

TALEEM FINANCE COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

ASSETS	<u>Note</u>	<u>2020</u> Rupees	<u>2019</u> Rupees
Non-current assets			
Property and equipment	6	9,747,642	11,594,785
Intangible assets	7	1,242,057	-
Security deposit		520,000	520,000
Right-of-use asset	8	10,068,478	12,783,574
Deferred taxation	9	6,027,269	6,029,277
Long term loans	10	38,081,573	-
		65,687,019	30,927,636
Current assets			
Current portion of long term loans	10	21,821,628	-
Short-term investment	11	191,366,233	146,671,562
Advances, prepayments and other receivables	12	1,390,098	685,324
Due from Government		4,088,238	4,717
Cash and bank balances	13	8,810,351	4,152,937
		227,476,548	151,514,540
TOTAL ASSETS		<u>293,163,567</u>	<u>182,442,176</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
5,000,000 (2019: 1,020,000) ordinary shares of Rs.100 each	14	<u>500,000,000</u>	<u>102,000,000</u>
Issued, subscribed and paid up share capital	14	337,956,000	102,000,000
Share deposit money		-	81,256,000
Accumulated losses		(56,311,334)	(13,007,230)
		281,644,666	170,248,770
Non-current liabilities			
Lease liability	15	6,873,109	9,324,489
Current liabilities			
Current portion of lease liability	15	2,392,333	1,568,373
Trade and other payables	16	2,174,869	1,084,567
Provision for taxation		78,590	215,977
		4,645,792	2,868,917
TOTAL EQUITY AND LIABILITIES		<u>293,163,567</u>	<u>182,442,176</u>
CONTINGENCIES AND COMMITMENTS	17		

The annexed notes 1 to 31 form an integral part of these financial statements.

Chief Executive

Director

TALEEM FINANCE COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	<u>Note</u>	<u>Year ended 2020</u> Rupees	<u>From 27 March 2019 to 31 December 2019</u> Rupees
Income from loans	18	5,239,315	-
Operational expenditure	19	2,232,530	-
Administrative expenses	20	67,806,443	22,508,170
Operating loss		<u>(64,799,658)</u>	<u>(22,508,170)</u>
Other income	21	22,596,149	4,734,276
Finance cost	22	1,713,194	569,416
Loss before taxation		<u>(43,916,703)</u>	<u>(18,343,310)</u>
Taxation	23	612,599	5,336,080
Loss for the year		<u>(43,304,104)</u>	<u>(13,007,230)</u>
Other comprehensive income		-	-
Total comprehensive loss for the year		<u><u>(43,304,104)</u></u>	<u><u>(13,007,230)</u></u>
Loss per share - Basic and diluted	24	(0.13)	(0.13)

The annexed notes 1 to 31 form an integral part of these financial statements.

Chief Executive

Director

TALEEM FINANCE COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Share deposit money	Accumulated losses	Total
	Rupees	Rupees	Rupees	Rupees
Share capital issued	102,000,000	-	-	102,000,000
Share deposit money received	-	81,256,000	-	81,256,000
Loss after taxation	-	-	(13,007,230)	(13,007,230)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(13,007,230)	(13,007,230)
Balance as at 31 December 2019	102,000,000	81,256,000	(13,007,230)	170,248,770
Share deposit money received	-	154,700,000	-	154,700,000
Share capital issued	235,956,000	(235,956,000)	-	-
Loss after taxation	-	-	(43,304,104)	(43,304,104)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	(43,304,104)	(43,304,104)
Balance as at 31 December 2020	337,956,000	-	(56,311,334)	281,644,666

The annexed notes 1 to 31 form an integral part of these financial statements.

