

# **Taleem Finance Company Limited**

## **Financial Statements**

*Year ended 31 December 2023*

**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 2023**, 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 2023 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.



### 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).

*Rskia*

The engagement partner on the audit resulting in this independent auditor's report is **ALI RAZA JAFFERY**.



**RAHMAN SARFARAZ RAHIM IQBAL RAFIQ**  
*Chartered Accountants*

Lahore | 04 April 2024

UDIN: AR202310704x5FOtkMYL



# TALEEM FINANCE COMPANY LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Note	31-Dec-23 Rupees	31-Dec-22 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital	6	500,000,000	500,000,000
Issued ordinary share capital	7	337,956,000	337,956,000
Issued preference share capital	8	146,328,900	146,328,900
Share premium	9	29,671,100	29,671,100
Equity component of convertible loan	10	32,944,813	-
Accumulated losses		(195,794,890)	(147,435,082)
<b>TOTAL EQUITY</b>		<b>351,105,923</b>	<b>366,520,918</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	10	222,378,883	-
Lease liabilities	11	6,084,191	12,045,265
		<b>228,463,074</b>	<b>12,045,265</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	17,456,973	10,117,274
Accrued interest/mark-up on borrowings		10,736,203	3,777,457
Provision for taxation	29	1,306,012	759,692
Current maturity of long term borrowings	10	84,000,000	73,500,000
Current maturity of lease liabilities	11	8,201,305	5,334,043
		<b>121,700,493</b>	<b>93,488,466</b>
<b>TOTAL LIABILITIES</b>		<b>350,163,567</b>	<b>105,533,731</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	13		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>701,269,490</b>	<b>472,054,649</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	14	22,302,294	20,249,919
Intangible assets	15	1,908,845	1,921,080
Right-of-use assets	16	11,952,007	16,794,233
Long term deposits	17	1,205,000	1,425,000
Long term loans	18	273,766,313	150,105,128
Deferred taxation	19	14,292,923	5,360,201
		<b>325,427,382</b>	<b>195,855,561</b>
<b>CURRENT ASSETS</b>			
Mark-up receivable on long term loans	20	8,613,211	3,109,529
Advances, deposits, prepayments and other receivables	21	2,406,879	2,386,416
Advance income tax/income tax refundable		10,744,999	7,454,964
Current maturity of long term loans	18	138,209,086	115,260,204
Cash and bank balances	22	215,867,933	147,987,975
		<b>375,842,108</b>	<b>276,199,088</b>
<b>TOTAL ASSETS</b>		<b>701,269,490</b>	<b>472,054,649</b>

The annexed notes from 1 to 45 form an integral part of these financial statements.

  
Director

  
Chief Executive Officer

RSRIR  
for identification only

# TALEEM FINANCE COMPANY LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	31-Dec-23 Rupees	31-Dec-22 Rupees
Income from long term loans	23	104,480,949	60,775,380
Operational expenditure	24	(17,661,006)	(6,698,318)
Administrative expenses	25	(145,356,131)	(103,646,067)
<b>Operating loss</b>		<b>(58,536,188)</b>	<b>(49,569,005)</b>
Other income	26	30,408,300	12,550,532
Other expenses	27	-	(571,708)
Finance cost	28	(27,858,630)	(16,509,722)
<b>Loss before taxation</b>		<b>(55,986,518)</b>	<b>(54,099,903)</b>
Provision for taxation	29	7,626,710	1,967,486
<b>Loss after taxation</b>		<b>(48,359,808)</b>	<b>(52,132,417)</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive loss</b>		<b>(48,359,808)</b>	<b>(52,132,417)</b>
<b>Loss per share - basic and diluted</b>	30	<b>(14.31)</b>	<b>(15.43)</b>

The annexed notes from 1 to 45 form an integral part of these financial statements.



Director



Chief Executive Officer

RSRIR  
for identification only

# TALEEM FINANCE COMPANY LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	Issued ordinary share capital	Issued preference share capital	Share premium	Equity component of convertible loan	Accumulated losses	Total equity
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
As at 01 January 2022	337,956,000	-	-	-	(95,302,665)	242,653,335
<b>Comprehensive income</b>						
Loss after taxation	-	-	-	-	(52,132,417)	(52,132,417)
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive loss</b>	-	-	-	-	(52,132,417)	(52,132,417)
<b>Transaction with owners</b>	-	-	-	-	-	-
<b>Other transactions</b>						
Issue of preference shares	-	146,328,900	29,671,100	-	-	176,000,000
<b>As at 31 December 2022</b>	<b>337,956,000</b>	<b>146,328,900</b>	<b>29,671,100</b>	<b>-</b>	<b>(147,435,082)</b>	<b>366,520,918</b>
As at 01 January 2023	337,956,000	146,328,900	29,671,100	-	(147,435,082)	366,520,918
<b>Comprehensive income</b>						
Loss after taxation	-	-	-	-	(48,359,808)	(48,359,808)
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive loss</b>	-	-	-	-	(48,359,808)	(48,359,808)
<b>Transaction with owners</b>	-	-	-	-	-	-
<b>Other transactions</b>						
Convertible loan [note 10.2]	-	-	-	32,944,813	-	32,944,813
<b>As at 31 December 2023</b>	<b>337,956,000</b>	<b>146,328,900</b>	<b>29,671,100</b>	<b>32,944,813</b>	<b>(195,794,890)</b>	<b>351,105,923</b>

The annexed notes from 1 to 45 form an integral part of these financial statements.

Director

Chief Executive Officer

RSRIR  
for identification only

# TALEEM FINANCE COMPANY LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	31-Dec-23 Rupees	31-Dec-22 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash used in operations	31	(163,370,803)	(129,269,096)
Payments for:			
Income taxes		(4,049,727)	(2,481,307)
Interest on borrowings		(13,545,621)	(10,136,590)
Interest on lease liabilities		(3,255,201)	(2,619,404)
<b>Net cash used in operating activities</b>		<b>(184,221,352)</b>	<b>(144,506,397)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(9,426,595)	(18,532,530)
Proceeds from disposal of property and equipment		139,750	192,600
Purchase of intangible assets		(666,156)	(940,000)
Short term investments made		-	(100,000,000)
Short term investments redeemed		-	150,000,000
Return on short term investments		-	4,737,535
<b>Net cash generated from investing activities</b>		<b>(9,953,001)</b>	<b>35,457,605</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Issue of preference shares		-	176,000,000
Long term borrowings obtained		341,526,158	75,000,000
Repayment of long term borrowings		(73,500,000)	(26,500,000)
Lease liabilities paid		(5,971,847)	(4,532,460)
<b>Net cash generated from financing activities</b>		<b>262,054,311</b>	<b>219,967,540</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>67,879,958</b>	<b>110,918,748</b>
<b>CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR</b>		<b>147,987,975</b>	<b>37,069,227</b>
<b>CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR</b>	32	<b>215,867,933</b>	<b>147,987,975</b>

The annexed notes from 1 to 45 form an integral part of these financial statements.

Director

Chief Executive Officer

RSRIR  
for identification only



# TALEEM FINANCE COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### 1 LEGAL STATUS AND OPERATIONS

Taleem Finance Company Limited ['the Company'] was incorporated under the Companies Act, 2017 on 27 March 2019. The Company is engaged provision of Investment Finance Services as Non-Banking Finance Company ['NBFC'] under licence from Securities and Exchange Commission of Pakistan ['SECP'] issued on 12 June 2019 and subsequently renewed on 14 September 2022. 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 Location of business units

Registered office	First Floor, 15 - S, Gulberg II, Lahore, Pakistan
Lahore branch	First Floor, Faysal Bank Building, Wahdat Road, Lahore, Pakistan
Multan branch	Ground Floor, Zikriya Shopping Centre, Chungi No. 6, Bosan Road, Multan, Pakistan
Faisalabad branch	First Floor, Plaza 342 - B, Peoples Colony No. 1, Satyana Road, Faisalabad, Pakistan

#### 1.2 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 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 VIII A of the repealed Companies Ordinance, 1984 ['Part VIII A'].

