- Return on PLS savings account is accounted for on accrual basis.

3.14 Taxation

Current

Current tax is the amount of tax payable on taxable income for the year, using tax rate enacted by or substantively enacted at the balance sheet date, and any adjustment to the tax payable in respect of previous year. Provision for current tax is based on higher of the taxable income at current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any or minimum tax u/s 113 of Income Tax Ordinance, 2001 after taking into account tax credits or Alternative corporate tax u/s 113C of Income Tax Ordinance, 2001. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

Deferred

Deferred tax is recognized using the balance sheet liability method, providing for temporary differences, at the balance sheet date, between carrying amount and the tax base of assets and liabilities for financial reporting purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses and tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and /or carry forward of unused tax losses or tax credits can be utilized.

3.15 Impairment

Financial assets

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in profit and loss account.

Non-financial assets

The carrying amount of the Company's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss, if any. An impairment