Chief Executive

Director

TALEEM FINANCE COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Year ended 2020 Rupees	From 27 March 2019 to 31 December 2019 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		(43,916,703)	(18,343,310)
Adjustments to reconcile loss before tax to net cash flows:			
Depreciation on property and equipment	6	2,859,234	412,135
Depreciation on right-of-use of asset	8	2,715,096	791,903
Amortization on Intangible assets	7	326,854	-
Finance cost	22	1,705,867	567,385
Gain on lease adjustment	21	(213,287)	-
Interest on bank deposits	21	(5,611,439)	(107,956)
Markup on term deposit receipts	21	(16,771,003)	(2,877,781)
		(14,988,678)	(1,214,314)
Working capital adjustments			
Increase in long term loans	10	(59,903,201)	-
Increase in advances, prepayments and other receivables	12	(704,774)	(685,324)
Increase in tax refund due from Government		(4,083,521)	(4,717)
Increase in trade and other payable	16	1,090,302	1,084,567
		(63,601,194)	394,526
Interest received on bank deposits	21	5,611,439	107,956
Markup received on term deposit receipts	21	16,771,003	2,877,781
Income tax recovered / (paid)		477,220	(477,220)
Net cash used in operating activities		(99,646,913)	(16,654,581)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property and equipment	6	(1,012,091)	(12,006,920)
Purchase and development of intangible asset	7	(1,568,911)	-
Security deposit		-	(520,000)
Net cash used in investing activities		(2,581,002)	(12,526,920)
CASH FLOW FROM FINANCING ACTIVITIES			
Finance Cost - Paid		(1,705,867)	(567,385)
Lease Liability - Net		(1,414,133)	(2,682,615)
Proceed from issue of share capital	14	-	102,000,000
Share deposit money received		154,700,000	81,256,000
Net cash generated from financing activities		151,580,000	180,006,000
Net increase in cash and cash equivalents during the year		49,352,085	150,824,499
Cash and cash equivalents at beginning of the year		150,824,499	-
Cash and cash equivalents at the end of the year		200,176,584	150,824,499
Cash and cash equivalent comprises of:			
Cash and bank balances	13	8,810,351	4,152,937
Short-term investment	11	191,366,233	146,671,562
		200,176,584	150,824,499

The annexed notes 1 to 31 form an integral part of these financial statements.

Chief Executive

Director

**TALEEM FINANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1 LEGAL STATUS AND NATURE OF BUSINESS

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

Business Unit	Address
Registered Office	1st Floor, 15 - S, Gulberg II, Lahore

1.1 PARTICULARS OF FOREIGN SHAREHOLDER

Following is the pertinent information related to Holding Company:

Name of Foreign Company	Gray Ghost Ventures Educations Holdings LLC
Registered Address	1162 North Highland Avenue, Atlanta, Georgia, USA
Principal Officer - President	Erika Norwood
Percentage of Shareholding	99.4% of the issued, subscribed and paid up capital
Pakistani Resident Associated	None
Operational Status in United States of America	Active
Last audit opinion	Unmodified opinion

2 STATEMENT OF COMPLIANCE

2.1 These financial statements have been prepared in accordance with the accounting and reporting standards, as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of

-International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

-Provisions of and directives issued under the Companies Act, 2017, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Where provisions of and directives issued under the Companies Act, 2017, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008 have been followed.

2.2 Standards, interpretations and amendments to published approved accounting standards

2.2.1 Standards, amendments or interpretations which became effective during the year

The accounting policies adopted are consistent with those of the previous financial period, except for the following new and amended standards and interpretations effective for annual period beginning on 01 January 2020, as listed below. The Company has not early-adopted any standard, interpretation or amendment that has been issued but is not yet effective.

2.2.2 New Standards, Interpretations and Amendments

IFRS 3	Definition of a Business — (Amendments)
IAS 39 and IFRS 7	Interest rate benchmark reform — (Amendments)
IAS 1 and IAS 8	Definition of Material — (Amendments)
IFRS 16	COVID-19-Related Rent Concessions (Amendments)

2.2.3 Standards, interpretations and amendments to approved accounting standards that are not yet effective:

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2 – Amendments 01 January 2021
IFRS 3	Reference to conceptual framework — (Amendments) 01 January 2022
IAS 16	Property, plant and equipment: Proceeds before intended use — (Amendments) 01 January 2022
IAS 37	Onerous contracts - costs of fulfilling a contract — (Amendments) 01 January 2022
AIP IFRS 1	First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter 01 January 2022
AIP IFRS 9	Fees in the '10 per cent' test for derecognition of financial liabilities 01 January 2022
AIP IAS 41	Agriculture – Taxation in fair value measurements 01 January 2022
IAS 1	Classification of liabilities as current or non-current — (Amendments) 01 January 2023
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its associate or Joint Venture — (Amendments) 01 January 2023

The above amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

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

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 1	First Time Adoption of IFRS 01 July 2009
IFRS 9	Financial Instruments* 01 July 2020
IFRS 17	Insurance Contracts 01 January 2023

The Company expects that above mentioned standards will not have any material impact on the Company's financial statements in the period of initial application.

