on running finance	23	1,947,562	1,316,599
<i>Balances</i>			
Trade debts		746,108	1,281,304
Trade payable		15	-
Short term running finance		75,000,000	130,000,000
Bank balances		6,014,482	2,617,042
Accrued mark-up	17	22,713	558,254
<b>27.2 Associated Companies</b>			
The Bank of Khyber, First Credit Investment Bank Limited and First National Bank Modaraba, NBP Funds			
<i>Transactions during the year</i>			
Brokerage earned		4,942,192	4,404,890
<i>Balances</i>			
Trade debts		866,320	1,857,317
Trade payable		14,268	62,813
Bank balance		45,553,641	10,996,734
<b>27.3 Chairman / Directors and Chief Executive Officer</b>			
<i>Transactions during the year</i>			
Brokerage earned		1,751,453	1,119,209
<i>Balances</i>			
Payable to related party		4,076,773	745,224

**28 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 controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.



**TAURUS SECURITIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

---

The Company's operational cash flows and financial conditions could also be negatively affected by the following:

- a) If employees are quarantined as the result of exposure to COVID-19, this could result in disruption of operations and impact economic activity.
- b) Similarly, operational issues resulting from the rapid spread of COVID-19 in Pakistan may have a material effect on our business and results of operations.

However the Company manages above risks with well-defined Disaster Recovery (DR) and Business Continuity Plan (BCP). The staff is sufficiently trained and aware of their job responsibilities in case of any calamity which may prevent employees to use office of the Company or any other joint working space. The BCP also provides remote access to the resources for employees to fulfil their job responsibilities and service clients while ensuring utmost security of the Company's information system.

## **29 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.

**TAURUS SECURITIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**29.1 Risk management framework**

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

**29.2 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. 737 million (2019: Rs. 619 million) the financial assets which are subject to credit risk amounted to Rs. 490 million (2019: Rs. 366 million). The carrying amount of these financial assets represents the maximum credit exposure at the reporting date.

	Note	2020	2019
----- (Rupees) -----			
Long term deposits		4,666,556	3,051,156
Trade debts	29.2.1	40,742,559	50,861,761
Advances, Deposits and Prepayments		131,180,950	143,187,152
Other receivables		1,263,468	3,511,170
Accrued income		377,000	1,815,921
Cash and bank balances	29.2.2	313,187,141	163,606,679
		<u>491,417,674</u>	<u>366,033,839</u>

**29.2.1** The age analysis of the trade debts is as follows:

	2020			Amount un-secured - net of provision	Amount secured
	Carrying amount	Provision held	Total		
	Amount outstanding	Impaired			
----- (Rupees) -----					
Not yet due*	21,504,884	-	-	-	21,504,884
Upto 3 months*	18,237,438	-	-	11,913,502	6,323,936
3 to 6 months	3,087,266	-	-	-	3,087,266
More than 6 months	6,275,227	3,278,207	(3,278,207)	-	2,997,020
	<u>49,104,815</u>	<u>3,278,207</u>	<u>(3,278,207)</u>	<u>11,913,502</u>	<u>33,913,106</u>

\* Not yet due represents an amount of Rs. 21,504,884 (2019: Rs. 20,475,354) 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.

	2019			Amount un-secured - net of provision	Amount secured
	Carrying amount	Provision held	Total		
	Amount outstanding	Impaired			
----- (Rupees) -----					
Not yet due*	20,475,354	-	-	-	20,475,354
Upto 3 months*	31,267,029	-	-	20,328,223	10,938,806
3 to 6 months	1,778,337	-	-	-	1,778,337
More than 6 months	6,704,122	3,278,207	(3,278,207)	1,867,861	1,558,054
	<u>60,224,842</u>	<u>3,278,207</u>	<u>(3,278,207)</u>	<u>22,196,084</u>	<u>34,750,551</u>

