
AMANAHA INVESTMENTS LIMITED

**Financial Statements
For the year ended June 30, 2022**

**REANDA**

Reanda Haroon Zakaria & Company
Chartered Accountants



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AMANAH INVESTMENTS LIMITED
ON THE AUDIT OF THE FINANCIAL STATEMENTS**

Opinion

We have audited the annexed financial statements of **Amanah Investments Limited** which comprise the statement of financial position as at June 30, 2022, and the statement of profit or loss and other comprehensive income, the statement of cash flows, the statement of changes in equity, for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity 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 June 30, 2022, and of the loss and its comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements and our auditors' 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 of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat is deductible at source under the Zakat and Ushr Ordinance, 1980.
- e) the Company was in compliance with the requirement of section 78 of the Securities Act 2015 and the relevant requirements of Securities Brokers (Licensing and Operations) Regulations 2016 as at the date on which the statement of financial position was prepared.

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

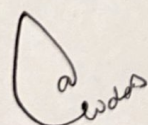
RH200 Reanda Haroon Zakaria Re
Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: October 07, 2022
UDIN: AR202210086EC894tLyU

AMANAH INVESTMENTS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
<u>ASSETS</u>			
Non Current Assets			
Property and equipment	4	4,254,767	4,253,115
Intangible assets	5	3,031,000	3,037,000
Long-term investment	6	30,046,526	28,456,623
Long-term deposits	7	3,750,000	3,750,000
		<u>41,082,293</u>	<u>39,496,738</u>
Current Assets			
Trade debts - considered good		152	127,951
Short-term deposits	8	420,980	410,000
Short-term investments	9	137,899,048	172,464,018
Income tax refunds due from the Government	10	328,304	63,819
Cash and bank balances	11	21,541,690	44,404,090
		<u>160,190,174</u>	<u>217,469,878</u>
Total Assets		<u><u>201,272,467</u></u>	<u><u>256,966,616</u></u>
<u>EQUITY AND LIABILITIES</u>			
Share Capital and Reserves			
Authorized Capital			
6,000,000 Ordinary shares of Rs. 10 each		<u>60,000,000</u>	<u>60,000,000</u>
Issued, subscribed and paid-up capital	12	49,013,990	49,013,990
Revenue reserves		<u>129,701,616</u>	<u>172,421,711</u>
Shareholders' equity		<u>178,715,606</u>	<u>221,435,701</u>
Non Current Liability			
Deferred tax liability	13	-	790,665
Current Liabilities			
Trade and other payable	14	20,527,861	32,711,250
Short-term borrowings	15	2,029,000	2,029,000
		<u>22,556,861</u>	<u>34,740,250</u>
Contingency and commitments	16		
Total Equity and Liabilities		<u><u>201,272,467</u></u>	<u><u>256,966,616</u></u>

The annexed notes from 1 to 27 form an integral part of these financial statements.



Chief Executive

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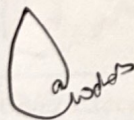
Director

AMANAH INVESTMENTS LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
Operating revenue	17	17,018,554	82,531,510
Operating and administrative expenses	18	(11,075,064)	(8,060,012)
Operating Profit		<u>5,943,490</u>	<u>74,471,498</u>
Other charges	19	(47,650,908)	(809,155)
Other income	20	1,202,126	3,122,962
(Loss) / profit before taxation		<u>(40,505,292)</u>	<u>76,785,305</u>
Taxation - net	21	(2,214,803)	(2,218,265)
(Loss) / profit after taxation		<u>(42,720,095)</u>	<u>74,567,040</u>
Other comprehensive income		-	-
Total comprehensive (loss) / income for the year		<u><u>(42,720,095)</u></u>	<u><u>74,567,040</u></u>

The annexed notes from 1 to 27 form an integral part of these financial statements.