*** IFRS 9 - Financial Instruments**

Securities and Exchange Commission of Pakistan (SECP) through an SRO 273(1)/2020 dated 30 March 2020 notified that IFRS 9 shall be applicable for the preparation of financial statements of NBFs for reporting period / year ending on or after 30 June 2021 (SECP through this notification permitted earlier application of IFRS 9). Accordingly, the requirements of this standard have not been considered in preparation of these financial statements.

2.3 Comparative financial information

Comparative information relates to period starting from 27 March 2019 to 31 December 2019 and is not entirely comparable with current period financial information

3 BASIS OF PREPARATION**3.1 Basis of measurement**

These financial statements have been prepared under the historical cost convention.

3.2 Presentation currency

These financial statements are presented in Pak Rupees, which is the functional currency of the Company. Figures have been rounded-off to the nearest Rupees unless otherwise stated.

4 SIGNIFICANT ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS.

Preparation of financial statements in continuity with approved accounting standards. It requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors involving a higher degree of expectations of future events that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period or in the period of the revision and future periods, if the revision affects both current and future periods. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

4.1 Useful lives, residual value, pattern of economic benefits and impairments

Estimates with respect to depreciable life and pattern of flow of economic benefits are based on the analysis of the management of the Company based on similar transactions in the past. Further, the Company reviews the value of the asset for possible impairments on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property and equipment, with corresponding effect on the depreciation charge and impairment.

4.2 Taxation

In making the estimate for income tax payable by the Company, the Company takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past.

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

Other areas where estimates and judgment involved are disclosed in respective notes to the financial statements.

4.3 Right-of-use asset and lease liability

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

- Lease-hold building	5 years
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At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Property and equipment

Owned assets

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is charged to statement of comprehensive income applying the straight line depreciation method as per the useful life specified in Note 6, which are considered appropriate to write off the cost of the assets over their useful economic lives. Depreciation on additions is charged from the month in which an asset is acquired or capitalized while no depreciation is charged for the month in which the asset is disposed. Normal repairs and maintenance costs are charged to statement of comprehensive income for the year. Major renewals and improvements are capitalized. Gains and losses on disposals are determined by comparing the sale proceeds with the carrying value and are included in the statement of comprehensive income for the year.

5.2 Intangible assets

Intangible assets are stated at cost less accumulated amortization and any identified accumulated impairment losses. These are amortized using the straight line method at the rates given in note 7. Amortization on additions is charged from the month in which an intangible asset is acquired, while no amortization is charged for the month in which the intangible asset is disposed off.

Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are charged to statement of profit or loss as and when incurred.

5.3 Impairment

At each balance sheet date, the carrying amount of assets is reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense in the statement of comprehensive income.

5.4 Advances, prepayments and other receivables

These are recognized and carried at transaction amount.

5.5 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at the book value which approximates their fair value.

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and cash at banks on current, saving and deposit accounts.

5.6 Trade and other payables

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

5.7 Long term loans

The lending policy for long term loans is in accordance with the objectives of the Company, which is to support the education sector in Pakistan. The ceiling per borrower for the highest product ranges up to Rs. 5,000,000. Long term loans are stated net of specific and general provisions. At the reporting date, specific and general provisions are determined on the basis of Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 and the Non-Banking Finance Companies Regulations, 2008 (the NBFC Regulations) for Microfinance and charged to the statement of income and expenditure. A general provision at the rate 1.5% (2019: Nil) of the Net outstanding Loans (NoL), net of specific provision, is charged to statement of comprehensive income annually.

