

Taleem Finance Company Limited

Financial Statements

Year ended 31 December 2021

Audited

INDEPENDENT AUDITOR'S REPORT

To the members of TALEEM FINANCE COMPANY LIMITED Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of TALEEM FINANCE COMPANY LIMITED [the Company], which comprise the statement of financial position as at 31 December 2021, 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, 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 31 December 2021 and of the loss, 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.

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, 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 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.

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

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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 user 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 we 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.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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).

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Other Matters

The financial statements of the Company for the year ended 31 December 2021, were audited by another auditor who expressed an unmodified opinion on those statements on 01 April 2021.

The engagement partner on the audit resulting in this independent auditor's report is **ZUBAIR IRFAN MALIK**.



RAHMAN SARFARAZ RAHIM IQBAL RAFIQ

Chartered Accountants

Lahore | 04 April 2022



TALEEM FINANCE COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Note	31-Dec-21 Rupees	31-Dec-20 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	7	500,000,000	500,000,000
Issued share capital	8	337,956,000	337,956,000
Share deposit money	9	-	-
Accumulated losses		(95,302,665)	(56,311,334)
TOTAL EQUITY		242,653,335	281,644,666
NON-CURRENT LIABILITIES			
Long term borrowings	10	-	-
Lease liabilities	11	3,637,424	6,873,109
		3,637,424	6,873,109
CURRENT LIABILITIES			
Trade and other payables	11	3,602,121	2,174,869
Short term borrowings	12	-	-
Accrued interest/mark-up on borrowings	13	39,455	-
Provision for taxation		399,581	78,590
Current portion of long term borrowings		25,000,000	-
Current portion of lease liabilities		2,883,734	2,392,333
		31,924,891	4,645,792
TOTAL LIABILITIES		35,562,315	11,518,901
CONTINGENCIES AND COMMITMENTS	14		
TOTAL EQUITY AND LIABILITIES		278,215,650	293,163,567
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	15	7,188,818	9,747,642
Intangible assets	16	1,436,025	1,242,057
Right-of-use assets	17	6,896,810	10,068,478
Long term deposits	18	945,000	520,000
Long term loans	19	82,643,979	38,081,573
Deferred taxation	20	2,633,023	6,027,269
		101,743,655	65,687,019
CURRENT ASSETS			
Short term investments	21	52,403,425	191,366,233
Advances, prepayments and other receivables	22	1,259,401	834,003
Mark-up receivable on long term loans	23	1,972,682	556,095
Advance income tax/income tax refundable		5,373,238	4,088,238
Current portion of long term loans	19	78,394,022	21,821,628
Cash and bank balances	24	37,069,227	8,810,351
		176,471,995	227,476,548
TOTAL ASSETS		278,215,650	293,163,567

The annexed notes from 1 to 48 form an integral part of these financial statements.


Director


Chief Executive Officer

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TALEEM FINANCE COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	31-Dec-21 Rupees	31-Dec-20 Rupees (restated)
Income from long term loans	25	31,966,516	5,239,315
Operational expenditure	26	(3,662,967)	(2,232,530)
Administrative expenses	27	(71,603,050)	(67,806,443)
Operating loss		(43,299,501)	(64,799,658)
Other income	28	9,212,681	22,596,149
Finance cost	29	(1,110,684)	(1,713,194)
Loss before taxation		(35,197,504)	(43,916,703)
Provision for taxation	30	(3,793,827)	612,599
Loss after taxation		(38,991,331)	(43,304,104)
Other comprehensive income		-	-
Total comprehensive loss		(38,991,331)	(43,304,104)
Loss per share - basic and diluted	31	(11.54)	(20.78)

The annexed notes from 1 to 48 form an integral part of these financial statements.



Director



Chief Executive Officer

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TALEEM FINANCE COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Issued share capital Rupees	Share deposit money Rupees	Accumulated losses Rupees	Total equity Rupees
Balance as at 01 January 2020	102,000,000	81,256,000	(13,007,230)	170,248,770
Comprehensive Income				
Loss after taxation	-	-	(43,304,104)	(43,304,104)
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	-	(43,304,104)	(43,304,104)
Transaction with owners				
Share deposit money received	-	154,700,000	-	154,700,000
Issue of ordinary shares	235,956,000	(235,956,000)	-	-
	235,956,000	(81,256,000)	-	154,700,000
Balance as at 31 December 2020	337,956,000	-	(56,311,334)	281,644,666
Balance as at 01 January 2021	337,956,000	-	(56,311,334)	281,644,666
Comprehensive Income				
Loss after taxation	-	-	(38,991,331)	(38,991,331)
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	-	(38,991,331)	(38,991,331)
Transaction with owners	-	-	-	-
Balance as at 31 December 2021	337,956,000	-	(95,302,665)	242,653,335

The annexed notes from 1 to 48 form an integral part of these financial statements.



Director



Chief Executive Officer

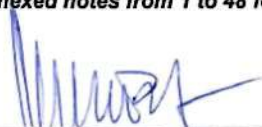
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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	31-Dec-21 Rupees	31-Dec-20 Rupees (restated)
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(35,197,504)	(43,916,703)
Adjustments for non-cash items		
Interest on lease liabilities	1,037,458	1,705,867
Interest on borrowings	39,455	-
Depreciation on property and equipment	2,997,895	2,859,234
Depreciation on right-of-use assets	2,665,926	2,715,096
Amortization of intangible assets	406,032	326,854
Gain on waiver of increment in lease rental	-	(213,287)
Impairment allowance on long term loans	1,540,670	912,232
Return on short term investments	(5,542,274)	(16,771,003)
	3,145,162	(8,465,007)
Operating loss before changes in working capital	(32,052,342)	(52,381,710)
Changes in working capital		
Long term deposits	(425,000)	-
Long term loans	(102,675,470)	(60,815,433)
Advances, prepayments and other receivables	(425,398)	(148,679)
Mark-up receivable on long term loans	(1,416,587)	(556,095)
Trade and other payables	1,427,252	1,090,302
	(103,515,203)	(60,429,905)
Cash used in operations	(135,567,545)	(112,811,615)
Payments for:		
Income taxes	(1,363,590)	(3,606,301)
Interest on lease liabilities	(1,037,458)	(567,385)
Net cash used in operating activities	(137,968,593)	(116,985,301)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(439,071)	(1,012,091)
Purchase of intangible assets	(600,000)	(1,568,911)
Short term investments made	(715,000,000)	(920,000,000)
Short term investments redeemed	855,000,000	875,000,000
Return on short term investments	4,505,082	17,076,332
Net cash used in investing activities	143,466,011	(30,504,670)
CASH FLOW FROM FINANCING ACTIVITIES		
Share deposit money received	-	154,700,000
Long term borrowings obtained	25,000,000	-
Lease liabilities paid	(2,238,542)	(2,552,615)
Net cash generated from financing activities	22,761,458	152,147,385
NET INCREASE IN CASH AND CASH EQUIVALENTS	28,258,876	4,657,414
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR	8,810,351	4,152,937
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR	32 37,069,227	8,810,351

The annexed notes from 1 to 48 form an integral part of these financial statements.