**29.2.2 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		2020	2019
----- (Rupees) -----					
MCB Bank Limited	A1+	AAA	PACRA	190,382,958	122,610,285
Bank Alfalah Limited	A1+	AA+	PACRA	22,271,053	12,787,372
Bank of Khyber Limited	A1	A	PACRA	45,553,641	10,996,734
Habib Bank Limited	A1+	AAA	JCR-VIS	16,471,297	5,739,416
Habib Metropolitan Limited	A1+	AA+	PACRA	25,301,900	7,706,828
United Bank Limited	A1+	AAA	JCR-VIS	7,027,748	954,940
National Bank of Pakistan	A1+	AAA	PACRA	6,014,482	2,617,042
MCB Islamic (MIB) Bank Limited	A1	A	PACRA	164,062	194,062
Total				<u>313,187,141</u>	<u>163,606,679</u>

**TAURUS SECURITIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**29.3 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:

	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 one year and not later than five years
				thru one month	thru three months	thru one year	thru five years	
(Rupees)								
<b>2020</b>								
<b>On Statement of financial position liabilities</b>								
Trade and other payables	347,142,312	347,142,312	347,142,312	-	-	-	-	-
Lease liabilities	12,004,279	12,004,279	361,949	723,898	5,270,497	6,654,185	-	-
Short term running finance	75,000,000	75,000,000	75,000,000	-	-	-	-	-
	<u>434,146,591</u>	<u>434,146,591</u>	<u>422,504,261</u>	<u>723,898</u>	<u>5,270,497</u>	<u>6,654,185</u>		
<b>2019</b>								
<b>On Statement of financial position liabilities</b>								
Trade and other payables	180,873,449	180,873,449	180,873,449	-	-	-	-	-
Lease liabilities	10,972,894	10,972,894	361,949	723,898	3,257,541	6,629,508	-	-
Short term running finance	130,000,000	130,000,000	130,000,000	-	-	-	-	-
	<u>321,846,343</u>	<u>321,846,343</u>	<u>311,235,398</u>	<u>723,898</u>	<u>3,257,541</u>	<u>6,629,508</u>		

**TAURUS SECURITIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**29.4 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:

**29.4.1 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:

	2020					Total
	Effective yield / interest rate percent	Interest / mark-up bearing		Non interest / mark-up bearing		
		Maturity later than one month	Maturity later than one month and not later than three months	Maturity later than three months and not later than five years	Maturity later than one year	
----- (Rupees) -----						
<b>On Statement of financial position assets</b>						
<b>Financial Assets</b>						
Long term deposits	-	-	-	-	4,666,556	4,666,556
Trade debts	-	-	-	-	40,742,559	40,742,559
Advances, Deposits and Prepayments	-	-	-	-	131,180,950	131,180,950
Other receivables	-	-	-	-	1,716,124	1,716,124
Accrued interest income	-	-	-	-	377,000	377,000
Investments	-	-	-	-	181,410,370	181,410,370
Cash and bank balances	6% to 12%	309,402,932	-	-	3,784,209	313,187,141
		309,402,932	-	-	363,877,768	673,280,700
<b>Financial Liabilities</b>						
Trade and other payables		-	-	-	347,142,312	347,142,312
Lease Liabilities	KIBOR + 2.5%	361,949	723,898	5,270,497	-	13,010,529
Short term running finance	KIBOR + 2.5%	75,000,000	-	-	-	75,000,000
<b>On Statement of financial position gap</b>		234,040,983	(723,898)	(5,270,497)	(6,654,185)	238,127,859
<b>Non-financial net assets</b>					16,735,456	71,151,475
<b>Total net assets</b>						309,279,334