5.8 Taxes**Current**

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits and exemptions available, if any or minimum taxation at the rate of one and half percent of the turnover whichever is higher. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Advance tax asset or liability is measured at the amount expected to be recovered or paid to Federal Board of Revenue or provincial revenue authorities. The tax rates and tax laws used to compute the tax expense are those that are enacted or substantively enacted by the balance sheet date.

Deferred

Deferred tax is provided in full using the balance sheet method on all temporary differences arising at the balance sheet date, between the tax basis of the assets and liabilities and their carrying amounts for financial reporting purpose.

Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized.

The carrying amount of all deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each balance sheet and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

The tax rates enacted or substantively enacted at the balance sheet date are used to determine deferred tax.

5.9 Sales Tax / Excise Duty

Revenues, expenses and assets are recognized net of the amount of sales tax / FED except:

Where the sales tax / FED incurred on a purchase of assets or services is not recoverable from the taxation authority.

Receivables and payables that are stated with the amount of sales tax / FED included.

The net amount of sales tax / FED recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

5.10 Revenue Recognition**(a) Profit on saving bank accounts**

Return on investments and bank deposits are accounted for on accrual basis.

(b) Service charges

The company recognizes service charges income on accrual basis only on regular portfolio. Accrued service charges are recognized where installment, mark-up, interest, profit or principal is not due by 30 days or more from due date.

5.11 Employee retirement benefits**5.11.1 Provident Fund**

The Company operates a defined contributory approved provident fund scheme for its all permanent employees. Equal monthly contributions are made at the rate of 10% of basic salary by the Company and employees.

5.12 Foreign currency translation

Transactions in foreign currencies are translated into rupees at the rates of exchange approximating those prevailing at the dates of transactions. Monetary assets and liabilities in foreign currencies are translated into rupees at the rates of exchange approximating those prevailing at the balance sheet date. Profit or loss arising on translation is recognized in the statement of comprehensive income currently.

5.13 Earning per share

Basic EPS is calculated by the profit or loss attributable to ordinary shareholders of the Company by the weighted number of ordinary shares outstanding during the year. Diluted ESP 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 and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

6 PROPERTY AND EQUIPMENT

	Note	2020 (Rupees)	2019 (Rupees)
Operating fixed assets	6.1	9,747,642	11,594,785

6.1 Operating fixed assets	Rate	2020								
		Cost			Depreciation				Book Value	
		As at 01 January 2020	Additions during the year	Disposals during the year	As at 31 December 2020	As at 01 January 2020	For the year	Disposals during the year	As at 31 December 2020	As at 31 December 2020
%		(Rupees)								
Furniture and fixtures	20%	1,963,050	-	-	1,963,050	68,036	392,616	-	460,652	1,502,398
Lease hold improvements	20%	5,079,580	65,653	-	5,145,233	175,681	1,026,860	-	1,202,541	3,942,692
Office equipment	20%	3,220,860	221,075	-	3,441,935	85,695	687,412	-	773,107	2,668,828
Computer equipment	33%	1,743,430	725,363	-	2,468,793	82,723	752,346	-	835,069	1,633,724
Total		12,006,920	1,012,091	-	13,019,011	412,135	2,859,234	-	3,271,369	9,747,642

Operating fixed assets	Rate	2019								
		Cost			Depreciation				Book Value	
		As at 27 March 2019	Additions during the period	Disposals during the period	As at 31 December 2019	As at 27 March 2019	For the period	Disposals during the period	As at 31 December 2019	As at 31 December 2019
%		(Rupees)								
Furniture and fixtures	20%	-	1,963,050	-	1,963,050	-	68,036	-	68,036	1,895,014
Lease hold improvements	20%	-	5,079,580	-	5,079,580	-	175,681	-	175,681	4,903,899
Office equipment	20%	-	3,220,860	-	3,220,860	-	85,695	-	85,695	3,135,165
Computer equipment	33%	-	1,743,430	-	1,743,430	-	82,723	-	82,723	1,660,707
Total		-	12,006,920	-	12,006,920	-	412,135	-	412,135	11,594,785