Director


Chief Executive Officer

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TALEEM FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1 LEGAL STATUS AND OPERATIONS

Taleem Finance Company Limited [the Company] was incorporated under the Companies Act, 2017 on 27 March 2019. The registered office of the Company is situated at 1st Floor, 15 - S, Gulberg II, Lahore. License to carry out investment finance services as non-banking finance company was issued by Securities and Exchange Commission of Pakistan on 12 June 2019. The principal line of business of the Company is to carry on the business of lending money to low-income private schools in Pakistan or to any other company or firm or person on such terms and conditions, with or without security, as may be deemed appropriate by the Company, for provision of educational services and related technology to schools in Pakistan for the purpose of improving the quality of education and training of teachers.

1.1 Particulars of Holding Company

Name of Holding Company	Gray Ghost Ventures Education Holdings LLC
Registered office address	101 Marietta Street, Suite 2220, Atlanta, GA, 30303, USA
Country of incorporation	The United States of America

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. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards [IFRS] issued by the International Accounting Standards Board as notified under the Companies Act, 2017;
- The Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 [NBFC Rules] and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 [NBFC Regulations]; and
- Provisions of and directives issued under the Companies Act, 2017 [the Act] along with Part VIIIA of the repealed Companies Ordinance, 1984 [Part VIIIA].

Where provisions of and directives issued under the Act, Part VIIIA, the NBFC Rules, the NBFC Regulations differ from the IFRS Standards, the provisions of and directives issued under the Act, Part VIIIA, the NBFC Rules and the NBFC Regulations have been followed.

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis as at the reporting date.

Items	Measurement basis
Financial liabilities	Amortized cost
Financial assets	Amortized cost

2.3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the 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. Subsequently, actual results may differ from these estimates. 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 and in any future periods affected.

2.3.1 Critical accounting judgements

Critical accounting judgements made by the management in the application of accounting and reporting standards that have significant effect on the financial statements are as follows:

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TALEEM FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(a) Determining the lease term of contracts with renewal and termination options – as 'lessee' (see note 11)

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has acquired office premises on lease. The lease contract covers a period of three years, extendable further on expiry. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The Company has included the extendable period of two years as part of the lease term because acquiring a new premises will require significant expenditure on leasehold improvements and thus the extension option provides an economic incentive for the Company to exercise the option.

(b) Intangible asset arising from development (see note 16.2)

The Company applies judgement in recognizing intangible asset arising from development by considering how the intangible asset will generate probable future economic benefits, its intention to complete the intangible asset, availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, its ability to use or sell the intangible asset, the technical feasibility of completing the intangible asset so that it will be available for use or sale and its ability to reliably measure the expenditure attributable to the intangible asset during its development.

The Company is developing a new software application 'Taleem Tech'. The management has concluded that the expenditure incurred on development meets the criteria for recognition as intangible asset.

(c) Classification of investments in term deposit receipts as held-to-maturity investments (see note 21)

The Company determines the classification of its financial assets on initial recognition based on the purpose for which these are acquired. The Company applies judgement in determining classification of investments in term deposits as held-to-maturity by considering its ability to hold these investments to maturity. The management has analyzed the maturity profile of its assets and liabilities and has concluded that it has the ability to hold these investments to maturity.

2.3.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

(a) Deferred tax assets on unused tax losses and credits (see note 20)

Deferred tax assets are recognized for unused tax losses and credits to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Company has Rs. 90.046 million (2020: Rs. 60.692 million) of tax losses and credits carried forward as at the reporting date and available to the Company against future taxable profits. Out of these, deferred tax asset has been recognized on tax losses and credits amounting to Rs. 4.621 million (2020: Rs. 21.545 million).

If the Company was able to recognize all unrecognized deferred tax assets, deferred tax assets and equity as at the reporting date would have increased by Rs. 24.773 million (2020: Rs. 11.353 million)

2.4 Functional currency

These financial statements have been prepared in Pak Rupees which is the Company's functional currency. The amounts reported in these financial statements have been rounded to the nearest Rupees unless specified otherwise.

2.5 Date of authorization for issue

These financial statements were authorized for issue on 04 April 2022 by the Board of Directors of the Company.

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TALEEM FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

3 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE DURING THE YEAR.

The following new and revised standards, interpretations and amendments are effective in the current year but are either not relevant to the Company or their application does not have any material impact on the financial statements of the Company other than presentation and disclosures, except as stated otherwise.

3.1 COVID-19 - Related Rent Concessions (Amendment to IFRS 16 - Leases)

The amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

3.2 Interest Rate Benchmark Reform - Phase 2 (Amendments to IAS 39 - Financial Instruments: Recognition and Measurement, and IFRS 7 - Financial Instruments: Disclosures, IFRS 4 - Insurance Contracts, IFRS 16 - Leases)

The amendments in Interest Rate Benchmark Reform - Phase 2 (Amendments to IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

4 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE.

The following standards, interpretations and amendments are in issue which are not effective as at the reporting date and have not been early adopted by the Company.

	Effective date (annual periods beginning on or after)
IFRS 17 - Insurance contracts (2017)	01 January 2023
Sale or contribution of assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures).	Deferred Indefinitely
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 - Presentation of Financial Statements).	01 January 2023
Reference to the Conceptual Framework (Amendments to IFRS 3 - Business Combinations).	01 January 2022
Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16 - Property, Plant and Equipment).	01 January 2022
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37 - Impairment of Assets).	01 January 2022
Annual Improvements to IFRS Standards 2018–2020.	01 January 2022
Amendments to IFRS 17	01 January 2023
Disclosure of Accounting Policies (Amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2 - Making Materiality Judgements)	01 January 2023
Definition of Accounting Estimates (Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors)	01 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 - Income Taxes)	01 January 2023
Initial Application of IFRS 17 and IFRS 9 — Comparative Information (Amendment to IFRS 17 - Insurance contracts)	01 January 2023
COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16 - Leases)	01 April 2021
Other than afore mentioned standards, interpretations and amendments, IASB has also issued the following standards which have not been notified by the Securities and Exchange Commission of Pakistan ['SECP']:	
IFRS 1 - First Time Adoption of International Financial Reporting Standards	
IFRS 14 - Regulatory Deferral Accounts	

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TALEEM FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

The Company intends to adopt these new and revised standards, interpretations and amendments on their effective dates, subject to, where required, notification by Securities and Exchange Commission of Pakistan under section 225 of the Companies Act, 2017 regarding their adoption. The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will not have a material impact on the Company's financial statements other than in presentation/disclosures.

Securities and Exchange Commission of Pakistan through SRO 800(1)/2021 dated 22 June 2021 has notified that IFRS 9 shall be applicable for the preparation of financial statements of Non-Banking Finance Companies for reporting period/year ending on or after 30 June 2022. Accordingly, the requirements of this standard have not been considered in preparation of these financial statements.

5 CHANGE IN ACCOUNTING POLICY

During the year, the Company has changed its accounting policy for Cash and Cash Equivalents. Prior to the change, Cash and Cash Equivalents for the purpose of cash flow statement comprised cash and bank balances and investments with maturity period of three months or less. Following the change, investments have been excluded from the composition of Cash and Cash Equivalents which now comprise cash and bank balances only. The management believes that the revised policy, by excluding held to maturity investments from Cash and Cash Equivalents and thus keeping only cash on hand and demand deposits, provides reliable and more relevant information about Cash and Cash Equivalents.

The change has no effect on the information in the statement of financial position at the beginning of the comparative period and accordingly, a third statement of financial position has not been presented.