**TAURUS SECURITIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

2019

	Effective yield / interest rate / percent			Interest / mark-up bearing			Non interest / mark-up bearing		Total
	Maturity later than one month	Maturity later than one month and not later than three months	Maturity later than three months and not later than five years	Maturity later than one month	Maturity later than three months and not later than five years	Maturity later than one year	Maturity later than one year		
----- (Rupees) -----									
<b>On Statement of financial position assets</b>									
<b>Financial Assets</b>									
Long term deposits	-	-	-	-	-	-	3,051,156	3,051,156	3,051,156
Trade debts	-	-	-	-	-	-	50,861,761	50,861,761	50,861,761
Advances, Deposits and Prepayments	-	-	-	-	-	-	143,187,152	143,187,152	143,187,152
Other receivables	-	-	-	-	-	-	3,727,000	3,727,000	3,727,000
Accrued interest income	-	-	-	-	-	-	1,815,921	1,815,921	1,815,921
Investments	-	-	-	-	-	-	177,481,996	177,481,996	177,481,996
Cash and bank balances	160,194,460	-	-	-	-	-	3,412,219	163,606,679	163,606,679
	160,194,460	-	-	-	-	-	383,537,205	543,731,665	543,731,665
<b>Financial Liabilities</b>									
Trade and other payables	-	-	-	-	-	-	180,873,449	180,873,449	180,873,449
Lease Liabilities	361,949	723,898	-	3,257,541	6,629,508	-	-	10,972,896	10,972,896
Short term running finance	130,000,000	-	-	-	-	-	-	130,000,000	130,000,000
	29,832,511	(723,898)	(3,257,541)	(6,629,508)	-	-	202,663,756	221,885,320	221,885,320
<b>On Statement of financial position gap</b>									
<b>Non-financial net assets</b>									
Total net assets								74,956,517	74,956,517
								296,841,837	296,841,837

**TAURUS SECURITIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**29.4.2 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. 181.41 million (2019: Rs 177.48 million) at the reporting date. The carrying value of investments subject to equity price risk are, in almost all instances, based on quoted market prices as of the reporting 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 fair value through OCI 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 or loss are currently not exposed to any price risk since the Company has entered into future sale contract in respect of these securities.

	2020	2019
	----- (Rupees) -----	
Effect on other comprehensive income - net of tax	2,056,462	1,713,443
Effect on investments	2,419,368	2,015,815

**29.4.3 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.

**30 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.

**TAURUS SECURITIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	December 31, 2020								
	Carrying Amount			Fair value					
On Statement of financial position financial instrument	Fair value through OCI	Fair value through P/L	Loans and Receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total

	(Rupees)								
<b>Financial assets measured at fair value</b>									
<b>Investments</b>									
Securities at fair value through OCI	24,193,675	-	-	-	24,193,675	24,193,675	-	-	24,193,675
Securities at fair value through profit or loss	-	157,216,695	-	-	157,216,695	157,216,695	-	-	157,216,695
Unrealized gain on futures	-	-	-	-	-	-	-	-	-
	<b>24,193,675</b>	<b>157,216,695</b>	<b>-</b>	<b>-</b>	<b>181,410,370</b>	<b>181,410,370</b>	<b>-</b>	<b>-</b>	<b>181,410,370</b>

<b>Financial assets not measured at fair value **</b>					
Long term deposits	-	4,666,556	-	-	4,666,556
Trade debts	-	40,742,559	-	-	40,742,559
Deposits	-	117,642,755	-	-	117,642,755
Other receivable	-	677,385	-	-	677,385
Accrued income	-	377,000	-	-	377,000
Cash and bank balances	-	313,227,314	-	-	313,227,314
	<b>-</b>	<b>477,333,569</b>	<b>-</b>	<b>-</b>	<b>477,333,569</b>

<b>Financial liabilities not measured at fair value **</b>					
Trade and other payables	-	-	(347,142,312)	-	(347,142,312)
Lease liabilities	-	-	(12,004,279)	-	(12,004,279)
Short term running finance	-	-	(75,000,000)	-	(75,000,000)
	<b>-</b>	<b>-</b>	<b>(434,146,591)</b>	<b>-</b>	<b>(434,146,591)</b>
	<b>24,193,675</b>	<b>157,216,695</b>	<b>477,333,569</b>	<b>(434,146,591)</b>	<b>224,597,348</b>

\*\* 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.