Where provisions of and directives issued under the Companies Act 2017, Part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, Part VIII A of the repealed Companies Ordinance, 1984, 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 judgements, 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 judgements 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 judgements 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.

# TALEEM FINANCE COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### 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:

#### (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 head office and branch premises on lease. The lease contracts, with exception of Lahore branch which runs for a period of five years, cover a period of three years. All lease are 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 management is certain that the Company will opt to extend all three-year leases for an additional two years. This decision is underpinned by the considerable expenditure required for leasehold improvements when acquiring new premises. Given that it typically takes at least five years to recoup the renovation expenses incurred on leased premises, the option to extend provides an economic incentive for the Company. Therefore, the Company has factored in an extended period of two years into the lease term of all three-year leases, resulting in all lease contracts expected to span five years from commencement.

#### (b) *Intangible asset arising from development (see note 15.2)*

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 Connect'. The management has concluded that the expenditure incurred on development meets the criteria for recognition as intangible asset.

### 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 19)*

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 tax losses and credits amounting to Rs. 176.77 million (31-Dec-22: 135.39 million) and Rs. 2.54 million (31-Dec-22: 1.24 million) respectively unused 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 amounting to Rs. 15.37 million (31-Dec-22: Rs. 9.31 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. 49.35 million (31-Dec-22: Rs. 38.65 million)

#### (b) *Taxation provisions (see note 29)*

The Company takes into account the current income tax law and decisions taken by appellate and other relevant legal forums while estimating its provisions for current tax and tax contingencies. The provision for current tax is estimated at Rs. 1.31 million (31-Dec-22: Rs. 0.76 million). The management believes that the provision for current tax made in the financial statements is sufficient to discharge related tax liability.

Deferred tax asset of Rs. 14.29 million (30-Jun-22: Rs. 5.36 million) has been estimated after taking into account historical and future turnover and profit trends and their taxability under the current tax law.

### 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.

# TALEEM FINANCE COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### 2.5 Date of authorization for issue

These financial statements were authorized for issue on 04 April 2024 by the Board of Directors of the Company.

### 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 Disclosure of Accounting Policies (*Amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2 - Making Materiality Judgements*)

The amendments require that an entity discloses its 'material accounting policies', instead of its 'significant accounting policies'. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

#### 3.2 Definition of Accounting Estimates (*Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors*)

The amendments replace the definition of 'change in accounting estimates' with a definition of 'accounting estimates'. Under the new definition, accounting estimates are 'monetary amounts in financial statements that are subject to measurement uncertainty'. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

#### 3.3 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (*Amendments to IAS 12 - Income Taxes*)

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

#### 3.4 International Tax Reform — Pillar Two Model Rules (*Amendments to IAS 12*)

The amendments provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes.

### 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	01 January 2026
IFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information	01 January 2024
IFRS S2 - Climate-related Disclosures	01 January 2024
Classification of Liabilities as Current or Non-Current ( <i>Amendments to IAS 1 - Presentation of Financial Statements</i> ).	01 January 2024
Lease Liability in a Sale and Leaseback ( <i>Amendments to IFRS 16 - Leases</i> )	01 January 2024
Non-current Liabilities with Covenants ( <i>Amendments to IAS 1 - Presentation of Financial Statements</i> )	01 January 2024
Supplier Finance Arrangements ( <i>Amendments to IAS 7 and IFRS 7</i> )	01 January 2024
Lack of Exchangeability ( <i>Amendments to IAS 21</i> )	01 January 2025

Other than aforementioned standards, interpretations and amendments, IASB has also issued IFRS 1 - First Time Adoption of International Financial Reporting Standards which has not been notified by the Securities and Exchange Commission of Pakistan for adoption under section 225 of the Companies Act, 2017.

# TALEEM FINANCE COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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 presentation and disclosures.

Securities and Exchange Commission of Pakistan through SRO 800(1)/2021 dated 22 June 2021 has notified that IFRS 9 - Financial Instruments 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 which has been extended till 30 June 2024 vide press release dated 11 October 2022. Accordingly, the requirements of this standard have not been considered in preparation of these financial statements.

### 5 MATERIAL ACCOUNTING POLICIES

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

#### 5.1 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 14, 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.

#### 5.2 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 15.1, so as to write off the cost of assets over their estimated useful lives, using the straight line method. 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.

#### 5.3 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.

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 property and equipment 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;

# TALEEM FINANCE COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

- 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.

### 5.4 Financial instruments

#### 5.4.1 Recognition

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

#### 5.4.2 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.

##### *(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.

#### 5.4.3 Measurement

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

# TALEEM FINANCE COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### 5.4.4 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.

### 5.4.5 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.

### 5.5 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.

### 5.6 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. Dividends on ordinary shares are charged directly against equity as a deduction from retained earnings.

### 5.7 Preference share capital

Preference shares that pay a fixed rate of dividend and that have a mandatory redemption feature at a future date and accordingly they carry a contractual obligation to deliver cash and, therefore, are recognised as a liability.

Preference shares that do not have a fixed maturity, and where the Company does not have a contractual obligation to deliver cash or another financial asset to the holder of preference shares and if these will or may be settled in the issuer's own equity instruments, these are either, a non-derivative that includes no contractual obligation for the Company to deliver a variable number of its own equity instruments or a derivative that will be settled only by the Company exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments, are recognized as equity.

Dividends on preference shares recognized as a liability are recognized in profit or loss. Dividends on preference shares recognized as equity are charged directly against equity as a deduction from retained earnings.

### 5.8 Share deposit money

Share deposit money is recognized as equity on receipt basis.

### 5.9 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. Transaction costs included in the carrying amount of the loans are amortised over the lives of loans using the effective interest method.

The component parts of convertible loans and borrowings are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements. On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument, classified as 'financial liabilities at amortized cost'. 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. The equity component is assigned the residual amount after deducting from the fair value of the loan as a whole the amount separately determined for the liability component and is classified as equity, net of income tax effects. The equity component is subsequently not remeasured and thus remains in equity until the conversion option is exercised, in which case the balance recognised in equity is transferred to share premium. Where the conversion option remains unexercised at the maturity date, the balance recognised in equity is transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option. Transaction costs that relate to the issue of the convertible loans are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible loans using the effective interest method.

# TALEEM FINANCE COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### 5.10 Loans and other receivables

#### 5.10.1 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.

#### 5.10.2 Non-financial assets

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

### 5.11 Employee benefits

#### 5.11.1 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 services or property 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.

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.

#### 5.11.2 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.

### 5.12 Trade and other payables

#### 5.12.1 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.

#### 5.12.2 Non-financial liabilities

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

### 5.13 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.

### 5.14 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.

### 5.15 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 other comprehensive income, in which case it is recognized in other comprehensive income.

# TALEEM FINANCE COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### 5.15.1 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.

### 5.15.2 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. 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.

### 5.16 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.

### 5.17 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.

### 5.18 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.

### 5.19 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.

### 5.20 Impairment

#### 5.20.1 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.



# TALEEM FINANCE COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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.

