AM CHAUHDHRY SECURITIES (PRIVATE) LIMITED
FINANCIAL STATEMENTS
FOR THE
YEAR ENDED 30 JUNE 2017

IECnet S.K.S.S.S.
Chartered Accountants
www.iecnet.net

AUDITORS' REPORT TO THE MEMBERS

We have audited the accompanying financial statements of **AM Chaudhry Securities (Private) Limited** ("Company" or "the Company"), which comprise the balance sheet as at June 30, 2017 and the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, together with a summary of significant accounting policies and other explanatory notes, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. This responsibility includes designing, implementing and maintaining 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as applicable in Pakistan. Those standards require that we comply with ethical requirements and that we plan and perform the audit to obtain reasonable assurance over whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view of the Company 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Company's financial statements conform with approved accounting standards as applicable in Pakistan, give the information required by the Companies Ordinance, 1984, in the manner so required, and respectively give a true and fair view of the Company's affairs as at June 30, 2017 and of the Company's profit, comprehensive income, changes in equity and cash flows for the year then ended.

IECNET S.K.S.S.S
Chartered Accountants

Report on Other Matters Required by the Companies Ordinance, 1984

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 Ordinance, 1984;

b) The balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;

c) The expenditure incurred during the year was for the purpose of the Company's business;

d) The business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company; and

e) Zakat deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

IECnet S.K.S.S.S
Chartered Accountants
Engagement Partner: **Muhammad Aslam Khan**
Lahore.
October 04, 2017.

AM CHAUDHRY SECURITIES (PRIVATE) LIMITED
BALANCE SHEET
AS AT 30 JUNE 2017

	Note	2017 Rupees	2016 Rupees
ASSETS			
Non-Current Assets			
Property and equipment	4	218,227	256,498
Intangible assets	5	4,050,000	4,050,000
Long term investments	6	4,439,750	4,439,750
Long term deposit	7	780,000	780,000
		9,487,977	9,526,248
Current Assets			
Trade receivables	8	523,356	483,163
Receivable from Directors	9	4,403,678	7,213,230
Tax refund due from government		86,277	21,311
Cash and bank balances	10	6,158,395	2,779,330
		11,171,706	10,497,034
		20,659,683	20,023,282
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital 700,000 (2016: 700,000) ordinary shares of Rs. 100 each		70,000,000	70,000,000
Issued, subscribed and paid up capital	11	10,000,000	10,000,000
Reserves		6,671,212	7,055,838
		16,671,212	17,055,838
Non-Current Liabilities		-	-
Current Liabilities			
Trade and other payables	12	3,927,206	2,934,188
Provision for taxation	13	61,265	33,256
		3,988,471	2,967,444
Contingencies and commitments	14	-	-
		20,659,683	20,023,282

The annexed notes from 1 to 26 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

AM CHAUDHRY SECURITIES (PRIVATE) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 Rupees	2016 Rupees
Revenue	15	**851,748**	556,304
Operating expenses:			
Administrative expenses	16	**(1,588,639)**	(1,946,207)
Operating loss		**(736,891)**	(1,389,903)
Finance cost	17	**(4,502)**	(2,447)
		(741,393)	(1,392,350)
Other operating income	18	**421,988**	221,544
Loss before taxation		**(319,405)**	(1,170,806)
Taxation	19	**(65,221)**	(55,087)
Loss after taxation		**(384,626)**	(1,225,893)
(Loss)/earnings per share	20	**(3.85)**	(12.26)

The annexed notes from 1 to 26 form an integral part of these financial statements.

AM CHAUDHRY SECURITIES (PVT) LTD * TREC HOLDER *

CHIEF EXECUTIVE

Umer Arif

DIRECTOR

AM CHAUDHRY SECURITIES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 Rupees	2016 Rupees
Loss for the year		**(384,626)**	(1,225,893)
Other comprehensive income / (loss)		-	-
Total comprehensive loss for the year		**(384,626)**	(1,225,893)

The annexed notes from 1 to 26 form an integral part of these financial statements.