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Chief Executive



Director

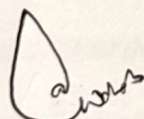
AMANAH INVESTMENTS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2022

	<i>Issued, subscribed and paid-up share capital</i>	<i>Revenue Reserves Unappropriated profits</i>	<i>Total Shareholders' Equity</i>
	<i>----- Rupees -----</i>		
Balance as at June 30, 2020	49,013,990	97,854,671	146,868,661
Total comprehensive income for the year	-	74,567,040	74,567,040
Balance as at June 30, 2021	49,013,990	172,421,711	221,435,701
Total comprehensive loss for the year	-	(42,720,095)	(42,720,095)
Balance as at June 30, 2022	49,013,990	129,701,616	178,715,606

Unappropriated profit can be utilized for meeting any contingencies and for distribution of profits by way of dividend.

The annexed notes from 1 to 27 form an integral part of these financial statements.

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Chief Executive

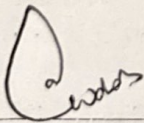


Director

AMANAH INVESTMENTS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		(40,505,292)	76,785,305
Adjustment for:			
Dividend income	17	(12,499,975)	(6,359,146)
Capital gain on disposal of investments - net	17	(636,135)	(15,738,691)
Depreciation	18	692,758	640,182
Amortization	18	6,000	6,000
Unrealized loss / (gain) on remeasurement of investments	19 & 17	47,181,350	(54,707,152)
Liabilities written back	20	-	(68,900)
Cash (outflows) / inflows before working capital changes		(5,761,294)	557,598
Working capital changes			
(Increase) / decrease in current assets			
Short-term deposits		(10,980)	990,000
Trade debts		127,799	(127,951)
Increase / (decrease) in current liabilities			
Trade and other payables		(12,183,389)	9,419,930
Cash (used in) / generated from operations		(17,827,864)	10,839,577
Taxes paid	10.1	(3,269,953)	(1,440,560)
Net cash (used in) / generated from operating activities		(21,097,817)	9,399,017
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred	4	(694,410)	(1,960,846)
Short term investments (made) / disposed off - net		(13,570,148)	5,882,619
Dividend received	17	12,499,975	6,359,146
Net cash (used in) / generated from investing activities		(1,764,583)	10,280,919
Net (decrease) / increase in cash and cash equivalents (A+B)		(22,362,400)	19,679,936
Cash and cash equivalents at the beginning of the year	11	44,404,090	24,724,154
Cash and cash equivalents at the end of the year	11	21,541,690	44,404,090

The annexed notes from 1 to 27 form an integral part of these financial statements.


Chief Executive

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Director

AMANAH INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1 THE COMPANY AND GENERAL INFORMATION

Amanah Investments Limited was incorporated in Pakistan as a public limited company (unquoted) under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017), on August 05, 2005 and commenced its business on February 03, 2006. The Company is a Trading Right Entitlement Certificate (TREC) holder of Pakistan Stock Exchange Limited - PSX. The registered office of the Company is situated at Room no. 123, 3rd Floor, Stock Exchange Building, Stock Exchange Road, Karachi. The Company's principal business is to act as security broker of PSX and PMEX and to engage in investments activities.

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. Accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (Act) and provisions of and directives issued under the Act. Where provisions of or directives issued under the Act differ from the IFRS Standards, the provisions of or directives issued under the Act have been followed.

Company falls under the category of medium size company, in accordance with the Third Schedule to the Act, however, the management has applied IFRS standards voluntarily for the fair and consistent presentation.

Preparation of financial statements also include disclosure required by Securities Brokers (Licensing and Operations) Regulations, 2016.

Further, computation of liquid capital (note no. 24) is disclosed to meet the specific requirements of Securities and Exchange Commission of Pakistan (SECP) in accordance with the guidelines given under Second and Third Schedule to the Securities Brokers (Licensing and Operations) Regulations, 2016 (the Regulations) read with clarifications and guidelines issued by the SECP from time to time.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except stated otherwise. Further, accrual basis of accounting is followed except for cash flow information.

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pak Rupees, which is also the functional currency of the Company.

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. 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 judgments about the 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 ongoing 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.