### 5.20.2 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.

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.

### 5.21 Fair value measurements

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

None of the Company's accounting policies and disclosures require the measurement of fair values post initial recognition.

## 6 AUTHORIZED SHARE CAPITAL

31-Dec-23	31-Dec-22	Note	31-Dec-23	31-Dec-22
No. of shares	No. of shares		Rupees	Rupees
3,500,000	3,500,000	Ordinary shares of Rs. 100 each	350,000,000	350,000,000
1,500,000	1,500,000	Preference shares of Rs. 100 each	150,000,000	150,000,000
5,000,000	5,000,000		500,000,000	500,000,000

### 6.1 Rights, preferences and restrictions attaching to preference shares

The preference shares, subject to the provisions of the Companies Act, 2017, carry the following rights, preferences and restrictions:

- Upon the occurrence of any liquidation event of the Company, the preference shareholders shall be entitled to receive, in preference to any other distribution made to the members from the proceeds of such liquidation event, the higher of the cash amount paid by Insitor Impact Asia Fund II Pte. Ltd to acquire the shares plus accrued, declared but unpaid dividends thereon; or the amount each preference shareholder would receive if the proceeds from the liquidation event were distributed to all the members pro rata to their shareholding.
- Save in respect of any share capital issued to satisfy the exercise of an option held under any employee share option plan of the Company, in the event that any equity share capital is proposed to be issued by the Company to any persons at a lower subscription price, then the Company shall offer (such offer, unless waived in writing by the preference shareholder as regards its own holding, to remain open for acceptance for not less than twenty eight days) to the preference shareholder the right to subscribe ['Full Ratchet Anti-Dilution Right'] in cash (or, to the extent permitted by law, for consideration other than cash) for such number of new shares and at a price not more than the par value of the shares so as to ensure that the preference shareholder has the number of shares it would have had if it subscribed to the shares at a price per share equal to the lower subscription price. In case the Full Ratchet Anti-Dilution Right cannot be effectively exercised due to a legal restriction, the members shall then, in good faith determine an alternative mechanism that is consistent with the law and which achieves the preference shareholder's objectives in relation to its Full Ratchet Anti-Dilution Right.
- Each holder of preference shares shall have the right to receive dividends declared by the Company but shall not have any preference or priority over the ordinary shareholders with respect to such dividends, except that, on the occurrence of a liquidation event, holders of preference shares will have preference and priority over the ordinary shareholders in respect of any accrued but unpaid dividends declared by the Company on such preference shares.
- Each holder of preference shares shall have the right to one vote for each preference share. The holders of preference shares shall be entitled to notice of any general meeting of the Company and shall have the right to attend and vote, together as a single class with the ordinary shareholders, at such general meeting.
- The Company shall have no right to redeem the preference shares.

# TALEEM FINANCE COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### 7 ISSUED ORDINARY SHARE CAPITAL

	31-Dec-23	31-Dec-22	Note	31-Dec-23	31-Dec-22	
	No. of shares	No. of shares		Rupees	Rupees	
<b>Ordinary shares of Rs. 100 each</b>						
	3,379,560	3,379,560	Issued for cash	7.1	337,956,000	337,956,000
	<b>3,379,560</b>	<b>3,379,560</b>		<b>337,956,000</b>	<b>337,956,000</b>	

7.1 The Holding Company holds 3,090,795 (31-Dec-22: 3,090,795) ordinary shares in the Company which constitutes 63.82% (31-Dec-22: 63.82%) of the total issued capital.

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

### 8 ISSUED PREFERENCE SHARE CAPITAL

	31-Dec-23	31-Dec-22	Note	31-Dec-23	31-Dec-22	
	No. of shares	No. of shares		Rupees	Rupees	
<b>Preference shares of Rs. 100 each</b>						
	1,463,289	1,463,289	Issued for cash	8.1	146,328,900	146,328,900
	<b>1,463,289</b>	<b>1,463,289</b>		<b>146,328,900</b>	<b>146,328,900</b>	

8.1 Reconciliation between preference shares in issue as at the beginning and end of the year is as follows:

	31-Dec-23	31-Dec-22
	No. of shares	No. of shares
As at beginning of the year	1,463,289	-
Issue of preference shares	-	1,463,289
As at end of the year	<b>1,463,289</b>	<b>1,463,289</b>

8.1.1 During the previous year, the Company issued 1,463,289 preference shares of Rs. 100 each for cash at Rs. 120.28 per preference share, including a premium of Rs. 20.28 per share.

### 9 SHARE PREMIUM

This represents premium on issue of preference shares recognized under Section 81 of the Companies Act, 2017.

	Note	31-Dec-23	31-Dec-22
		Rupees	Rupees

### 10 LONG TERM BORROWINGS

Pakistan Microfinance Investment Company Limited   Term Facility	10.1	84,000,000	73,500,000
Insitor Impact Asia Fund II Pte Limited   Convertible Loan Facility	10.2	222,378,883	-
		<b>306,378,883</b>	<b>73,500,000</b>
Current maturity presented under current liabilities		<b>(84,000,000)</b>	<b>(73,500,000)</b>
		<b>222,378,883</b>	<b>-</b>

10.1 This represents term facility of Rs. 185 million sanctioned by Pakistan Microfinance Investment Company Limited ['PMIC'] to finance the Company's microfinance operations. The facility was disbursed in two tranches of Rs. 45 million and Rs. 39 million on 27 June 2023 and 25 September 2023 respectively. 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 5% per annum, payable quarterly. Principal is repayable in four unequal quarterly installments with the first installment due in March 2024.

10.2 This represents convertible loan facility of USD 1.6 million sanctioned by Insitor Impact Asia Fund II Pte Limited ['Insitor'] to finance the Company's microfinance operations. The Company has drawn down USD 900,000 upto the reporting date in three equal tranches on 07 July 2023, 11 September 2023 and 22 December 2023. The undrawn amount is available for drawdown in two tranches of USD 300,000 and USD 400,000 on or before 07 March 2024 and 07 June 2024 respectively. The facility carries interest at 7% per annum payable on maturity. Principal is repayable in three unequal semi-annual installments with the first installment due in July 2025.

# TALEEM FINANCE COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

The facility carries a conversion option whereby the lender has right to convert the outstanding principal and accrued interest into preference shares at a conversion price arrived at by dividing the valuation cap of USD 3,618,638 by the fully diluted capitization on the conversion date but immediately before conversion. The conversion option may be exercised by Insitor during the conversion period commencing from the Closing Date (the date on which all the conditions precedent set out in the loan agreement are satisfied or waived) and ending thirty days prior to the second anniversary of the Closing Date by giving notice to the Company at least thirty days prior to the proposed conversion.