**TAURUS SECURITIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**On Statement of financial position financial instrutr**

	December 31, 2019								
	Fair value through OCI	Fair value through P/L	Carrying Amount Loans and receivables	Other financial liabilities	Total	Fair value			
						Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>									
<b>Investments</b>									
Securities at fair value through OCI	20,158,149	-	-	-	20,158,149	20,158,149	-	-	20,158,149
Securities at fair value through profit or loss	-	102,891,550	-	-	102,891,550	102,891,550	-	-	102,891,550
Unrealized gain on futures	-	-	-	-	-	-	-	-	-
	20,158,149	102,891,550	-	-	123,049,699	123,049,699	-	-	123,049,699

**Financial assets not measured at fair value \*\***

Long term deposits	3,051,156	-	-	-	3,051,156
Trade debts	50,861,761	-	-	-	50,861,761
Deposits	130,215,652	-	-	-	130,215,652
Other receivable	215,830	-	-	-	215,830
Accrued interest income	1,815,921	-	-	-	1,815,921
Cash and bank balances	163,635,128	-	-	-	163,635,128
	349,795,448	-	-	-	349,795,448

**Financial liabilities not measured at fair value \*\***

Trade and other payables	-	-	-	(180,873,449)	(180,873,449)
Lease liabilities	-	-	-	(10,972,894)	(10,972,894)
Short term running finance	-	-	-	(130,000,000)	(130,000,000)
	-	-	-	(321,846,343)	(321,846,343)
	20,158,149	102,891,550	349,795,448	(321,846,343)	150,998,804

\*\* 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.



**TAURUS SECURITIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**31 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.

**32 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.

**33 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, 2020			Total
	Equity Brokerage	Investment and treasury operations	Other operations	
	(Rupees)			
Segment revenues *	118,489,329	24,955,469	-	143,444,798
Administrative and operating expenses **	(117,933,068)	-	-	(117,933,068)
Depreciation	(6,118,207)	(1,288,578)	-	(7,406,785)
Amortization	(172,465)	(36,324)	-	(208,789)
Finance cost	-	(3,694,743)	-	(3,694,743)
	<b>(5,734,411)</b>	<b>19,935,824</b>	-	<b>14,201,413</b>
Other income - unallocated				-
Other expenses - unallocated				-
Taxation				(4,044,017)
Profit after tax				<b>10,157,396</b>
Segment assets	<b>614,090,160</b>	<b>129,335,765</b>	-	<b>743,425,925</b>
Segment liabilities	<b>353,120,427</b>	<b>74,371,979</b>	-	<b>427,492,406</b>

**TAURUS SECURITIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

\* Reconciliation of total segment revenue with revenue as per statement of profit or loss is as follows:

	As at December 31, 2020 (Rupees)
Total segment revenue	143,444,798
Less - Revenue from Investment & treasury	(24,955,469)
Less - Revenue from other operations	-
	<u>118,489,329</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, 2019			
	Equity Brokerage	Investment and treasury	Other operations	Total
	(Rupees)			
Segment revenues *	75,886,134	29,660,547	14,333	105,561,014
Administrative and operating expenses **	(95,424,185)	-	-	(95,424,185)
Depreciation	(5,460,176)	(2,134,142)	(1,031)	(7,595,349)
Amortization	(179,382)	(70,112)	(34)	(249,528)
Finance cost	-	(3,294,128)	-	(3,294,128)
	<u>(25,177,609)</u>	<u>24,162,165</u>	<u>13,268</u>	<u>(1,002,176)</u>
Other income - unallocated				-
Other expenses - unallocated				-
Taxation				<u>1,598,553</u>
Profit after tax				<u>596,377</u>
Segment assets	<u>444,849,097</u>	<u>173,839,083</u>	-	<u>618,688,180</u>
Segment liabilities	<u>226,647,169</u>	<u>88,569,666</u>	-	<u>315,216,835</u>

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

	As at December 31, 2019 (Rupees)
Total segment revenue	105,561,014
Less - Revenue from Investment & treasury	(29,660,547)
Less - Revenue from other operations	(14,333)
	<u>75,886,134</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. 65,666,604 (50% of total brokerage) from 22 major clients with commission income from each client exceeding Rs. 1 million.

**34 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, 2020 (Rupees)
Total assets as per Statement of financial position	743,425,925
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	745,925,925
Less: Total liabilities as per Statement of financial position	(434,146,591)
Capital adequacy level	<u>311,779,334</u>

**TAURUS SECURITIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**35 NET CAPITAL BALANCE**

Excess of Current Assets over Current Liabilities determined in accordance with the third schedule of the Securities and Exchange Rules 1971, the schedule II of the Securities Brokers (Licensing and Operations) Regulations, 2016 and the guidebook issued by Securities and Exchange Commission of Pakistan (SECP).