The areas where assumptions and estimates are significant to the Company's financial statements or where judgment is exercised in application of accounting policies are as follows:

- Review of useful life and residual value of property and equipment (note 3.1 and 4);
- Intangible assets (note 3.2 and 5);
- Assumptions and estimates used in calculating the provision for ECL on trade debts (note 3.4);
- Provision for taxation including deferred tax (note 3.9, 10, 13 and 21); and
- Revenue recognition (note 3.13 and 17)

2.5 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan which are effective in current period

The following standards, amendments and interpretations are effective for the year ended June 30, 2022. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

Amendments to IFRS 4 'Insurance Contracts', IFRS 7 'Financial Instruments: Disclosures', IFRS 9 'Financial Instruments', IFRS 16 'Leases', IAS 39 'Financial Instruments: Recognition and Measurement': Amendments regarding replacement issues in the context of the IBOR reform

*Effective for period beginning
on or after*

January 1, 2021

Amendments to IFRS 16 'Leases': Amendment to extend the exemption from assessing whether a COVID-19-related rent concession is a lease modification

April 1, 2021

Certain annual improvements have also been made to a number of standards, which have not been enumerated here for brevity.

2.6 Amendments to standards and IFRS interpretations that are not yet effective

The following amendments to accounting standards and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures': Sale or contribution of assets between an investor and its associate or joint venture	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.
Amendments to IAS 1 'Presentation of Financial Statements': Amendments regarding the classification of liabilities and disclosure of accounting policies	January 1, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors': Amendments regarding the definition of accounting estimates	January 1, 2023
Amendments to IAS 12 'Income Taxes': Amendments regarding deferred tax on leases and decommissioning obligations	January 1, 2023
Amendments to IAS 16 'Property, Plant and Equipment': Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use	January 1, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets': Amendments regarding the costs to include when assessing whether a contract is onerous	January 1, 2022

Certain annual improvements have also been made to a number of standards, which have not been enumerated here for brevity.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 - First Time Adoption of International Financial Reporting Standards
- IFRS 17 - Insurance Contracts

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Property and equipment

These are initially stated at cost. Subsequent to initial recognition, these are measured at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged to profit or loss by applying the reducing balance method at the rates specified in the relevant note. Depreciation is charged from the month in which they are available for use while no depreciation is charged in the month of deletion.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to profit or loss account during the financial year in which they are incurred.

Assets are derecognized when disposed off or when no future economic benefits are expected from its use or disposal and significant risks and rewards incidental to ownership have been transferred. Gains or losses on disposal of assets, if any, are recognized in the profit or loss, as and when incurred.

The carrying values of tangible fixed assets are reviewed for impairment when event or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

3.2 Intangible assets

Trading Rights Entitlement Certificate (TREC)

This was initially measured at the apportioned value of the carrying value, at that time, of the surrendered card, which was apportioned between the TREC and the shares of PSX issued to the Company. It is not amortized due to the fact that it has an indefinite useful life which can not be ascertained as it is unknown that how long the Company will hold the TREC. Subsequent to its initial recognition, it is measured at cost less impairment loss, if any. Impairment test is done to assess whether the carrying value is in excess of its recoverable amount, and where the carrying amount exceeds the estimated recoverable amount, the carrying amount is written down to its estimated recoverable amount.

Computer Software

These are stated at cost less accumulated amortization and impairment, if any. Amortization is charged over the useful life of the asset on a systematic basis to income applying the straight line method at the rate specified in the relevant note. Amortization is charged from the month when the asset is available for use while no amortization is charged in the month of disposal.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to profit or loss during the financial year in which they are incurred.

Intangible assets are assessed for impairment whenever there is an indication that the same are impaired. Costs associated with maintaining assets are recognized as an expense in the period in which these are incurred. Gains and losses on disposal, if any, of assets are included in income currently.

Capital work-in-progress

This represents expenditures on intangible assets in the course of installation. These will be transferred to relevant category of intangible asset as and when the assets are available for use. It is stated at cost less impairment, if any.

3.3 Financial assets and liabilities

3.3.1 Initial recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received plus or minus transaction costs (except financial asset at FVTPL where transaction costs are charged to profit or loss). These are subsequently measured at fair value or amortized cost as the case may be.

3.3.2 Classification of financial assets

The Company classifies its financial instruments in the following categories:

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

The Company determines the classification 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 at amortized cost

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

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

Financial assets at fair value through OCI

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

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

However, Company may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income provided that the investment is neither held for trading nor its a contingent consideration in a business combination.

Financial assets at fair value through P&L

A financial asset is measured at fair value through P&L unless it is measured at amortized or at fair value through OCI.