The facility has both a liability and an equity component from the Company's perspective. The component parts of convertible loan facility have been classified, on initial recognition, separately as financial liability and equity as follows:

	Note	31-Dec-23 Rupees	31-Dec-22 Rupees
Gross loan proceeds		257,526,158	-
Equity component		(32,944,813)	
Liability component		224,581,345	-

### 11 LEASE LIABILITIES

Present value of minimum lease payments	11.1 & 11.2	14,285,496	17,379,308
Current maturity presented under current liabilities	11.1 & 11.2	(8,201,305)	(5,334,043)
		6,084,191	12,045,265

11.1 These represent liabilities against right-of-use assets comprising head office and branch premises. Lease liabilities have been recognized using discount rates ranging from 15.37% to 22.76% (31-Dec-22: 15.37% to 21.07%) per annum. Lease rentals are payable monthly/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

	31-Dec-23 Rupees	31-Dec-22 Rupees
Not later than one year	10,149,748	8,027,048
Later than one year but not later than five years	9,317,792	14,389,940
<b>Total future minimum lease payments</b>	<b>19,467,540</b>	<b>22,416,988</b>
Finance charge allocated to future periods	(5,182,044)	(5,037,680)
<b>Present value of future minimum lease payments</b>	<b>14,285,496</b>	<b>17,379,308</b>
Not later than one year	(8,201,305)	(5,334,043)
Later than one year but not later than five years	6,084,191	12,045,265

### 12 TRADE AND OTHER PAYABLES

Creditors		1,132,215	1,102,287
Accrued liabilities		5,035,515	6,589,366
Advances against loans	12.1	9,796,570	2,115,261
Incentives payable		375,655	62,214
Withholding tax payable		1,011,418	194,146
Employees' Old-Age Benefits payable		105,600	54,000
		17,456,973	10,117,274

12.1 These represent advances recoveries against long term loans which were not due as at the reporting date.

# TALEEM FINANCE COMPANY LIMITED

---

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### 13 CONTINGENCIES AND COMMITMENTS

#### 13.1 Contingencies

13.1.1 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 proceedings are underway and are not yet finalized.

#### 13.2 Commitments

The Company signed a binding term sheet with Insitor Impact Asia Fund II Pte. Limited ['Insitor'] dated 29 December 2021 setting forth the terms and conditions for investment by Insitor in the Company ['the Investment'] by way of a convertible loan whereby Insitor shall disburse USD 1.6 Million as a convertible loan in five un-equal tranches. The Company has drawdown USD 900,000 in three equal tranches of USD 300,000 each upto the reporting date, while the undrawn amount remains available for drawdown in two tranches of USD 300,000 and USD 400,000 on or before 07 March 2024 and 07 June 2024 respectively.

# TALEEM FINANCE COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### 14 PROPERTY AND EQUIPMENT

	31-Dec-23									
	COST				Rate	DEPRECIATION				Net book value as at 31-Dec-23
	As at 01-Jan-23	Additions	Disposals	As at 31-Dec-23		As at 01-Jan-23	For the year	Adjustment	As at 31-Dec-23	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
Furniture and fixtures	5,109,569	1,410,231	-	6,519,800	20%	1,081,487	1,207,012	-	2,288,499	4,231,301
Leasehold improvements	13,615,903	2,990,202	-	16,606,105	20%	4,024,895	3,152,574	-	7,177,469	9,428,636
Office equipment	6,547,292	1,319,070	(60,840)	7,805,522	20%	1,792,873	1,539,443	(13,182)	3,319,134	4,486,388
Computer equipment	4,822,948	3,707,092	(212,566)	8,317,474	33%	2,946,538	1,427,533	(212,566)	4,161,505	4,155,969
	<b>30,095,712</b>	<b>9,426,595</b>	<b>(273,406)</b>	<b>39,248,901</b>		<b>9,845,793</b>	<b>7,326,562</b>	<b>(225,748)</b>	<b>16,946,607</b>	<b>22,302,294</b>

	31-Dec-22									
	COST				Rate	DEPRECIATION				Net book value as at 31-Dec-22
	As at 01-Jan-22	Additions	Disposals	As at 31-Dec-22		As at 01-Jan-22	For the year	Adjustment	As at 31-Dec-22	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
Furniture and fixtures	2,068,432	3,788,037	(746,900)	5,109,569	20%	873,891	668,186	(460,590)	1,081,487	4,028,082
Leasehold improvements	5,145,233	8,470,670	-	13,615,903	20%	2,231,589	1,793,306	-	4,024,895	9,591,008
Office equipment	3,441,935	4,253,357	(1,148,000)	6,547,292	20%	1,461,487	1,001,388	(670,002)	1,792,873	4,754,419
Computer equipment	2,802,482	2,020,466	-	4,822,948	33%	1,702,297	1,244,241	-	2,946,538	1,876,410
	<b>13,458,082</b>	<b>18,532,530</b>	<b>(1,894,900)</b>	<b>30,095,712</b>		<b>6,269,264</b>	<b>4,707,121</b>	<b>(1,130,592)</b>	<b>9,845,793</b>	<b>20,249,919</b>

14.1 Property and equipment includes fully depreciated assets of Rs. 2.469 million (31-Dec-22: Rs. 1.803) which are still in use of the Company. There is no item of property and equipment which is temporary idle or otherwise retired from active use.

# TALEEM FINANCE COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### 14.2 Disposal of operating fixed assets

Particulars	31-Dec-23					Mode of disposal	Particulars of buyer
	Cost Rupees	Accumulated depreciation Rupees	Net book value Rupees	Disposal proceeds Rupees	Loss on disposal Rupees		
<b>Computer equipment</b>							
Laptop	77,487	77,487	-	40,000	40,000	Insurance Claim	Jubilee Insurance, Lahore.
Laptop	135,079	135,079	-	78,750	78,750	Negotiation	Furrukh Adeel, Employee
	212,566	212,566	-	118,750	118,750		
<b>Office equipment</b>							
Lead batteries	60,840	13,182	47,658	21,000	(26,658)	Negotiation	Awami Autos , Lahore.
	60,840	13,182	47,658	21,000	(26,658)		
	273,406	225,748	47,658	139,750	92,092		

Particulars	31-Dec-22					Mode of disposal	Particulars of buyer
	Cost Rupees	Accumulated depreciation Rupees	Net book value Rupees	Disposal proceeds Rupees	Loss on disposal Rupees		
<b>Furniture and fixtures</b>							
Office chairs	176,400	108,780	67,620	26,014	(41,606)	Negotiation	Friends Household, Lahore.
Workstations	279,250	172,204	107,046	500	(106,546)	Negotiation	Friends Household, Lahore.
Workstations	291,250	179,606	111,644	60,000	(51,644)	Negotiation	Premier Solutions, Lahore.
	746,900	460,590	286,310	86,514	(199,796)		
<b>Office equipment</b>							
Gree Inverter AC 1.5 ton	257,000	158,484	98,516	19,000	(79,516)	Negotiation	Muhammad Naseer, Lahore.
Gree Inverter AC 1.5 ton	257,000	158,484	98,516	17,500	(81,016)	Negotiation	Muhammad Naseer, Lahore.
Gree Inverter AC 2 ton	284,500	156,475	128,025	30,000	(98,025)	Negotiation	Freeze Point, Lahore.
Gree Inverter AC 2 ton	284,500	156,475	128,025	30,000	(98,025)	Negotiation	Freeze Point, Lahore.
Gree Inverter AC 1 ton	65,000	40,084	24,916	9,586	(15,330)	Negotiation	Friends Household, Lahore.
	1,148,000	670,002	477,998	106,086	(371,912)		
	1,894,900	1,130,592	764,308	192,600	(571,708)		

# TALEEM FINANCE COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	31-Dec-23 Rupees	31-Dec-22 Rupees
<b>15 INTANGIBLE ASSETS</b>			
Operating intangible assets	15.1	1,142,689	1,821,080
Intangible assets under development	15.2	766,156	100,000
		<b>1,908,845</b>	<b>1,921,080</b>