AM CHAUDHRY SECURITIES (PVT) LTD ★ TREC HOLDER ★

CHIEF EXECUTIVE

Umer Arif

DIRECTOR

AM CHAUDHRY SECURITIES (PRIVATE) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 Rupees	2016 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		**(319,405)**	(1,170,806.00)
Adjustments for following items:			
Financial charges		**4,502**	2,447.00
Depreciation		**38,271**	49,280.00
Dividend income		**(369,240)**	(221,544.00)
		(326,467)	(169,817.00)
Operating loss before working capital changes		**(645,872)**	(1,340,623.00)
Adjustments for working capital changes:			
Trade receivables		**(40,193)**	4,386,397.00
Advances and other receivables		**2,809,552**	(7,061,149.00)
Trade and other payables		**993,018**	1,843,088.00
		3,762,377	(831,664.00)
		3,116,505	(2,172,287.00)
Finance cost paid		**(4,502)**	(2,447.00)
Taxes paid		**(102,178)**	(26,456.00)
Net cash used in operating activities		**3,009,825**	(2,201,190.00)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed asset acquired		-	(1,348.00)
Long term investments		-	411,200.00
Dividend income		**369,240**	221,544.00
Net cash generated from investing activities		**369,240**	631,396.00
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term loans			
Share deposit money		-	-
Net cash used in financing activities		-	-
Net increase in cash and cash equivalents		**3,379,065**	(1,569,795.00)
Cash and cash equivalents at the beginning of the year		**2,779,330**	4,349,125.00
Cash and cash equivalents at the end of the year		**6,158,395**	2,779,330.00

AM CHAUDHRY SECURITIES (PVT) LTD * TREC HOLDER *

CHIEF EXECUTIVE **DIRECTOR**

AM CHAUDHRY SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

(RUPEES)

	SHARE CAPITAL	SHARE DEPOSIT MONEY	REVENUE RESERVES	TOTAL
As at 01 July 2015	10,000,000	9,379,142	(1,097,411)	18,281,731
Total comprehensive income for the year :				
loss for the year ended 30 June 2016	-	-	(1,225,893)	(1,225,893)
As at 30 June 2016	10,000,000	9,379,142	(2,323,304)	17,055,838
Total comprehensive income for the year :				
Profit for the year ended 30 June 2017	-	-	(384,626)	(384,626)
As at 30 June 2017	10,000,000	9,379,142	(2,707,930)	16,671,212

The annexed notes from 1 to 26 form an integral part of these financial statements.

A M CHAUDHRY SECURITIES (PVT) LTD * TREC HOLDER *

CHIEF EXECUTIVE

Umer Arif
DIRECTOR

4 PROPERTY AND EQUIPMENT

	Note	2017 Rupees	2016 Rupees
Operating assets		218,227	256,498
		218,227	256,498

The following is a statement of operating fixed assets (tangible):

(Rupees)

	Furniture and fixtures	Computer equipment	Office equipment	Total
At 30 June 2015				
Cost	145,500	150,000	135,000	430,500
Accumulated depreciation	(30,070)	(68,100)	(27,900)	(126,070)
Net book value	115,430	81,900	107,100	304,430
Year ended 30 June 2015				
Additions	-	-	1,348	1,348
Depreciation charge for the year (Note: 4.01)	(11,543)	(27,027)	(10,710)	(49,280)
Net book value as at 30 June 2016	103,887	54,873	97,738	256,498
Year ended 30 June 2017				
Additions	-	-	-	-
Depreciation charge for the year (Note: 4.01)	(10,389)	(18,108)	(9,774)	(38,271)
Net book value as at 30 June 2017	93,498	36,765	87,964	218,227
At 30 June 2016				
Cost	145,500	150,000	136,348	431,848
Accumulated depreciation	(41,613)	(95,127)	(38,610)	(175,350)
Net book value	103,887	54,873	97,738	256,498
Annual rates (%) of depreciation	10	33	10	
At 30 June 2017				
Cost	145,500	150,000	136,348	431,848
Accumulated depreciation	(52,002)	(113,235)	(48,384)	(213,621)
Net book value	93,498	36,765	87,964	218,227
Annual rates (%) of depreciation	10	33	10	

4.01 Depreciation charge for the year has been allocated as follows:

	Note	2017 Rupees	2016 Rupees
Administrative Expenses		38,271	49,280
		38,271	49,280

1 LEGAL STATUS AND NATURE OF BUSINESS

The Company was incorporated in Pakistan on 31 May 2006 as a private limited company under the Companies Ordinance, 1984 and acquired corporate membership of Pakistan Stock Exchange Limited (Formerly: Lahore Stock Exchange Limited). The registered office of the company is situated at Room no.311, Lahore Stock Exchange building, 19 Khayaban-e-Aiwan-e-Iqbal, Lahore. The company is principally engaged in the business of investment advisory, purchase and sale of securities, financial consultancy, brokerage, underwriting, portfolio management and securities research.

2 STATEMENT OF COMPLIANCE AND SIGNIFICANT ESTIMATES

2.01 Statement of compliance

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan vide its circular no. 17 of 2017 dated 20 July 2017 communicated that the Commission has decided that companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the Companies Ordinance, 1984. Accordingly, these financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board as notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives under the Companies Ordinance, 1984 shall prevail.

2.02 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain financial instruments at fair value and employees retirement benefits at present value. In these financial statements, except for cash flow statement, all transactions have been accounted for on accrual basis.