6 SIGNIFICANT ACCOUNTING POLICIES

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

6.1 Property and equipment

Property and equipment assets held for use in the supply of services or for administrative purposes, are stated in the statement of financial position at their cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognized in profit or loss, using rates specified in note 15, so as to write off the cost of assets over their useful lives, using the straight line method, with the exception of right-of-use assets, for which the lease does not transfer ownership of the underlying asset to the Company at the end of lease term, which are depreciated over the shorter of lease term and useful lives of the underlying assets, using straight line method. Depreciation commences from the month in which the item is ready for intended use and is discontinued from the month in which the asset is disposed or classified as held for disposal.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

A property and equipment asset is derecognized upon disposal or when no future economic benefits are expected to arise from its continued use. The gain or loss arising on the disposal or retirement of such assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

6.2 Intangible assets

Intangible assets with finite useful lives that are acquired separately or in a business combination are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized in profit or loss, using rates specified in note 16.1, so as to write off the cost of assets over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately or in a business combination are carried at cost less accumulated impairment losses.

6.3 Leases as 'lessee'

The Company assesses whether a contract is or contains a lease, at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identifiable asset for a period of time in exchange for consideration. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for the short-term leases and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

A right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

TALEEM FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Subsequent to initial recognition, a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is recognized using straight-line method over the shorter of lease term and useful life of the right-of-use asset, unless the lease transfers ownership of the underlying asset to the Company by the end of lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case, the right-of-use asset is depreciated over the useful life of the underlying asset, which is determined on the same basis as those of operating fixed assets. In addition, the right-of-use asset is adjusted for certain remeasurements of the related lease liability.

Lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments included in measurement of lease liability comprise:

- Fixed lease payments, including in-substance fixed payments, less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Subsequent to initial recognition, lease liability is measured at amortized cost using effective interest method whereby the carrying amount of lease liability is increased to reflect the interest thereon and decreased to reflect lease payments made. Interest is recognized in profit or loss.

Lease liability is remeasured whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate, unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used; or
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the related right-of-use asset, except where the carrying amount of right-of-use asset is reduced to zero. In that case, any adjustment exceeding the carrying amount of the right-of-use asset is recognized in profit or loss.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs.

6.4 Financial Instruments

6.4.1 Recognition

A financial instrument is recognized when the Company becomes a party to the contractual provisions of the instrument.

6.4.2 Classification

The Company classifies its financial instruments into following classes depending on the purpose for which the financial assets and liabilities are acquired or incurred. The Company determines the classification of its financial assets and liabilities on initial recognition.

(a) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Assets in this category are presented as current assets except for maturities greater than twelve months from the reporting date, where these are presented as non-current assets.

(b) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity. Assets in this category are presented as non-current assets except for maturities less than twelve months from the reporting date, where these are presented as current assets.

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(c) Financial liabilities at amortized cost

Non-derivative financial liabilities that are not financial liabilities at fair value through profit or loss are classified as financial liabilities at amortized cost. Financial liabilities in this category are presented as current liabilities except for maturities greater than twelve months from the reporting date where these are presented as non-current liabilities.

6.4.3 Measurement

The particular measurement methods adopted are disclosed in the individual policy statements associated with each instrument.

6.4.4 De-recognition

Financial assets are de-recognized if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are de-recognized if the Company's obligations specified in the contract expire or are discharged or cancelled. Any gain or loss on de-recognition of financial assets and financial liabilities is recognized in profit or loss.

6.4.5 Off-setting

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

6.5 Investments in Term Deposit Receipts [TDRs]

These are classified as 'held-to-maturity investments'. On initial recognition, these are measured at fair value at the date of transaction, plus attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

6.6 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.

6.7 Share deposit money

Share deposit money is recognized as equity on receipt basis.

6.8 Loans and borrowings

Loans and borrowings are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in the profit or loss over the period of the borrowings on an effective interest basis.

6.9 Loans and other receivables

6.9.1 Financial assets

These are classified as 'loans and receivables'. On initial recognition, these are measured at cost, being their fair value at the date of transaction, plus attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

6.9.2 Non-financial assets

These, both on initial recognition and subsequently, are measured at cost.

6.10 Employee benefits

6.10.1 Short-term employee benefits

The Company recognizes the undiscounted amount of short term employee benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in profit or loss unless it is included in the cost of inventories or property, plant and equipment as permitted or required by the approved accounting and reporting standards as applicable in Pakistan. If the amount paid exceeds the undiscounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.

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The expected cost of short-term compensated absences is recognized as the employees render service that increases their entitlement or, in the case of non-accumulating absences, when the absences occur, and includes any additional amounts an entity expects to pay as a result of unused entitlements at the end of the period.

6.10.2 Post-employment benefits

The Company operates an approved funded contributory provident fund for all its permanent employees who have completed the minimum qualifying period of service as defined under the respective scheme. Equal monthly contributions are made both by the Company and the employees at the rate of ten percent of basic salary and cost of living allowance, where applicable, to cover the obligation. Contributions made by the Company are recognized in profit or loss when due.

6.11 Trade and other payables

6.11.1 Financial liabilities

These are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being their fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

6.11.2 Non-financial liabilities

These, both on initial recognition and subsequently, are measured at cost.

6.12 Income from long term loans

Income from long term loans comprises mark-up income, service charges and late payment surcharge. Mark-up income is recognized using the effective interest method. Income from service charges and late payment surcharge is recognized as related services are performed.

6.13 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 ['OCI']. OCI comprises items of income and expense, including reclassification adjustments, that are not recognized in profit or loss as required or permitted by accounting and reporting standards as applicable in Pakistan, and is presented in 'statement of comprehensive income'.

6.14 Taxation

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

6.14.1 Current taxation

Current tax is the amount of tax payable on taxable income for the year and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. 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.

6.14.2 Deferred taxation

Deferred tax is accounted for using the 'balance sheet approach' providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the treatment prescribed by The Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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6.15 Provisions and contingencies

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognized as provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risk and uncertainties surrounding the obligation. Where a provision is measured using cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Where outflow of resources embodying economic benefits is not probable, or where a reliable estimate of the amount of obligation cannot be made, a contingent liability is disclosed, unless the possibility of outflow is remote.

6.16 Earnings per share [EPS]

Basic EPS is calculated by dividing the profit or 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 or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

6.17 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash in hand and cash at bank in current and deposit accounts. For the purpose of statement of cash flows, cash and cash equivalents consist of cash and bank balances and short term investments having maturity of three months or less.

6.18 Foreign currency transactions and balances

Transactions in foreign currency are translated to the functional currency of the Company using exchange rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency at exchange rate prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated to the functional currency at exchange rate prevailing at the date the fair value is determined. Non-monetary assets and liabilities denominated in foreign currency that are measured at historical cost are translated to functional currency at exchange rate prevailing at the date of initial recognition. Any gain or loss arising on translation of foreign currency transactions and balances is recognized in profit or loss.