### 15.1 Operating intangible assets

	31-Dec-23									Net book value as at 31-Dec-23 Rupees
	COST			Rate	AMORTIZATION			As at 31-Dec-23 Rupees		
	As at 01-Jan-23 Rupees	Additions Rupees	Disposals Rupees		As at 31-Dec-23 Rupees	As at 01-Jan-23 Rupees	For the year Rupees		Adjustment Rupees	
SHMA software	406,000	-	-	406,000	33%	390,774	15,226	-	406,000	-
Loan processing software	2,602,911	-	-	2,602,911	33%	797,057	663,165	-	1,460,222	1,142,689
	<b>3,008,911</b>	<b>-</b>	<b>-</b>	<b>3,008,911</b>		<b>1,187,831</b>	<b>678,391</b>	<b>-</b>	<b>1,866,222</b>	<b>1,142,689</b>

	31-Dec-22									Net book value as at 31-Dec-22 Rupees
	COST			Rate	AMORTIZATION			As at 31-Dec-22 Rupees		
	As at 01-Jan-22 Rupees	Additions Rupees	Disposals Rupees		As at 31-Dec-22 Rupees	As at 01-Jan-22 Rupees	For the year Rupees		Adjustment Rupees	
SHMA software	406,000	-	-	406,000	33%	256,794	133,980	-	390,774	15,226
Loan processing software	824,412	1,778,499	-	2,602,911	33%	476,092	320,965	-	797,057	1,805,854
	<b>1,230,412</b>	<b>1,778,499</b>	<b>-</b>	<b>3,008,911</b>		<b>732,886</b>	<b>454,945</b>	<b>-</b>	<b>1,187,831</b>	<b>1,821,080</b>

15.2 This represents expenditure incurred on development of a new application.

# TALEEM FINANCE COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### 16 RIGHT-OF-USE ASSETS

	31-Dec-23									
	COST				As at 31-Dec-23 Rupees	Lease term years	DEPRECIATION			Net book value as at 31-Dec-23 Rupees
	As at 01-Jan-23 Rupees	Additions Rupees	Disposals Rupees	Adjustment Rupees			As at 01-Jan-23 Rupees	For the year Rupees	As at 31-Dec-23 Rupees	
Office premises	28,460,345	2,878,035	-	-	31,338,380	5	11,666,112	7,720,261	19,386,373	11,952,007
	28,460,345	2,878,035	-	-	31,338,380		11,666,112	7,720,261	19,386,373	11,952,007

  

	31-Dec-22									
	COST				As at 31-Dec-22 Rupees	Lease term years	DEPRECIATION			Net book value as at 31-Dec-22 Rupees
	As at 01-Jan-22 Rupees	Additions Rupees	Disposals Rupees	Adjustment Rupees			As at 01-Jan-22 Rupees	For the year Rupees	As at 31-Dec-22 Rupees	
Office premises	13,069,735	12,282,561	-	3,108,049	28,460,345	5	6,172,925	5,493,187	11,666,112	16,794,233
	13,069,735	12,282,561	-	3,108,049	28,460,345		6,172,925	5,493,187	11,666,112	16,794,233



# TALEEM FINANCE COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	31-Dec-23 Rupees	31-Dec-22 Rupees
<b>17 LONG TERM DEPOSITS</b>			
Deposits with regulatory authorities	17.1	50,000	50,000
Deposits against leases	17.2	1,155,000	1,375,000
		<b>1,205,000</b>	<b>1,425,000</b>

17.1 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.

17.2 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.

### 18 LONG TERM LOANS

	Note	31-Dec-23		31-Dec-22	
		Number	Rupees	Number	Rupees
Performing		702	420,915,724	435	261,544,330
Non-performing		37	9,825,636	27	9,825,636
	18.1	739	430,741,360	462	271,369,966
Accumulated impairment	18.2		(18,765,961)		(6,004,634)
			411,975,399		265,365,332
Current maturity presented under current assets			(138,209,086)		(115,260,204)
			<b>273,766,313</b>		<b>150,105,128</b>
				<b>31-Dec-23</b>	<b>31-Dec-22</b>
				<b>Rupees</b>	<b>Rupees</b>

#### 18.1 Movement in long term loans

As at beginning of the year		271,369,966	163,490,903
Disbursements made during the year		325,542,614	223,138,447
Written off during the year		(99,052)	(407,361)
Recovered during the year		(166,072,168)	(114,852,023)
As at end of the year		<b>430,741,360</b>	<b>271,369,966</b>

#### 18.2 Movement in impairment allowance

	31-Dec-23		
	Allowance under the NBFC & NE Regulations Rupees	General allowance Rupees	Accumulated impairment allowance Rupees
As at beginning of the year	461,393	5,543,241	6,004,634
Recognized during the year	10,120,612	2,739,767	12,860,379
Written off during the year	(99,052)	-	(99,052)
As at end of the year	<b>10,482,953</b>	<b>8,283,008</b>	<b>18,765,961</b>

# TALEEM FINANCE COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

	31-Dec-22		
	Allowance under the NBFC & NE Regulations Rupees	General allowance Rupees	Accumulated impairment allowance Rupees
As at beginning of the year	-	2,452,902	2,452,902
Recognized during the year	868,754	3,090,339	3,959,093
Written off during the year	(407,361)	-	(407,361)
As at end of the year	461,393	5,543,241	6,004,634

18.3 Long term loans include secured loans amounting to Rs. 322.69 million (31-Dec-22: Rs. 203 million).

	Note	31-Dec-23 Rupees	31-Dec-22 Rupees
<b>19 DEFERRED TAXATION</b>			
Deferred tax asset on deductible temporary differences	19.1	17,759,005	10,230,529
Deferred tax liability on taxable temporary differences	19.1	(3,466,082)	(4,870,328)
Net deferred tax asset		14,292,923	5,360,201

### 19.1 Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	31-Dec-23			
	As at 01-Jan-23 Rupees	Recognized in profit or loss Rupees	Recognized in OCI Rupees	As at 31-Dec-23 Rupees
<b>Deferred tax assets</b>				
Property and equipment	749,411	424,849	-	1,174,260
Lease liabilities	5,039,999	(897,205)	-	4,142,794
Accumulated impairment on long term loans	1,741,344	3,700,785	-	5,442,129
Unused tax losses and credits	2,699,775	4,300,047	-	6,999,822
	10,230,529	7,528,476	-	17,759,005
<b>Deferred tax liabilities</b>				
Right-of-use assets	(4,870,328)	1,404,246	-	(3,466,082)
	5,360,201	8,932,722	-	14,292,923

	31-Dec-22			
	As at 01-Jan-22 Rupees	Recognized in profit or loss Rupees	Recognized in OCI Rupees	As at 31-Dec-22 Rupees
<b>Deferred tax assets</b>				
Property and equipment	690,533	58,878	-	749,411
Lease liabilities	1,891,136	3,148,863	-	5,039,999
Accumulated impairment on long term loans	711,342	1,030,002	-	1,741,344
Unused tax losses and credits	1,340,087	1,359,688	-	2,699,775
	4,633,098	5,597,431	-	10,230,529
<b>Deferred tax liabilities</b>				
Right-of-use assets	(2,000,075)	(2,870,253)	-	(4,870,328)
	2,633,023	2,727,178	-	5,360,201

# TALEEM FINANCE COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

Deferred tax has been calculated at 29% (31-Dec-22: 29%) of the timing differences as at the reporting date based on tax rates notified by the Government of Pakistan for future tax years.

### 19.2 Unrecognized deferred tax assets

The Company has tax losses and credits amounting to Rs. 176.77 million (31-Dec-22: 135.39 million) and Rs. 2.54 million (31-Dec-22: 1.24 million) respectively unused 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 amounting to Rs. 15.37 million (31-Dec-22: Rs. 9.31 million).