6.2 Depreciation charge for the year has been allocated to administrative expenses.

7 INTANGIBLES ASSETS

	Note	2020 (Rupees)	2019 (Rupees)
Operating Intangibles assets	7.1	903,558	-
TaleemTech Application (in development phase)	7.2	338,499	-
		<u>1,242,057</u>	<u>-</u>

		2020								
7.1 Operating intangible assets		Cost			Amortization			Book Value		
Intangibles Assets	Rate	As at 01 January 2020	Additions during the year	Disposals during the year	As at 31 December 2020	As at 01 January 2020	For the year	Disposals during the year	As at 31 December 2020	As at 31 December 2020
	%	------(Rupees)-----								
SHMA software	33%	-	406,000	-	406,000	-	122,814	-	122,814	283,186
Loan processing software	33%	-	824,412	-	824,412	-	204,040	-	204,040	620,372
Total		<u>-</u>	<u>1,230,412</u>	<u>-</u>	<u>1,230,412</u>	<u>-</u>	<u>326,854</u>	<u>-</u>	<u>326,854</u>	<u>903,558</u>

7.2 This includes the expenses incurred on the development of a new application under the name of TaleemTech.

8 RIGHT-OF-USE ASSET	<u>Note</u>	<u>2020</u> Rupees	<u>2019</u> Rupees
Opening balance		12,783,574	-
Additions during the year		-	13,575,477
Less: depreciation	20	<u>(2,715,096)</u>	<u>(791,903)</u>
Balance as at 31 December		<u><u>10,068,478</u></u>	<u><u>12,783,574</u></u>

8.1 Depreciation on right of use asset is charged @ 20% per annum.

8.2 Depreciation on right-of-use asset has been allocated to administrative expenses.

9 DEFERRED TAXATION	<u>Note</u>	<u>2020</u> Rupees	<u>2019</u> Rupees
Deferred tax asset on deductible temporary differences			
Decelerated tax depreciation		12,183	-
Unused tax depreciation and amortization		1,747,967	811,453
Unused business losses		<u>4,500,000</u>	<u>6,458,064</u>
		<u>6,260,150</u>	<u>7,269,517</u>
Deferred tax liabilities on taxable temporary differences			
Accelerated tax depreciation		-	(691,934)
Right-of-use asset	9.1	<u>(232,881)</u>	<u>(548,306)</u>
		<u>(232,881)</u>	<u>(1,240,240)</u>
		<u><u>6,027,269</u></u>	<u><u>6,029,277</u></u>

9.1 This amount is presented after netting off deferred tax asset on deductible temporary difference in lease liability amounting to Rs. 2,686,978 (2019: 3,158,930) and deferred tax liability on taxable temporary difference on right-of-use asset amounting to Rs. 2,919,859 (2019: 3,707,236)

9.2 The aggregate deferred tax asset available to the Company for set off against future taxable profits at 31 December 2020 amounted to Rs.13,510,242 (31 December 2019: Nil).

Expiry of business and depreciation losses are as follows:

<u>Tax Year</u>	<u>Nature</u>	<u>Note</u>	<u>2020</u> Rupees	<u>2019</u> Rupees
2026	Business loss		1,958,064	-
2027	Business loss		11,529,387	-
			<u>13,487,451</u>	<u>-</u>
2026	Minimum Tax		22,791	-

10 LONG TERM LOANS

Opening Balance	-	-
Add: Disbursement made during year	65,080,000	-
Less: Principal received during the year	<u>(4,264,567)</u>	<u>-</u>
Closing Balances	<u>60,815,433</u>	<u>-</u>
Less: Provision for loan considered doubtful - General Provision	<u>(912,232)</u>	<u>-</u>
	<u>59,903,201</u>	<u>-</u>
Less: Current portion of long term loans	21,821,628	-
	<u><u>38,081,573</u></u>	<u><u>-</u></u>