6.19 Impairment

6.19.1 Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. 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. 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 the asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate, except for long term loans and mark-up receivable thereon where impairment loss is recognized at the higher of loss determined as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate and loss calculated in accordance with the provisioning criteria specified by Non-Banking Finance Companies and Notified Entities Regulations, 2008.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

6.19.2 Non-financial assets

The carrying amount of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

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An impairment loss is recognized if the carrying amount of the asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro-rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used in determining the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

7 AUTHORIZED SHARE CAPITAL

31-Dec-21	31-Dec-20		31-Dec-21	31-Dec-20
No. of shares	No. of shares		Rupees	Rupees
5,000,000	5,000,000	Ordinary shares of Rs. 100 each	500,000,000	500,000,000
5,000,000	5,000,000		500,000,000	500,000,000

8 ISSUED SHARE CAPITAL

31-Dec-21	31-Dec-20		31-Dec-21	31-Dec-20
No. of shares	No. of shares		Rupees	Rupees
3,379,560	3,379,560	Ordinary shares of Rs. 100 each Issued for cash	337,956,000	337,956,000
		8.1		
3,379,560	3,379,560		337,956,000	337,956,000

8.1 The Holding Company holds 3,359,560 (2020: 3,359,560) ordinary shares in the Company which constitutes 99.40% (2020:99.40%) of the total equity.

8.2 The Company is compliant with the minimum equity requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008.

8.3 Movement in the number of ordinary shares outstanding during the year is as follows:

	Note	31-Dec-21	31-Dec-20
		No. of shares	No. of shares
As at beginning of the year		3,379,560	1,020,000
Ordinary shares issued during the year	8.3.1	-	2,359,560
As at end of the year		3,379,560	3,379,560

8.3.1 These ordinary shares were issued against share deposit money received during the previous year (see note 9).

9 SHARE DEPOSIT MONEY

This represents advance against issue of ordinary shares received from shareholders of the Company. The movement during the year is as follows:

	Note	31-Dec-21	31-Dec-20
		Rupees	Rupees
As at beginning of the year		-	81,256,000
Received during the year		-	154,700,000
Ordinary shares issued during the year	8.3.1	-	(235,956,000)
As at end of the year		-	-

10 LONG TERM BORROWINGS

Term facility	10.1	25,000,000	-
Current maturity presented under current liabilities		(25,000,000)	-
		-	-

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- 10.1 This represents term facility of Rs. 100 million sanctioned by Pakistan Microfinance Investment Company Limited ['PMIC'] to finance the Company's microfinance operations. PMIC has disbursed one tranche of Rs. 25 million on 31 December 2021. The undrawn amount of Rs. 75 million remains available to the Company for disbursement during the availability period expiring on 31 October 2022. The facility is secured by hypothecation of all present and future current assets of the Company. The facility carries mark-up at six months KIBOR plus 4.75% per annum, payable quarterly. Principal is repayable in six unequal quarterly installments with the first installment due in June 2022.

	Note	31-Dec-21 Rupees	31-Dec-20 Rupees
11 LEASE LIABILITIES			
Present value of minimum lease payments	11.1 & 11.2	6,521,158	9,265,442
Current portion presented under current liabilities	11.1 & 11.2	(2,883,734)	(2,392,333)
		3,637,424	6,873,109

- 11.1 These represent liabilities against right-of-use asset comprising office premises. Lease of office premises has been recognized using a discount rate of 13.16% (2020: 12.58%) per annum. Lease rentals are payable annually in advance over the lease term of five years.

- 11.2 The amount of future payments under the lease arrangements and the period in which these payments will become due are as follows:

	31-Dec-21 Rupees	31-Dec-20 Rupees
Not later than one year	3,603,600	3,432,000
Later than one year but not later than five years	3,963,960	7,927,920
Total future minimum lease payments	7,567,560	11,359,920
Finance charge allocated to future periods	(1,046,402)	(2,094,478)
Present value of future minimum lease payments	6,521,158	9,265,442
Not later than one year	(2,883,734)	(2,392,333)
Later than one year but not later than five years	3,637,424	6,873,109

- 11.3 During the year the lessor agreed to reduction in lease rentals with effect from 15 September 2021. The reduction in lease rentals also relates to payments originally due beyond 30 June 2022 and thus the change in consideration is not eligible for practical expedient regarding COVID-19-Related Rent Concessions. Accordingly the change has been accounted for as a lease modification. The difference amounting to Rs. 505,742 between the carrying amount of lease liability before the modification and the carrying amount of the modified lease liability has been recognized as an adjustment to the related right-of-use asset (see note 17).

	31-Dec-21 Rupees	31-Dec-20 Rupees
11 TRADE AND OTHER PAYABLES		
Trade creditors	995,574	1,174,926
Accrued liabilities	2,440,474	893,088
Incentives payable	142,417	83,755
Withholding tax payable	7,276	7,500
Employees' Old-Age Benefits payable	16,380	15,600
	3,602,121	2,174,869

12 SHORT TERM BORROWINGS

This represents running finance facility of Rs. 45 million obtained from Silk Bank Limited for working capital requirements. The facility is secured by lien over the Company's investment in Term Deposit Receipts ['TDRs'] (see note 21). The facility carries interest at the rate equal to 1.5% per annum plus interest rate on TDRs, payable quarterly.

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	31-Dec-21	31-Dec-20
	<i>Rupees</i>	<i>Rupees</i>
13 ACCRUED INTEREST/MARK-UP ON BORROWINGS		
Long term borrowings	8,664	-
Short term borrowings	30,791	-
	39,455	-

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

14.1.1 The Deputy Commissioner Inland Revenue ['DCIR'] issued a show cause notice under section 161/205 of the Income Tax Ordinance, 2001 ['the Ordinance'] for Tax Year 2020 on 15 February 2021. The show cause notice was responded to on 08 March 2021. The DCIR made an order dated 30 August 2021 under section 161(1) of the Ordinance wherein a demand of Rs. 481,353 was created. Being aggrieved the Company filed an appeal under section 127(4) before Commissioner Inland Revenue (Appeals) ['CIR-A'] on 28 September 2021. Meanwhile, notice under section 138(1) was issued on 30-09-2021. The CIR-A, on the Company's application made on 05 October 2021 granted stay against recovery of DCIR's demand for 30 days which was further extended till 13 February 2022 on various applications filed by the Company. The CIR-A has finalized the proceedings vide order dated 11 February 2022 wherein the case has been remanded back for fresh adjudication and the corresponding demand has been annulled. The fresh adjudication is pending finalization with DCIR.

14.2 Commitments

14.2.1 There are no commitments as at the reporting date

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15 PROPERTY AND EQUIPMENT

	31-Dec-21									
	COST				Rate	DEPRECIATION				Net book value as at 31-Dec-21 Rupees
	As at 01-Jan-21 Rupees	Additions Rupees	Disposals Rupees	As at 31-Dec-21 Rupees		As at 01-Jan-21 Rupees	For the year Rupees	Adjustment Rupees	As at 31-Dec-21 Rupees	
Furniture and fixtures	1,963,050	105,382	-	2,068,432	20%	460,652	413,239	-	873,891	1,194,541
Leasehold improvements	5,145,233	-	-	5,145,233	20%	1,202,541	1,029,048	-	2,231,589	2,913,644
Office equipment	3,441,935	-	-	3,441,935	20%	773,107	688,380	-	1,461,487	1,980,448
Computer equipment	2,468,793	333,689	-	2,802,482	33%	835,069	867,228	-	1,702,297	1,100,185
	13,019,011	439,071	-	13,458,082		3,271,369	2,997,895	-	6,269,264	7,188,818