3.3.3 Classification of financial liabilities

The Company classifies its financial liabilities in the following categories:

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

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

3.3.4 Subsequent measurement

Financial assets at FVTOCI

These are measured at fair value, with gains or losses arising from changes in fair value recognized in OCI.

Financial assets and liabilities at amortized cost

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

Financial assets and liabilities at FVTPL

Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income / (loss). Currently, there are no financial liabilities designated at FVTPL.

3.3.5 Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses (ECLs) on financial assets that are measured at amortized cost. Loss allowances are measured on the basis of life time (ECLs) that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL is only recognized if the credit risk at the reporting date has increased significantly relative to the credit risk at initial recognition. Further, the Company considers the impact of forward looking information (such Company's internal factors and economic environment of the country of customers) on ECLs. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity and the cash flows that the Company expects to receive).

Provision against financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

3.3.6 Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized in profit or loss.

In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to revenue reserve.

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of profit or loss and other comprehensive income.

3.3.7 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

3.4 Trade debts

Trade debts are recognized initially at fair value and subsequently measured at amortized cost after deducting allowance for uncollectable amounts, if any. The Company applies the IFRS 9 simplified approach to measure the expected credit losses (ECL) which uses a lifetime expected loss allowance for trade and other receivables. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

3.5 Fiduciary assets

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

3.6 Deposits

Deposits are recorded initially at cost and subsequently measured at amortized cost.

3.7 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost and subsequently measured at amortized cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and bank balances.

3.8 Trade and other payables

Liabilities for creditors and other amounts payable are initially recognized at fair value which is the consideration to be paid in the future for the goods and / or services received, whether or not billed to the Company. These are subsequently measure at amortized cost. Trade payables in respect of securities sold by the clients are recorded at the settlement date of transactions. Liabilities no longer payable are written back and recognized as income in the profit or loss.

3.9 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the profit and loss account, except to the extent that it relates to the items recognized directly in other comprehensive income or in equity, in which case it is recognized there.

Current

Provision for taxation is based on current year taxable income determined in accordance with the provisions of Income Tax Ordinance, 2001, enactive on the date of statement of financial position and only adjustment to tax payable in respect of previous year.

Deferred

Deferred income tax is provided using the balance sheet liability method for all temporary differences at the balance sheet date between tax base of assets and liabilities and their carrying amounts for financial reporting purposes. The amount of deferred tax provided is based on the expected manner of realization or the settlement of the carrying amounts of assets and liabilities, using the tax rates enacted or substantively enacted at the reporting date.

Deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit for the foreseeable future will be available against which such temporary differences and tax losses can be utilized.

3.10 Provisions

Provisions are recognized when the company has present legal or constructive obligation as result of past events and it is probable that an outflow of resources will be required to settle the obligation, and reliable estimates of the amount can be made of the amount of obligation. Provisions are reviewed at the each reporting date and adjusted to reflect current best.

3.11 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

3.12 Contingent assets

Contingent assets are disclosed when there is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized until their realization become virtually certain.

3.13 Revenue recognition

Revenue from brokerage services

Commission income is recognized at amounts that reflect the consideration that the Company expects to be entitled to, in exchange for providing services to its clients. Revenue is measured at the fair value of the consideration received or receivable, and is recognized on the following basis:

Commission income is measured based on the consideration specified in a contract with a customer and is recognized when providing services to a customer at a point in time when the performance obligations are met. The transaction price of Company's contracts with customers for transferring the services does not include any variable consideration, any significant financing component, any non cash consideration or any consideration payable to its customers.

Other income

- Gains arising on disposal of investments are included in income currently and are recognized on the date when the transaction takes place.
- Dividend income on equity investments is recognized, when the right to receive the same is established.
- Unrealized gains arising on revaluation of securities classified as 'financial assets at fair value through profit or loss are included in the statement of profit or loss in the period in which they arise.
- Gain on sale of fixed assets is recorded when title is transferred in favor of the transferee.
- Income on placement of margin deposits with the NCCPL and funds with the banks is recognized on accrual basis on time proportionate basis.
- Other income is recognized, on accrual basis, on occurrence of transactions when related performance obligations are met.