		As at December 31, 2020	
		(Rupees)	
<b><u>CURRENT ASSETS</u></b>			
Cash in hand or in bank	As per book value	313,227,314	13
Cash deposited as margin with National Clearing Company of Pakistan		117,642,755	10.4
Trade debts - gross	As per book value	49,104,749	9
	Less: Overdue for more than 14 days	(18,228,782)	
Investment in listed securities	As per book value	157,654,607	12
Investment in mutual funds	As per book value	-	
		157,654,607	
	Less: 15% discount	(23,648,191)	
Securities purchased for client	(Value of shares appearing in clients respective sub account to the extent of overdue balance for more than 14 days or value of securities, whichever is less)	134,006,416	
<b>Total Current Assets</b>		<b>599,515,810</b>	
<b><u>CURRENT LIABILITIES</u></b>			
Trade payables	As per book value	285,632,168	17
	Less: Overdue for more than 30 days	(112,070,681)	
Other liabilities	As per book value	253,930,919	19 & 20
<b>Total Current Liabilities</b>		<b>(427,492,406)</b>	
<b>Net Capital Balance as at December 31, 2020</b>		<b>172,023,404</b>	

**36 NUMBER OF EMPLOYEES**

The details of number of employees are as follows:

	2020	2019
- Average number of employees during the year	57	55
- Number of employees at year end	58	59

**37 SUBSEQUENT EVENT**


The Board of Directors of the Company in the 108<sup>th</sup> meeting held on March 17, 2021 has approved the following appropriation:

	2020	2019
	(Rupees)	
- Cash dividend - Rs. <u>NIL</u> (2019: Nil) per share of Rs. 10 each	-	-
- Issue of bonus shares <u>NIL</u> % (2019: Nil) in the ratio of <u>NIL</u> (2019: 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.

**38 DATE OF AUTHORIZATION**

These financial statements were authorized for issue by the Board of Directors of the Company in their 108<sup>th</sup> meeting held on March 17, 2021.

  
 CHIEF FINANCIAL OFFICER

  
 CHIEF EXECUTIVE OFFICER

  
 DIRECTOR

**TAURUS SECURITIES LIMITED**  
**ANNEXURE 'I' OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**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	
		2020	2019
AGIC	Askari General Insurance Company Limited	418	418
AKZO	Akzo Nobel Pakistan Limited	14	14
ATLH	Atlas Honda Limited	721	721
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
FABL	Faysal Bank Limited	16,285	16,285
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
ENGL	English Leasing Limited- Freeze	500	500
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	220
JSBL	Js Bank Limited	2,792	2,792
KTML	Kohinoor Textile Mills Limited	3,822	3,822
LOTCHEM	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
NML	Nishat Mills Limited	834	834
NRL	Nimir Resins Limited	1,020	1,020
OGDC	Oil And Gas Development Company Limited	8	8
OTSU	Otsuka Pakistan Limited	481	481
PAKMI	First Pak Mobaraba	51	51
PIF	Picic Investment Find	1,189	1,189
PSO	Pakistan State Oil Company Limited	93	93
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
HIFB	Hbl Investment Fund - Class B Segment	1,189	1,189
MLCFR1	Maple Leaf Cement Factory Ltd. - Lor	-	2,380
SSGC	Sui Southern Gas Company Limited	117	117
SSML	Saritow Spinning Mills Limited	5,491	5,491
PPL	Pakistan Petroleum Limited	1,981	1,981
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>70,383</u>	<u>72,763</u>

TAURUS SECURITIES LIMITED  
ANNEXURE 'I' OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

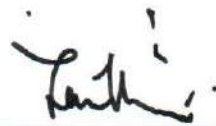
I.ii Followings shares held by Company in its sub-account No's. 39 and 54 (House account) under CDS.

Symbol	Security Name	Number of shares	
		2020	2019
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
		<u>12,992</u>	<u>12,992</u>

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.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER



DIRECTOR