	31-Dec-20									
	COST				Rate	DEPRECIATION				Net book value as at 31-Dec-20 Rupees
	As at 01-Jan-20 Rupees	Additions Rupees	Disposals Rupees	As at 31-Dec-20 Rupees		As at 01-Jan-20 Rupees	For the year Rupees	Adjustment Rupees	As at 31-Dec-20 Rupees	
Furniture and fixtures	1,963,050	-	-	1,963,050	20%	68,036	392,616	-	460,652	1,502,398
Leasehold improvements	5,079,580	65,653	-	5,145,233	20%	175,681	1,026,860	-	1,202,541	3,942,692
Office equipment	3,220,860	221,075	-	3,441,935	20%	85,695	687,412	-	773,107	2,668,828
Computer equipment	1,743,430	725,363	-	2,468,793	33%	82,723	752,346	-	835,069	1,633,724
	12,006,920	1,012,091	-	13,019,011		412,135	2,859,234	-	3,271,369	9,747,642

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	31-Dec-21 Rupees	31-Dec-20 Rupees
16 INTANGIBLE ASSETS			
Operating intangible assets	16.1	497,526	903,558
Intangible assets under development	16.2	938,499	338,499
		1,436,025	1,242,057

16.1 Operating intangible assets

	COST			31-Dec-21				Net book value as at 31-Dec-21 Rupees		
	As at 01-Jan-21 Rupees	Additions Rupees	Disposals Rupees	As at 31-Dec-21 Rupees	Rate	As at 01-Jan-21 Rupees	For the year Rupees		Adjustment Rupees	
				DEPRECIATION			As at 31-Dec-21 Rupees			
SHMA software	406,000	-	-	406,000	33%	122,814	133,980	-	256,794	149,206
Loan processing software	824,412	-	-	824,412	33%	204,040	272,052	-	476,092	348,320
	1,230,412	-	-	1,230,412		326,854	406,032	-	732,886	497,526

	COST			31-Dec-20				Net book value as at 31-Dec-20 Rupees		
	As at 01-Jan-20 Rupees	Additions Rupees	Disposals Rupees	As at 31-Dec-20 Rupees	Rate	As at 01-Jan-20 Rupees	For the year Rupees		Adjustment Rupees	
				DEPRECIATION			As at 31-Dec-20 Rupees			
SHMA software	-	406,000	-	406,000	33%	-	122,814	-	122,814	283,186
Loan processing software	-	824,412	-	824,412	33%	-	204,040	-	204,040	620,372
	-	1,230,412	-	1,230,412		-	326,854	-	326,854	903,558

16.2 This represents expenditure incurred on development of a new application by the name of 'Taleem Tech'.

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17 RIGHT-OF-USE ASSETS

	31-Dec-21									
	COST				As at 31-Dec-21 Rupees	Lease term years	DEPRECIATION			Net book value as at 31-Dec-21 Rupees
	As at 01-Jan-21 Rupees	Additions Rupees	Disposals Rupees	Adjustment Rupees			As at 01-Jan-21 Rupees	For the year Rupees	As at 31-Dec-21 Rupees	
Office premises	13,575,477	-	-	(505,742)	13,069,735	5	3,506,999	2,665,926	6,172,925	6,896,810
	13,575,477	-	-	(505,742)	13,069,735		3,506,999	2,665,926	6,172,925	6,896,810

	31-Dec-20									
	COST				As at 31-Dec-20 Rupees	Lease term years	DEPRECIATION			Net book value as at 31-Dec-20 Rupees
	As at 01-Jan-20 Rupees	Additions Rupees	Disposals Rupees	Adjustment Rupees			As at 01-Jan-20 Rupees	For the year Rupees	As at 31-Dec-20 Rupees	
Office premises	13,575,477	-	-	-	13,575,477	5	791,903	2,715,096	3,506,999	10,068,478
	13,575,477	-	-	-	13,575,477		791,903	2,715,096	3,506,999	10,068,478

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	31-Dec-21 Rupees	31-Dec-20 Rupees
18 LONG TERM DEPOSITS			
Deposits with regulatory authorities	18.1	50,000	-
Deposits against lease liabilities	18.2	895,000	520,000
		945,000	520,000

18.1 These are classified as 'loans and receivables' under IAS 39 'Financial Instruments - Recognition and Measurement' which are required to be carried at amortized cost. However, these, being held for an indefinite period with no fixed maturity date, are carried at cost as their amortized cost is impracticable to determine.

18.2 These are classified as 'loans and receivables' under IAS 39 'Financial Instruments - Recognition and Measurement' which are required to be carried at amortized cost. However, these have been carried at historical cost as the difference between historical cost and amortized cost is considered immaterial.

19 LONG TERM LOANS

	Note	31-Dec-21		31-Dec-20	
		Number	Rupees	Number	Rupees
Performing		305	163,490,903	63	60,815,433
Non-performing		-	-	-	-
Accumulated impairment	19.2	305	163,490,903 2,452,902	63	60,815,433 912,232
Current maturity presented under current assets			161,038,001 (78,394,022)		59,903,201 (21,821,628)
			82,643,979		38,081,573
				31-Dec-21 Rupees	31-Dec-20 Rupees

19.1 Movement in long term loans

As at beginning of the year	60,815,433	-
Disbursements made during the year	148,219,691	65,080,000
Received during the year	(45,544,221)	(4,264,567)
As at end of the year	163,490,903	60,815,433

19.2 Movement in impairment allowance

	31-Dec-21		
	Allowance under the NBFC & NE Regulations Rupees	General allowance Rupees	Accumulated impairment allowance Rupees
As at beginning of the year	-	912,232	912,232
Recognized during the year	-	1,540,670	1,540,670
As at end of the year	-	2,452,364	2,452,902

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	31-Dec-20		
	Allowance under the NBFC & NE Regulations	General allowance	Accumulated impairment allowance
	Rupees	Rupees	Rupees
As at beginning of the year	-	-	-
Recognized during the year	-	912,232	912,232
As at end of the year	-	912,232	912,232

19.3 Long term loans include secured loans amounting to Rs.103.86 million (2020: Rs. 44.74 million).

	Note	31-Dec-21 Rupees	31-Dec-20 Rupees
20 DEFERRED TAXATION			
Deferred tax asset on deductible temporary differences	20.1	4,633,098	8,947,128
Deferred tax liability on taxable temporary differences	20.1	(2,000,075)	(2,919,859)
Net deferred tax asset		2,633,023	6,027,269

20.1 Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	31-Dec-21			
	As at 01-Jan-21 Rupees	Recognized in profit or loss Rupees	Recognized in OCI Rupees	As at 31-Dec-21 Rupees
Deferred tax assets				
Property and equipment	12,183	678,350	-	690,533
Lease liabilities	2,686,978	(795,842)	-	1,891,136
Accumulated impairment on long term loans	-	711,342	-	711,342
Unused tax losses and credits	6,247,967	(4,907,880)	-	1,340,087
	8,947,128	(4,314,030)	-	4,633,098
Deferred tax liabilities				
Right-of-use assets	(2,919,859)	919,784	-	(2,000,075)
	6,027,269	(3,394,246)	-	2,633,023

	31-Dec-20			
	As at 01-Jan-20 Rupees	Recognized in profit or loss Rupees	Recognized in OCI Rupees	As at 31-Dec-20 Rupees
Deferred tax liabilities				
Property and equipment	(691,934)	704,117	-	12,183
Lease liabilities	3,158,930	(471,952)	-	2,686,978
Accumulated impairment on long term loans	-	-	-	-
Unused tax losses and credits	7,269,517	(1,021,550)	-	6,247,967
	9,736,513	(789,385)	-	8,947,128
Deferred tax assets				
Right-of-use assets	(3,707,236)	787,377	-	(2,919,859)
	6,029,277	(2,008)	-	6,027,269

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Deferred tax has been calculated at 29% (2020: 29%) of the timing differences as at the reporting date based on tax rates notified by the Government of Pakistan for future tax years.