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

Tax year	Nature	Note	31-Dec-23 Rupees	31-Dec-22 Rupees
2026	Tax losses		22,061,224	22,061,224
2027	Tax losses		36,082,766	36,082,766
2028	Tax losses		26,803,546	26,803,546
2029	Tax losses		41,464,718	41,464,718
2030	Tax losses		34,995,536	-
			161,407,790	126,412,254
2024	Tax credits		78,590	78,590
2025	Tax credits		399,581	399,581
2026	Tax credits		759,692	-
2027	Tax credits		1,306,012	-
			2,543,875	478,171
			163,951,665	126,890,425

### 20 MARK-UP RECEIVABLE ON LONG TERM LOANS

Performing		8,613,211	3,109,529
Non-performing		2,761,707	1,206,889
	20.1	11,374,918	4,316,418
Accumulated impairment	20.2	(2,761,707)	(1,206,889)
		8,613,211	3,109,529

#### 20.1 Movement in mark-up receivable on long term loans

As at beginning of the year	4,316,418	1,972,682
Accrued during the year	103,167,822	61,677,145
Received during the year	(96,109,322)	(59,333,409)
As at end of the year	11,374,918	4,316,418

#### 20.2 Movement in impairment allowance

As at beginning of the year	1,206,889	-
Recognized during the year	1,554,818	1,206,889
Reversed during the year	-	-
As at end of the year	2,761,707	1,206,889

### 21 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances to employees	5,544	56,969
Security deposits	520,000	-
Prepaid expenses	1,848,041	1,918,783
Sales tax refundable	8,885	172,086
Other receivables	24,409	238,578
	2,406,879	2,386,416

# TALEEM FINANCE COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	31-Dec-23 Rupees	31-Dec-22 Rupees
<b>22 CASH AND BANK BALANCES</b>			
Cash in hand		44,763	90,000
Cash at banks			
current accounts - local currency		926,688	175,274
saving accounts - local currency	22.1	214,896,482	147,722,701
		215,823,170	147,897,975
		215,867,933	147,987,975
<b>22.1</b>	Effective rate of return in respect of saving accounts ranges from 15.2% to 22.5% (31-Dec-22: 5.5% to 15%) per annum.		
	Note	31-Dec-23 Rupees	31-Dec-22 Rupees
<b>23 INCOME FROM LONG TERM LOANS</b>			
Mark-up income	23.1	101,613,004	60,470,256
Service charges		2,460,192	248,106
Late payment surcharge		90,430	57,018
Documentation charges		317,323	-
		104,480,949	60,775,380
<b>23.1</b>	Mark-up income has been offset by impairment allowance on mark-up receivable amounting to Rs. 1.55 million (31-Dec-22: Rs. 1.21 million).		
	Note	31-Dec-23 Rupees	31-Dec-22 Rupees
<b>24 OPERATIONAL EXPENDITURE</b>			
Retainership fee		1,200,000	890,000
Mortgage expenses		482,220	281,755
Client verification		162,383	148,116
Collection charges		70,090	44,987
Credit life insurance		2,104,198	1,134,805
Sales staff incentive		700,236	207,049
NADRA verification		81,500	32,512
Impairment allowance on long term loans	18.2	12,860,379	3,959,094
		17,661,006	6,698,318
<b>25 ADMINISTRATIVE EXPENSES</b>			
Salaries and benefits	25.1	107,490,802	73,788,438
Directors' meeting fee		2,650,000	1,950,000
Directors' meeting expenses		356,858	228,449
Utilities		3,150,896	1,855,625
Insurance		1,988,701	1,138,140
Travelling and conveyance		2,540,392	841,535
Communication		4,500,789	2,368,480
Professional fee		1,407,572	7,088,113
Advertisement and public relations		84,005	393,795
Auditor's remuneration	25.2	425,000	325,000
Office support and maintenance		1,222,670	923,711
Depreciation on property and equipment	14	7,326,562	4,707,121
Depreciation on right-of-use assets	16	7,720,261	5,493,187
Amortization of intangible assets	15.1	678,391	454,945
Other administrative expenses		3,813,232	2,089,528
		145,356,131	103,646,067

# TALEEM FINANCE COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

25.1 These include contribution to provident fund trust amounting to Rs. 4,687,517 (31-Dec-22: Rs. 3,654,779).

	<i>Note</i>	31-Dec-23 <i>Rupees</i>	31-Dec-22 <i>Rupees</i>
<b>25.2 Auditor's remuneration</b>			
Annual statutory audit		400,000	300,000
Out of pocket expenses		25,000	25,000
		<b>425,000</b>	<b>325,000</b>
<b>26 OTHER INCOME</b>			
Gain on financial instruments			
Return on saving accounts		24,098,019	10,216,422
Return on short term investments		-	2,334,110
Foreign exchange gain		6,218,189	-
		<b>30,316,208</b>	<b>12,550,532</b>
Gain on other assets			
Gain on disposal of property and equipment	14.2	92,092	-
		<b>30,408,300</b>	<b>12,550,532</b>
<b>27 OTHER EXPENSES</b>			
Loss on disposal of property and equipment	14.2	-	571,708
		<b>-</b>	<b>571,708</b>
<b>28 FINANCE COST</b>			
Interest/mark-up on borrowings:			
long term borrowings		20,452,639	13,796,034
short term borrowings		-	78,558
		<b>20,452,639</b>	<b>13,874,592</b>
Interest on lease liabilities		3,255,201	2,619,404
Unwinding of discount on convertible loan		4,067,455	-
Bank charges		83,335	15,726
		<b>27,858,630</b>	<b>16,509,722</b>
<b>29 PROVISION FOR TAXATION</b>			
Current taxation	29.1	1,306,012	759,692
Deferred taxation	19	(8,932,722)	(2,727,178)
		<b>(7,626,710)</b>	<b>(1,967,486)</b>

29.1 Provision for current tax has been made under section 113 (31-Dec-22: 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.

29.2 The income tax assessments upto and including tax year 2022 are deemed assessments in terms of section 120 of the Ordinance.

	<i>Unit</i>	31-Dec-23	31-Dec-22
<b>30 LOSS PER SHARE - BASIC AND DILUTED</b>			
Loss attributable to ordinary shareholders	<i>Rupees</i>	(48,359,808)	(52,132,417)
Weighted average number of ordinary shares outstanding during the year	<i>No. of shares</i>	3,379,560	3,379,560
Loss per share - <i>basic</i>	<i>Rupees</i>	(14.31)	(15.43)

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

# TALEEM FINANCE COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	31-Dec-23 Rupees	31-Dec-22 Rupees
<b>31 CASH USED IN OPERATIONS</b>			
Loss before taxation		(55,986,518)	(54,099,903)
<b>Adjustments for non-cash items</b>			
Interest on lease liabilities		3,255,201	2,619,404
Interest on borrowings		20,452,639	13,874,592
Unwinding of discount on convertible loan		4,067,455	-
Foreign exchange gain		(6,218,189)	-
(Gain)/loss on disposal of property and equipment		(92,092)	571,708
Depreciation on property and equipment		7,326,562	4,707,121
Depreciation on right-of-use assets		7,720,261	5,493,187
Amortization of intangible assets		678,391	454,945
Impairment allowance on long term loans		12,860,379	3,959,093
Impairment allowance on mark-up receivable		1,554,818	1,206,889
Return on short term investments		-	(2,334,110)
		<b>51,605,425</b>	<b>30,552,829</b>
<b>Operating loss before changes in working capital</b>		<b>(4,381,093)</b>	<b>(23,547,074)</b>
<b>Changes in working capital</b>			
Long term deposits		(300,000)	(480,000)
Long term loans		(159,470,446)	(108,286,424)
Mark-up receivable on long term loans		(7,058,500)	(2,343,736)
Advances, prepayments and other receivables		499,537	(1,127,015)
Trade and other payables		7,339,699	6,515,153
		<b>(158,989,710)</b>	<b>(105,722,022)</b>
<b>Cash used in operations</b>		<b>(163,370,803)</b>	<b>(129,269,096)</b>
<b>32 CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	22	215,867,933	147,987,975
		<b>215,867,933</b>	<b>147,987,975</b>