2.03 Judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments , estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follow:

Depreciation method, rates and useful lives of property and equipment

The management of the Company reassesses useful lives, depreciation method and rates for items of property and equipment annually by considering expected pattern of economic benefits that the Company expects to drive from that item.

Recoverable amount of assets / cash generating units

The management of the Company reviews carrying amounts of its assets and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

Employees retirement benefits

The present value of defined benefit obligation is based assumptions of future outcomes, the principal ones being in respect of increases in remuneration, expected average remaining working lives of employees and discount rate used to derive present value of defined benefit obligation.

Taxation

The Company takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

Provisions

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the repoting date or to transfer it to a third party.

2.04 Standards, interpretations and amendments to published approved accounting standards

The following amendments to existing standards have been published that are applicable to the company's financial statements covering annual periods, beginning on or after the following dates:

- **Standards, amendments to published standards and interpretations effective in current year**

Following are the amendments that are applicable for accounting periods beginning on or after 01 July 2016:

New/Revised Standards, Interpretations and Amendments

IAS 1, 'Presentation of Financial Statements' aims to improve presentation and disclosure in financial reports by imphasising the importance of understandability, comparability and clarity in presentation.

The amendments provide clarification on a number of issues, including:

- Materiality: an entity should not eggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact in the financial position or performance.
- Disaggregation and subtotals: line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.
- Notes: confirmation that the notes do not need to be presented in a particular order.
- Other comprehensive income (OCI): arising from investments accounted for under the Equity Method - the share of OCI arising from equity - accounting investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of comprehensive income.
- **Improvement to Accounting Standards Issued by the IASB**

IAS 7 - Disclosure initiative
IAS 12 - Recognition of deferred tax asset for unrealized losses
IFRS 12 - Disclosure of interest in other entities

The adoption of the above improvements to accounting standards and interpretations are not likely to have an impact on the Company's financial statements.

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

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after 01 July 2016 are considered not to be relevant or to have any significant impact on the company's financial reporting and operations.

- **Standards, interpretations and amendments to existing standards that are not yet effective**

The following amendments and interpretations to existing standards have been published and are mandatory for accounting periods beginning on or after their respective effective dates.

IFRS 2 -	Classification and measurement of share based payment transactions	01 January 2018
IFRS 4 -	Insurance contracts	01 January 2018
IFRS 1 -	First time adoption of International Financial Reporting Standards	01 January 2018
IAS 40 -	Investment property	01 January 2018
IAS 28 -	Investment in associates and joint venture	01 January 2018

- The above standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements except for the increased disclosures in certain cases.

In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 09 - Financial Instruments: Classification and Measurement	01 January 2018
IFRS 15 - Revenue from Contracts with Customers	01 January 2018
IFRIC 22 - Foreign currency transaction and advance consideration	01 January 2018
IFRIC 23 - Uncertainty over Income Tax treatments	01 January 2019
IFRS 16 - Leases	01 January 2019
IFRS 17 - Insurance contracts	01 January 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.01 Property and equipment

Operating fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses and fully depreciated assets which are carried at residual value. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation is charged to income by applying reducing balance method to write off the cost over estimated remaining useful life of assets. The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from property, plant and equipments. Depreciation on addition to property, plant and equipment is charged from the date when asset is available for use up to the date of its de-recognition.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains / losses on disposal of fixed assets are included in current year's income.

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

Fully depreciated assets are being kept at a token value of Rs. 1/- each.

3.02 Intangible assets

Intangible assets represent Computer software and is stated at cost less accumulated amortization and any identified impairment loss.

Amortization is charged to income on the reducing balance method so as to write off the cost of an asset over its estimated useful life. Amortization on additions is charged from the month in which an asset is acquired or capitalized while no amortization is charged for the month in which the asset is disposed off.

The company assesses at each balance sheet date whether there is any indication that intangible assets may be impaired. If such indication exists, the carrying amount 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 is recognized in income currently. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Where an impairment loss is recognized, the amortization charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

3.02.1 Rooms at stock exchanges

These are stated at cost less impairment, if any. The carrying amounts are reviewed at each balance sheet date to assess whether these are recorded in excess of their recoverable amounts, and where the carrying value is in excess of recoverable amount, these are written down to their estimated recoverable amount.

3.02.2 TRE Certificates

Pursuant to demutualization, value approved by the Board of Directors of KSE has been used as its initial value. Provision is made for decline in value other than temporary, if any.

3.03 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and cash with bank in current and saving accounts.

3.04 Financial instruments

Financial assets

Financial assets are cash and bank balances, placements, investments, financing and other receivables. Finances and receivables from clients are stated at their nominal value as reduced by provision for doubtful finances and receivables, while other financial assets are stated at cost except for investments, which have been revalued as per accounting policy.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangement entered into. Significant financial liabilities include borrowings and trade and other payables. Markup based financial liabilities are recorded at gross proceeds received. Other liabilities are stated at their nominal value.