20.2 Unrecognized deferred tax assets

The Company has Rs. 90.046 million (2020: Rs. 60.692 million) of tax losses and credits carried forward as at the reporting date and available to the Company for utilization against future taxable profits. Out of these, deferred tax asset has been recognized on tax losses and credits amounting to Rs. 4.621 million (2020: Rs. 21.545 million).

Unused tax losses and credits for which no deferred tax asset has been recognized expire as follows:

Tax year	Nature	31-Dec-21 Rupees	31-Dec-20 Rupees
2025	Tax losses	22,061,224	2,985,854
2026	Tax losses	36,082,766	36,082,766
2027	Tax losses	26,803,546	-
		84,947,536	39,068,620
2026	Tax credits	78,590	78,590
2027	Tax credits	399,581	-
		478,171	78,590
		85,425,707	39,147,210

21 SHORT TERM INVESTMENTS

These represent investment in term deposits receipts placed with banking companies for tenors ranging from one month to one year and carry interest at rates ranging from 5.50% to 7.25% per annum (2020: 5.7% to 12.85% per annum).

	31-Dec-21 Rupees	31-Dec-20 Rupees
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22 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

Advance to employees	60,000	115,075
Prepaid expenses	1,058,245	718,928
Sales tax refundable	99,106	-
Other receivables	42,050	-
	1,259,401	834,003

23 MARK-UP RECEIVABLE ON LONG TERM LOANS

Performing	1,972,682	556,095
Non-performing	-	-
	1,972,682	556,095
Accumulated impairment	-	-
	1,972,682	556,095

23.1 Movement in mark-up receivable on long term loans

As at beginning of the year	556,095	-
Accrued during the year	31,807,659	5,239,315
Received during the year	(30,391,072)	(4,683,220)
As at end of the year	1,972,682	556,095

24 CASH AND BANK BALANCES

Cash in hand		40,000	40,000
Cash at banks			
current accounts - local currency		88,170	809,021
saving accounts - local currency	24.1	36,941,057	7,961,330
		37,029,227	8,770,351
		37,069,227	8,810,351

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24.1 Effective rate of return in respect of saving accounts ranges from 5% to 9% (2020: 4% to 11.25%) per annum.

	Note	31-Dec-21 Rupees	31-Dec-20 Rupees
25 INCOME FROM LONG TERM LOANS			
Mark-up income		31,807,659	5,239,315
Service charges		154,889	-
Late payment surcharge		3,968	-
		31,966,516	5,239,315
26 OPERATIONAL EXPENDITURE			
Retainership fee		780,000	715,000
Mortgage expenses		194,340	35,748
Client verification		143,316	156,878
Collection charges		14,120	-
Credit life insurance		447,024	108,895
Sales staff incentive		526,843	141,757
Trainings		-	150,000
NADRA verification		16,654	12,020
Impairment allowance on long term loans	19	1,540,670	912,232
		3,662,967	2,232,530
27 ADMINISTRATIVE EXPENSES			
Salaries and benefits	27.1	54,988,618	47,533,211
Directors' meeting fee		1,800,000	900,000
Directors' meeting expenses		65,877	98,435
Utilities		790,328	539,910
Insurance		624,567	966,056
Traveling and conveyance		2,432,928	1,963,893
Communication		1,450,159	1,095,081
Professional fee		1,345,380	3,016,531
Advertisement and public relations		27,215	4,349,266
Auditor's remuneration	27.2	625,000	560,000
Office support and maintenance		348,700	111,585
Depreciation on property and equipment	15	2,997,895	2,859,234
Amortization of intangible assets	16.1	406,032	326,854
Depreciation on right-of-use assets	17	2,665,926	2,715,096
Other administrative expenses		1,034,425	771,291
		71,603,050	67,806,443
27.1	These include contribution to provident fund trust amounting to Rs. 3,021,977 (2020: Rs. 2,514,654).		
		31-Dec-21 Rupees	31-Dec-20 Rupees
27.2 Auditor's remuneration			
Annual statutory audit		525,000	525,000
Interim review		75,000	-
Out of pocket expenses		25,000	35,000
		625,000	560,000

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	Note	31-Dec-21 Rupees	31-Dec-20 Rupees
28 OTHER INCOME			
Gain on financial instruments			
Return on saving accounts		3,670,407	5,611,439
Return on short term investments		5,542,274	16,771,003
Other income		9,212,681	22,382,442
Gain on waiver of increment in lease rental		-	213,287
Miscellaneous income		-	420
		-	213,707
		9,212,681	22,596,149
29 FINANCE COST			
Interest/mark-up on borrowings:			
long term borrowings		8,664	-
short term borrowings		30,791	-
Interest on lease liabilities		39,455	-
Bank charges		1,037,458	1,705,867
		33,771	7,327
		1,110,684	1,713,194
30 PROVISION FOR TAXATION			
Current taxation			
for current year	30.1	399,581	78,590
for prior years		-	(693,197)
Deferred taxation		399,581	(614,607)
attributable to origination and reversal of temporary differences		(2,137,611)	2,008
attributable to write-down of previously recognized deferred tax asset		5,531,857	-
	20	3,394,246	2,008
		3,793,827	(612,599)
30.1	Provision for current tax has been made under section 113 (2020: section 113) of the Income Tax Ordinance, 2001. There is no relationship between tax expense and accounting profit. Accordingly, no numerical reconciliation has been presented.		
30.2	The income tax assessment upto and including tax year 2021 are deemed assessments in terms of section 120(1) of the Ordinance.		
	Unit	31-Dec-21	31-Dec-20 (restated)
31 LOSS PER SHARE - BASIC AND DILUTED			
Loss attributable to ordinary shareholders	Rupees	(38,991,331)	(43,304,104)
Weighted average number of ordinary shares outstanding during the year	No. of shares	3,379,560	2,083,736
Loss per share - basic	Rupees	(11.54)	(20.78)

There is no dilutive effect on basic loss per share of the Company.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	31-Dec-21 Rupees	31-Dec-20 Rupees (restated)
32 CASH AND CASH EQUIVALENTS			
Cash and bank balances	24	37,069,227	8,810,351
		37,069,227	8,810,351

33 CHANGES FROM FINANCING CASH FLOWS

	31-Dec-21		
	Share deposit money Rupees	Lease liabilities Rupees	Long term borrowings Rupees
As at beginning of the year	-	9,265,442	-
Share deposit money received	-	-	-
Issued of ordinary shares	-	-	-
Interest on lease liabilities	-	1,037,458	-
Repayment of lease liabilities	-	(2,238,542)	-
Impact of lease modification	-	(505,742)	-
Long term borrowings obtained	-	-	25,000,000
As at end of the year	-	7,558,616	25,000,000

	31-Dec-20		
	Share deposit money Rupees	Lease liabilities Rupees	Long term borrowings Rupees
As at beginning of the year	81,256,000	10,892,862	-
Share deposit money received	154,700,000	-	-
Issued of ordinary shares	(235,956,000)	-	-
Interest on lease liabilities	-	1,705,867	-
Repayment of lease liabilities	-	(2,552,615)	-
Impact of lease modification	-	(213,287)	-
Long term borrowings obtained	-	-	-
As at end of the year	-	9,832,827	-