# TALEEM FINANCE COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### 33 CHANGES FROM FINANCING CASH FLOWS

	31-Dec-23					
	Issued ordinary share capital Rupees	Issued preference share capital Rupees	Share premium Rupees	Equity component of convertible loan Rupees	Lease liabilities Rupees	Long term borrowings Rupees
As at beginning of the year	337,956,000	146,328,900	29,671,100	-	17,379,308	73,500,000
Addition in right-of-use assets	-	-	-	-	2,878,035	-
Interest on lease liabilities	-	-	-	-	3,255,201	-
Payment of lease liabilities	-	-	-	-	(9,227,048)	-
Unwinding of discount on convertible loan	-	-	-	-	-	4,067,455
Long term borrowings obtained	-	-	-	32,944,813	-	308,581,345
Foreign exchange gain	-	-	-	-	-	(6,269,917)
Repayment of long term borrowings	-	-	-	-	-	(73,500,000)
<b>As at end of the year</b>	<b>337,956,000</b>	<b>146,328,900</b>	<b>29,671,100</b>	<b>32,944,813</b>	<b>14,285,496</b>	<b>306,378,883</b>

	31-Dec-22					
	Issued ordinary share capital Rupees	Issued preference share capital Rupees	Share premium Rupees	Equity component of convertible loan Rupees	Lease liabilities Rupees	Long term borrowings Rupees
As at beginning of the year	337,956,000	-	-	-	6,521,158	25,000,000
Issue of preference shares	-	146,328,900	29,671,100	-	-	-
Addition in right-of-use assets	-	-	-	-	12,282,561	-
Interest on lease liabilities	-	-	-	-	2,619,404	-
Payment of lease liabilities	-	-	-	-	(7,151,864)	-
Impact of lease modification	-	-	-	-	3,108,049	-
Long term borrowings obtained	-	-	-	-	-	75,000,000
Repayment of long term borrowings	-	-	-	-	-	(26,500,000)
<b>As at end of the year</b>	<b>337,956,000</b>	<b>146,328,900</b>	<b>29,671,100</b>	<b>-</b>	<b>17,379,308</b>	<b>73,500,000</b>

# TALEEM FINANCE COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### 34 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise Holding Company, associated 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 the 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 and basis of relationship	Shareholding
Gray Ghost Ventures Educations Holdings LLC	Holding Company	63.82%
Insitor Impact Asia Fund II Pte. Ltd	Associated Company	30.22%
Taleem Finance Company Employees Provident Fund Trust	Post-employment Benefit Plan	0.00%
Kamran Azim	Key Management Personnel [Chief Executive Officer]	5.55%
Amjad Ali Arbab	Key Management Personnel [Director]	0.21%
Amjad Pervez	Key Management Personnel [Director]	0.21%
Ali Abbas Sikandar	Key Management Personnel [Director]	0.00%
Mehvish Arifeen	Key Management Personnel [Director]	0.00%

Transactions with key management personnel are limited to payment of short term employee benefits and meeting fee. Transactions with post-employment benefit plan is limited to contribution made to the plan. Detail of transactions and balances with related parties is as follows:

		31-Dec-23	31-Dec-22
		Rupees	Rupees
<b>34.1</b>	<b>Transactions with related parties</b>		
	<b>Nature of relationship</b>	<b>Nature of transactions</b>	
	Post-employment benefit plan	Contribution for the year	4,687,517
	Key management personnel	Short term employee benefits Meeting fee	3,645,222
			30,043,407
			2,650,000
			24,268,314
			1,950,000

### 34.2 Balances with related parties

There are no balances with related parties as at the reporting date.

### 35 FINANCIAL INSTRUMENTS

The gross carrying amounts of the Company's financial instruments as at the reporting date are as follows:

		Note	31-Dec-23	31-Dec-22
			Rupees	Rupees
<b>35.1</b>	<b>Financial assets</b>			
	<b>Cash in hand</b>	22	44,763	90,000
	<b>Loans and receivables</b>			
	Long term deposits	17	1,205,000	1,425,000
	Long term loans	18	430,741,360	271,369,966
	Mark-up receivable on long term loans	20	11,374,918	4,316,418
	Advances to employees	21	5,544	56,969
	Other receivables	21	24,409	238,578
	Cash at bank	22	215,823,170	147,897,975
			659,174,401	425,304,906
			659,219,164	425,394,906



# TALEEM FINANCE COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	31-Dec-23 Rupees	31-Dec-22 Rupees
<b>35.2 Financial liabilities</b>			
<i>Financial liabilities at amortized cost</i>			
Long term borrowings	10	306,378,883	73,500,000
Lease liabilities	11	14,285,496	17,379,308
Trade creditors	12	1,132,215	1,102,287
Accrued liabilities	12	5,035,515	6,589,366
Advances against loans	12	9,796,570	2,115,261
Incentives payable	12	375,655	62,214
Accrued interest/mark-up on borrowings		10,736,203	3,777,457
		<b>347,740,537</b>	<b>104,525,893</b>

### 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.

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.

##### 36.1.1 Credit risk management

In order to manage credit risk, the Company has adopted a policy of only dealing with creditworthy counterparties and limiting significant exposure to any single counterparty. The Company only transacts with counterparties that have reasonably high external credit ratings. Where an external rating is not available, the Company uses an internal credit risk grading mechanism. The ageing profile of financial assets and individually significant balances, along with collection activities are reviewed on a regular basis. High risk counter-parties are identified and restrictions are placed on future dealings. There were no changes in the Company's approach to credit risk management during the year.

##### 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-23 Rupees	31-Dec-22 Rupees
<i>Loans and receivables</i>			
Long term deposits	17	1,205,000	1,425,000
Long term loans	18	430,741,360	271,369,966
Mark-up receivable on long term loans	20	11,374,918	4,316,418
Advance to employees	21	5,544	56,969
Other receivables	21	24,409	238,578
Cash at bank	22	215,823,170	147,897,975
		<b>659,174,401</b>	<b>425,304,906</b>

##### 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:

# TALEEM FINANCE COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

	31-Dec-23	31-Dec-22
	<i>Rupees</i>	<i>Rupees</i>
Customers	442,116,278	275,686,384
Regulatory authorities	50,000	50,000
Banking companies and financial institutions	215,823,170	147,897,975
Others	1,184,953	1,670,547
	<b>659,174,401</b>	<b>425,304,906</b>

### 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'. 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 and exposure to credit risk are as follows:

Bank	Rating Agency	Short-Term	Long-Term	31-Dec-23	31-Dec-22
MCB Bank Limited	PACRA	A1+	AAA	41,692,053	39,472,028
Silk Bank Limited	VIS	A-2	A-	19,698,239	22,339,356
NRSP Microfinance Bank Limited	PACRA	A-2	A-	154,035,515	86,086,591
				<b>215,425,807</b>	<b>147,897,975</b>

#### (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', 'advances to employees' and 'other receivables'. Credit risk in respect of long term deposits, advances to employees and other receivables 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. Impairment allowance on long term loans and mark-up receivable thereon is recognized in accordance with the requirements of NBFC regulations.