Recognition and derecognition

All the financial assets and financial liabilities are recognized at the time when the Company becomes party to the contractual provision of the instrument. Financial assets are derecognized when the Company loses control of the contractual rights that comprise of the financial assets. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has legally enforceable right to set-off the recognized amount and intends either to settle on a net basis or to realize the asset and settle the liabilities simultaneously.

3.05 Provisions

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

3.06 Taxation

Current

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

Deferred

Deferred tax is provided, using the balance sheet method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that the temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates ("and tax laws") that have been enacted or substantially enacted at the balance sheet date.

3.07 Related party transactions

The Company enters into transactions with related parties on an arm's length basis. Prices for transactions with related parties are determined using admissible valuation methods.

3.08 Impairment

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the greater of net selling price and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss reverses subsequently, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately.

3.09 Borrowing

These are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, these are stated at amortized cost with any difference between cost and redemption value being recognized in the profit or loss over the period of the borrowing on an effective interest basis.

3.10 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company and subsequently measured at amortized cost.

3.11 Trade and other receivables

Trade debts and other receivables are recognized initially at original invoice amount which is the fair value of trade debts and other receivables and subsequently measured at amortized cost less provision for impairment, if any. A provision for impairment is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

3.12 Investment at fair value through profit or loss

Investments are classified as investments at fair value through profit or loss when either they are designated as such on initial recognition or are classified as held for trading. Held for trading investments are investments that are acquired principally for the purpose of selling them in the near future; or that are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of profit taking or that are derivatives, excluding financial guarantee contracts and designated and hedging instruments.

These are recognized initially at cost which includes transaction costs associated with the investment. Subsequent to initial recognition, quoted investments are measured at fair value. Unrealized gains and losses arising from changes in fair value are recognized in profit or loss. Gain or loss on sale of investments is recognized in profit or loss. Fair value of quoted investments is measured by reference to published price quotations in an active market. Unquoted investments, where active market does not exist, are carried at cost and checked for impairment at each year end. Impairment loss, if any, is charged to profit or loss.

3.13 Investment available for sale

Investments are classified as available for sale when these are intended to be held for an indefinite period of time and may be sold in response to need for the liquidity or change in equity prices.

These are recognized initially at cost which includes transaction costs associated with the investment. Subsequent to initial recognition, quoted investments are measured at fair value. Unrealized gains and losses arising from changes in fair value are recognized in equity until the investments are disposed off or impaired. Gain or loss on sale of these investments is recognized in profit or loss. Fair value of quoted investments is measured by reference to published price quotations in an active market. Unquoted investments, where active market does not exist, are carried at cost and checked for impairment at each year end. Impairment loss, if any, is charged to profit or loss.

3.14 Securities sold / purchased under repurchase / resale agreements

Securities sold subject to a linked repurchase agreement ('repo') are retained in the financial statements and the counterparty liability is included in borrowings under repurchase agreements. The difference between sale and repurchase price is treated as mark-up income and is accrued over the life of agreement using the effective yield method.

3.15 Revenue

Revenue is measure at fair value of the consideration received or receivable, net of returns allowances, trade discounts and rebates, and represents amounts received or receivable for goods and services provided and other operating income earned in the normal course of business. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company, and the amount of revenue and the associated costs incurred or to be incurred can be measured reliably.

Revenue from different sources is recognized as follows:

- Brokerage income is recognized as and when such services are rendered.
- Dividend income is recognized when right to receive payment is established.
- Underwriting commission is recognized as and when the contract is executed. Take-up commission is recognized at the time of actual take-up.
- Commission on continuous funding system is recognized as and when accrued.
- Rental income is recognized as and when accrued.
- Mark-up on saving account is recognized on time proportion basis.

3.16 Borrowings cost

Finance costs are recognized as an expense in the year in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of the relevant asset.

3.17 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit and loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit and loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

3.18 Ordinary share capital

Ordinary share capital is recognized as equity. Transaction costs directly attributable to the issue of ordinary shares are recognized as deduction from equity.

3.19 Contingencies

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.

3.20 Comprehensive income

Comprehensive income is the change in equity resulting from transactions and other events, other than changes resulting from transactions with shareholders in their capacity as shareholders. Total comprehensive income comprises all components of profit or loss and other comprehensive income. Other comprehensive income comprises items of income and expense, including reclassification adjustments, that are not recognized in profit or loss as required or permitted by approved accounting standards.

5 INTANGIBLE ASSETS	Note	2017 Rupees	2016 Rupees
Trading Right Entitlement Certificate (TREC)	5.01	4,000,000	4,000,000
Accounting Software		50,000	50,000
		4,050,000	4,050,000