34 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise Holding Company, post-employment benefit plan and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company. The details of Company's related parties, with whom the Company had transactions during the year or has balances outstanding as at the reporting date, are as follows:

Name of related party	Nature of relationship	Basis of relationship	Aggregate %age of shareholding in the Company
Gray Ghost Ventures Educations Holdings LLC	Holding company	Shareholding	99.40%
Taleem Finance Company Employees Provident Fund Trust	Post-employment benefit plan	Plan for benefits of Company's employees	0.00%
Kamran Azim	Key management personnel	Chief executive officer	0.00%
Amjad Ali Arbab	Key management personnel	Director	0.30%
Amjad Pervez	Key management personnel	Director	0.30%
Ali Abbas Sikandar	Key management personnel	Director	0.00%

Detail of transactions and balances with related parties is as follows:

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

		31-Dec-21	31-Dec-20
		<i>Rupees</i>	<i>Rupees</i>
34.1	Transactions with related parties		
	Nature of relationship		
	Nature of transactions		
	Holding Company		
	Share deposit money received	-	154,700,000
	Share capital issued	-	235,956,000
	Post-employment benefit plan		
	Contribution for the year	3,021,977	2,514,654
	Key management personnel		
	Short term employee benefits	21,134,400	21,000,000
	Meeting fee	1,800,000	900,000
34.2	Balances with related parties		
	Nature of relationship		
	Nature of balances		
	Holding Company		
	Issued share capital	335,956,000	335,956,000
	Key management personnel		
	Issued share capital	2,000,000	2,000,000
35	FINANCIAL INSTRUMENTS		
	The gross carrying amounts of the Company's financial instruments as at the reporting date are as follows:		
		Note	
		31-Dec-21	31-Dec-20
		<i>Rupees</i>	<i>Rupees</i>
35.1	Financial assets		
	<i>Cash in hand</i>	24	40,000
	<i>Loans and receivables</i>		
	Long term deposits		945,000
	Long term loans	19	163,490,903
	Advance to employees	22	60,000
	Mark-up receivable on long term loans	23	1,972,682
	Cash at bank	24	37,029,227
			203,497,812
	<i>Held-to-maturity Investments</i>		70,776,954
	Short term investments	21	52,403,425
			255,941,237
			262,183,187
35.2	Financial liabilities		
	<i>Financial liabilities at amortized cost</i>		
	Lease liabilities	11	6,521,158
	Long term borrowings	10	25,000,000
	Trade creditors	11	995,574
	Accrued liabilities	11	2,440,474
	Incentives payable	11	142,417
	Short term borrowings	12	-
	Accrued interest/mark-up on borrowings	13	39,455
			35,139,078
			11,417,211
36	FINANCIAL RISK EXPOSURE AND MANAGEMENT		
	The Company's activities exposes it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). These risks affect revenues, expenses, assets and liabilities of the Company.		

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The Board of Directors has the overall responsibility for establishment and oversight of risk management framework. The Board of Directors has developed a risk policy that sets out fundamentals of risk management framework. The risk policy focuses on unpredictability of financial markets, the Company's exposure to risk of adverse effects and objectives, policies and processes for measuring and managing such risks. The management team of the Company is responsible for administering and monitoring the financial and operational financial risk management throughout the Company in accordance with the risk management framework.

The Company's exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Company and the manner in which such risks are managed is as follows:

36.1 Credit risk

Credit risk is the risk of financial loss to the Company, if the counterparty to a financial instrument fails to meet its obligations.

36.1.2 Maximum exposure to credit risk

Credit risk principally arises from debt instruments held by the Company as at the reporting date. The maximum exposure to credit risk as at the reporting date is as follows:

	Note	31-Dec-21 Rupees	31-Dec-20 Rupees
Loans and receivables			
Long term deposits		945,000	520,000
Long term loans	19	163,490,903	60,815,433
Advance to employees	22	60,000	115,075
Mark-up receivable on long term loans	23	1,972,682	556,095
Cash at bank	24	37,029,227	8,770,351
		203,497,812	70,776,954
Held-to-maturity investments			
Short term investments	21	52,403,425	191,366,233
		255,901,237	262,143,187

36.1.3 Concentrations of credit risk

The Company's maximum exposure to credit risk, as at the reporting date, by type of counter-party is as follows:

	31-Dec-21 Rupees	31-Dec-20 Rupees
Customers	165,463,585	61,371,528
Regulatory Authorities	50,000	-
Banking Companies and Financial Institutions	89,432,652	200,136,584
Others	955,000	635,075
	255,901,237	262,143,187

36.1.4 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates.

(a) Counterparties with external credit ratings

These include banking companies and financial institutions, which are counterparties to 'bank balances' and 'short term investments'. These counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. The published credit ratings of these counterparties are as follows:

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Bank	Rating Agency	Short-Term	Long-Term	31-Dec-21	31-Dec-20
MCB Bank Limited	PACRA	A1+	AAA	1,843,616	73,094,058
Silk Bank Limited	VIS	A-2	A-	77,961,300	127,042,526
NRSP Microfinance Bank Limited	PACRA	A1	A	9,627,736	-
				89,432,652	200,136,584

(b) Counterparties without external credit ratings

These include customers which are counter parties to 'long term loans' and 'mark-up receivable on long term loans', regulatory authorities which are counter parties to 'long term deposits' and others which are counter parties to 'long term deposits' and 'advances to employees'. Credit risk in respect of long term deposits and advances to employees is considered to be insignificant as non-performance by these parties is not expected. The Company is exposed to credit risk in respect of long term loans and mark-up receivable thereon. All long term loans as at the reporting date are performing. The management has recognized an impairment allowance at 1.5% of the outstanding portfolio which is considered to be adequate.

36.1.5 Collateral held

The Company does not hold any collateral to secure its financial assets with the exception of long term loans amounting to Rs. 103.86 million (2020: Rs. 44.74 million), which are secured against collateral held by the Company and advances to employees which are secured against future salaries.

36.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

36.2.1 Exposure to liquidity risk

The following is the analysis of contractual maturities of financial liabilities, including estimated interest payments.

	31-Dec-21				
	Carrying amount Rupees	Contractual cash flows Rupees	One year or less Rupees	One to three years Rupees	More than three years Rupees
Lease liabilities	6,521,158	7,567,560	3,603,600	3,963,960	-
Long term borrowings	25,000,000	27,118,962	27,118,962	-	-
Trade creditors	995,574	995,574	995,574	-	-
Accrued liabilities	2,440,474	2,440,474	2,440,474	-	-
Incentives payable	142,417	142,417	142,417	-	-
Short term borrowings	-	-	-	-	-
Accrued interest/mark-up on borrowings	39,455	39,455	39,455	-	-
	35,139,078	38,304,442	34,340,482	3,963,960	-

	31-Dec-20				
	Carrying amount Rupees	Contractual cash flows Rupees	One year or less Rupees	One to three years Rupees	More than three years Rupees
Lease liabilities	9,265,442	11,359,920	3,432,000	7,927,920	-
Long term borrowings	-	-	-	-	-
Trade creditors	1,174,926	1,174,926	1,174,926	-	-
Accrued liabilities	893,088	893,088	893,088	-	-
Incentives payable	83,755	-	-	-	-
Short term borrowings	-	-	-	-	-
Accrued interest/mark-up on borrowings	-	-	-	-	-
	11,417,211	13,427,934	5,500,014	7,927,920	-

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36.2.2 Liquidity risk management

The Company's approach to managing liquidity risk 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 Company monitors cash flow requirements and produces cash flow projections for the short and long term. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational cash flows, including servicing of financial obligations. This includes maintenance of solvency ratios. The Company also maintains a line of credit with a banking company.