The credit quality of long term loans and mark-receivable thereon, as at the reporting date, is as follows:

	31-Dec-23			
	Long term loans <i>Rupees</i>	Accumulated impairment <i>Rupees</i>	Mark-up receivable <i>Rupees</i>	Accumulated impairment <i>Rupees</i>
Not yet due	388,776,888	8,242,787	8,266,988	-
Overdue by less than 90 days	30,090,551	402,562	346,223	-
Overdue 90 days or more	1,767,457	441,864	216,012	216,012
Overdue 180 days or more	855,432	427,716	119,428	119,428
Overdue one year or more	9,251,032	9,251,032	2,426,267	2,426,267
	<b>430,741,360</b>	<b>18,765,961</b>	<b>11,374,918</b>	<b>2,761,707</b>
	31-Dec-22			
	Long term loans <i>Rupees</i>	Accumulated impairment <i>Rupees</i>	Mark-up receivable <i>Rupees</i>	Accumulated impairment <i>Rupees</i>
Not yet due	247,982,972	5,130,339	2,952,130	-
Overdue by less than 90 days	13,561,358	216,314	157,399	-
Overdue 90 days or more	8,216,754	196,588	950,817	950,817
Overdue 180 days or more	1,372,192	343,048	196,721	196,721
Overdue one year or more	236,690	118,345	59,351	59,351
	<b>271,369,966</b>	<b>6,004,634</b>	<b>4,316,418</b>	<b>1,206,889</b>

# TALEEM FINANCE COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### 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. 322.69 million (31-Dec-22: Rs. 203 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 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. There were no changes in the Company's approach to liquidity risk management during the year.

#### 36.2.2 Exposure to liquidity risk

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

	31-Dec-23				
	Carrying amount Rupees	Contractual cash flows Rupees	One year or less Rupees	One to three years Rupees	More than three years Rupees
Long term borrowings	306,378,883	322,556,209	100,177,326	222,378,883	-
Lease liabilities	14,285,496	19,467,540	10,149,748	9,317,792	-
Trade creditors	1,132,215	1,132,215	1,132,215	-	-
Accrued liabilities	5,035,515	5,035,515	5,035,515	-	-
Advances against loans	9,796,570				
Incentives payable	375,655	375,655	375,655	-	-
Accrued interest/mark-up on borrowings	10,736,203	10,736,203	10,736,203	-	-
	<b>347,740,537</b>	<b>359,303,337</b>	<b>127,606,662</b>	<b>231,696,675</b>	<b>-</b>

	31-Dec-22				
	Carrying amount Rupees	Contractual cash flows Rupees	One year or less Rupees	One to three years Rupees	More than three years Rupees
Long term borrowings	73,500,000	79,796,879	79,796,879	-	-
Lease liabilities	17,379,308	22,416,988	8,027,048	14,389,940	-
Trade creditors	1,102,287	1,102,287	1,102,287	-	-
Accrued liabilities	6,589,366	6,589,366	6,589,366	-	-
Advances against loans	2,115,261				
Incentives payable	62,214	62,214	62,214	-	-
Accrued interest/mark-up on borrowings	3,777,457	3,777,457	3,777,457	-	-
	<b>104,525,893</b>	<b>113,745,191</b>	<b>99,355,251</b>	<b>14,389,940</b>	<b>-</b>

### 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.

# TALEEM FINANCE COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### (a) Currency risk management

The Company manages its exposure to currency risk through continuous monitoring of expected/forecast committed and non-committed foreign currency payments and receipts. Reports on forecast foreign currency transactions are prepared on monthly basis, exposure to currency risk is measured and appropriate steps are taken to ensure that such exposure is minimized while optimizing return. There were no changes in the Company's approach to currency risk management during the year.

### (b) Exposure to currency risk

The Company's exposure to currency risk as at the reporting date is as follows:

	31-Dec-23	31-Dec-22
	<i>Rupees</i>	<i>Rupees</i>
<b>Financial assets</b>	-	-
<b>Financial liabilities</b>		
Long term borrowings	224,581,345	-
Accrued interest/mark-up on borrowings	4,816,343	-
	229,397,688	-
	<b>(229,397,688)</b>	-

### (c) Sensitivity analysis

A five percent appreciation in Pak Rupee against foreign currencies would have increased profit for the year and equity as at the reporting date by Rs. 11.47 million (31-Dec-22: Rs. nil). A five percent depreciation in Pak Rupee would have had an equal but opposite effect on profit for the year and equity. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores the impact, if any, on provision for taxation for the year. There were no changes in the methods and assumptions used in preparing the sensitivity analysis.

### 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) Exposure to interest rate risk

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-23	31-Dec-22
	<i>Rupees</i>	<i>Rupees</i>
<b>Fixed rate instruments</b>		
Financial assets	430,741,360	271,369,966
Financial liabilities	238,866,841	17,379,308
<b>Variable rate instruments</b>		
Financial assets	214,896,482	147,722,701
Financial liabilities	84,000,000	73,500,000

#### (c) Fair value sensitivity analysis for fixed rate instruments

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

# TALEEM FINANCE COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### (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. 1.31 million (31-Dec-22: Rs. 0.74 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.

## 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:

	<i>Unit</i>	<b>31-Dec-23</b>	<b>31-Dec-22</b>
Total debt	<i>Rupees</i>	<b>306,378,883</b>	73,500,000
Total equity	<i>Rupees</i>	<b>351,105,923</b>	366,520,918
Total capital employed	<i>Rupees</i>	<b>657,484,806</b>	440,020,918
Gearing ratio	<i>% age</i>	<b>46.60</b>	16.70

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.

	<b>31-Dec-23</b>	<b>31-Dec-22</b>
	<i>Rupees</i>	<i>Rupees</i>

## 39 RESTRICTION ON TITLE AND ASSETS PLEDGED/MORTGAGED AS SECURITY

### Mortgages and charges

Hypothecation of movables and book debts	<b>125,000,000</b>	133,330,000
--	--------------------	-------------

# TALEEM FINANCE COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### 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-23		
	Chief Executive Rupees	Directors Rupees	Executives Rupees
Managerial remuneration	27,969,202	-	29,923,325
Allowances and perquisites	2,074,205	-	11,808,040
Meeting fee	-	2,650,000	-
Contribution to provident fund	1,885,656	-	1,757,820
	<b>31,929,063</b>	<b>2,650,000</b>	<b>43,489,185</b>
Number of persons	1	5	16

  

	31-Dec-22		
	Chief Executive Rupees	Directors Rupees	Executives Rupees
Managerial remuneration	23,247,840	-	19,488,237
Allowances and perquisites	1,020,474	-	8,699,955
Meeting fee	-	1,950,000	-
Contribution to provident fund	1,660,560	-	1,378,094
	<b>25,928,874</b>	<b>1,950,000</b>	<b>29,566,286</b>
Number of persons	1	5	9

### 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% (31-Dec-22: 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 NUMBER OF EMPLOYEES

	31-Dec-23	31-Dec-22
Total number of employees	55	36
Average number of employees	47	30

### 43 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.

### 44 EVENTS AFTER THE REPORTING PERIOD

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

### 45 GENERAL

Comparative figures have been rearranged and reclassified, where necessary, for the purpose of comparison. However, there were no significant reclassifications during the year.

  
\_\_\_\_\_  
Director  
\_\_\_\_\_  
Chief Executive Officer

RSRIR  
for identification only