36.3 Market risk

36.3.1 Currency risk

Currency risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises from transactions and resulting balances that are denominated in a currency other than functional currency. The Company is not exposed to currency risk.

36.3.2 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates.

(a) Interest rate risk management

The Company manages interest rate risk by analyzing its interest rate exposure on a dynamic basis. Cash flow interest rate risk is managed by simulating various scenarios taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Company calculates impact on surplus after taxation and equity of defined interest rate shift, mostly 100 basis points.

(b) Interest bearing financial instruments

The effective interest rates for interest bearing financial instruments are mentioned in relevant notes to the financial statements. The Company's interest bearing financial instruments as at the reporting date are as follows:

	31-Dec-21 Rupees	31-Dec-20 Rupees
Fixed rate instruments		
Financial assets	215,894,328	252,181,666
Financial liabilities	6,521,158	9,265,442
Variable rate instruments		
Financial assets	36,941,057	7,961,330
Financial liabilities	25,000,000	-

(c) Fair value sensitivity analysis for fixed rate instruments

The Company does not account for its fixed rate instruments at fair value.

(d) Cash flow sensitivity analysis for variable rate instruments

An increase of 100 basis points in interest rates as at the reporting date would have increased profit for the year and equity as at the reporting date by Rs. 0.119 million (2020: Rs. 0.08 million). A decrease of 100 basis points would have had an equal but opposite effect on loss for the year and equity. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant and ignores the impact, if any, on provision for taxation for the year.

36.3.3 Price risk

Price risk represents the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments. The Company is not exposed to price risk since the fair values of the Company's financial instruments are not based on market prices.

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37 CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as going concern while providing returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure through debt and equity balance. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue of new shares. The Company monitors capital on the basis of Gearing Ratio which is Debt divided by Total Capital Employed. Debt comprises long term borrowings, including current maturity. Total capital employed includes total equity (as shown in the statement of financial position) plus debt. The gearing ratios as at the reporting date are as follows:

	Unit	31-Dec-21	31-Dec-20
Total debt	Rupees	25,000,000	-
Total equity	Rupees	242,653,335	281,644,666
Total capital employed	Rupees	267,653,335	281,644,666
Gearing ratio	% age	9.34	-

Non-Banking Finance Companies and Notified Entities Regulations, 2008 prescribe minimum equity requirements for Non-Banking Finance Companies. The Company remains compliant with these minimum equity requirements as at the reporting date.

There were no changes to the Company's approach to capital management during the year.

38 FAIR VALUE MEASUREMENTS

There are no recurring or non-recurring fair value measurements as at the reporting date. The management considers the carrying amount of all financial instruments, to which the Company is a party, to approximate their fair values as at the reporting date.

	31-Dec-21	31-Dec-20
	Rupees	Rupees

39 RESTRICTION ON TITLE AND ASSETS PLEDGED/MORTGAGED AS SECURITY

Mortgages and charges

Hypothecation of movables and book debts

133,330,000

40 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged to profit or loss in respect of chief executive, directors and executives on account of managerial remuneration, allowances and perquisites, post employment benefits and the number of such directors and executives is as follows:

	31-Dec-21		
	Chief Executive Rupees	Directors Rupees	Executives Rupees
Managerial remuneration	20,534,400	-	18,716,082
Allowances and perquisites	600,000	-	-
Meeting fee	-	1,800,000	-
Contribution to provident fund	1,509,600	-	996,624
	22,644,000	1,800,000	19,712,706
Number of persons	1	3	6
	31-Dec-20		
	Chief Executive Rupees	Directors Rupees	Executives Rupees
Managerial remuneration	20,400,000	-	17,984,345
Allowances and perquisites	600,000	-	-
Meeting fee	-	900,000	-
Contribution to provident fund	1,359,996	-	875,431
	22,359,996	900,000	18,859,776
Number of persons	1	3	6

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41 EMPLOYEES PROVIDENT FUND TRUST

The Company operates a contributory provident fund for its employees where contributions are made by the Company and employees each at 10% (2020: 10%) of the basic salary every month. The investments out of the provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

42 IMPACT OF COVID - 19 ON THE FINANCIAL STATEMENTS

The Company started its commercial operations in January 2020 and only a couple of months later COVID-19 broke out creating an adverse impact on Pakistan's economy. Education Institutes [EIs], being the Company's major target market, suffered at large scale during the pandemic and remained closed for almost 2 years under government directions resulting in significant losses due to high drop-out rate of students. This unprecedented situation led to the deferment of all expansion plans which ultimately delayed the break-even and profitability outcomes by at least 2-3 years. However, in order to continue supporting the education eco-system during this difficult time, the Company managed to build a stable loan portfolio by adopting a strategy of COVID risk adjusted client assessments, the effectiveness of which was demonstrated in negligible Portfolio At Risk on the disbursed amount during this period.

The year 2022 commenced on a positive note where the impact of COVID-19 on continuity of EI's businesses was no longer seen as a risk and most clients in the Company's target market were fully able to resume operations thus enabling them to access a wider range of financial products offered by the Company. On this basis, the Company has determined that there is no material impact on the recognition and measurement of assets and liabilities in these financial statements and on the Company's ability to continue as a going concern.

43 NUMBER OF EMPLOYEES

	31-Dec-21	31-Dec-20
Total number of employees	23	20
Average number of employees	22	19

44 PRIOR YEAR ERROR

Loss per share for the year ended 31 December 2020 was erroneously reported as Rs. 0.13 instead of Rs. 20.78 due to error in calculation. The error has been corrected by restating the loss per share for the year ended 31 December 2020. The error and its correction has no effect on the information in the statement of financial position at the beginning of the comparative period and accordingly, a third statement of financial position has not been presented.

45 RECLASSIFICATIONS

The following have been reclassified, where necessary, for better presentation of these financial statements:

Particulars	31-Dec-21	31-Dec-20
(i) Mark-up receivable on long term loans		
From: Advances, prepayments and other receivables	1,972,682	556,095
To: Face of statement of financial position		
(ii) Accrued liabilities		
From: Trade and other payables [Trade creditors]	519,763	252,500
To: Trade and other payables [Accrued liabilities]		
(iii) Prepaid expenses		
From: Advances, prepayments and other receivables [Others]	48,444	43,665
To: Advances, prepayments and other receivables [Prepaid expenses]		

46 RECOVERABLE AMOUNTS AND IMPAIRMENT

As at the reporting date, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in these financial statements.

47 EVENTS AFTER THE REPORTING PERIOD

There no known events occurring after the reporting period that may have material impact on these financial statements.

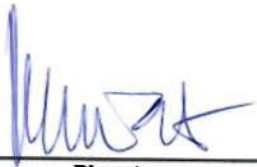
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TALEEM FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

48 GENERAL

Comparative figures have been rearranged and reclassified, where necessary, for the purpose of comparison. However, there were no significant reclassifications during the year, except for those referred to in note 45.



Director



Chief Executive Officer

RSRIR

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