	<u>Note</u>	<u>2020</u> Rupees	2019 Rupees
10.1 Provision for loans considered doubtful			
General Provision:			
Opening Balances		-	-
Add: Charge for the year		(912,232)	-
Less: Bad debts write off against provision		-	-
Closing balances		<u>(912,232)</u>	<u>-</u>
11 SHORT-TERM INVESTMENT	11.1	<u>191,366,233</u>	<u>146,671,562</u>
11.1 This represents investment in Term Deposit Receipts (TDRs) having maturity ranging from one month to three months and carry rate of profit from 5.7% to 12.85% (2019: 11.9% to 12.85%)			
12 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES	<u>Note</u>	<u>2020</u> Rupees	2019 Rupees
Prepaid insurance		650,139	486,074
Markup receivable on loans to schools		556,095	-
Advance to suppliers		-	143,750
Prepaid website subscription		25,124	37,500
Advance to employees		115,075	18,000
Others		43,665	-
		<u>1,390,098</u>	<u>685,324</u>
13 CASH AND BANK BALANCES			
Cash in hand		40,000	40,000
Cash at bank:			
-Current account		809,021	1,550,935
-Savings account	13.1	7,961,330	2,562,002
		<u>8,810,351</u>	<u>4,152,937</u>
13.1 Rate of interest on savings account ranges from 4% to 11.25% (2019: 11% to 11.15%).			
14 SHARE CAPITAL	<u>Note</u>	<u>2020</u> Rupees	2019 Rupees
Authorized Share Capital			
5,000,000 ordinary shares (2019: 1,020,000 ordinary shares) of		<u>500,000,000</u>	<u>102,000,000</u>
Issued, subscribed and paid up capital			
3,379,560 ordinary shares (2019: 1,020,000 ordinary shares) of Rs.100/- each fully paid in cash	14.1	<u>337,956,000</u>	<u>102,000,000</u>
14.1 3,359,560 shares (2019: 1,000,000 shares) are held by Gray Ghost Ventures Education Holdings LLC (the holding company), the remaining balance of 20,000 shares (2019: 20,000 shares) are held by directors of Taleem Finance Company Limited.			
14.2 The Company meets the minimum equity requirement as mentioned in Non-Banking Finance Companies and notified entities regulations, 2008.			

15 LEASE LIABILITY

The effective interest rate used as the discounting factor (i.e. implicit in the lease) is 12.58%. The amount of future payments and the period during which they will become due are:

	<u>Note</u>	<u>2020</u> Rupees	<u>2019</u> Rupees
Period ending 31 December			
2020		-	3,432,000
2021		3,432,000	3,775,200
2022		3,775,200	4,152,720
2023		4,152,720	4,567,992
		<u>11,359,920</u>	<u>15,927,912</u>
Less: future finance charges		<u>(2,094,478)</u>	<u>(5,035,050)</u>
		9,265,442	10,892,862
Less: current maturity shown under current liabilities		<u>(2,392,333)</u>	<u>(1,568,373)</u>
		<u>6,873,109</u>	<u>9,324,489</u>

15.1 Minimum Lease Payments (MLP) and their Present Value (PV) are as follow:

	<u>2020</u>		<u>2019</u>	
	<u>MLP</u> (Rupees)	<u>Future Finance</u> (Rupees)	<u>PV of MLP</u> (Rupees)	<u>PV of MLP</u> (Rupees)
Due not later than 1 year	3,432,000	1,039,667	2,392,333	1,568,373
Due later than 1 year but not later than 5	7,927,920	1,054,811	6,873,109	9,324,489
Due later than 5 years	-	-	-	-
	<u>11,359,920</u>	<u>2,094,478</u>	<u>9,265,442</u>	<u>10,892,862</u>

16 TRADE AND OTHER PAYABLES

	<u>Note</u>	<u>2020</u> Rupees	<u>2019</u> Rupees
Trade creditors		1,427,426	305,296
Provident fund payable		-	569,875
Accrued expenses		640,588	136,585
Withholding tax payable		7,500	72,811
Employee's Old Age Benefit Payable		15,600	-
Incentives Payable		83,755	-
		<u>2,174,869</u>	<u>1,084,567</u>

17 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments to report at year end (2019: Nil)

18 INCOME FROM LOANS

	<u>Note</u>	<u>2020</u> Rupees	<u>From 27 March 2019 to 31 December 2019</u> Rupees
Mark-up on long term loans			
- Taleem Dost Sahulat (TDS)		81,603	-
- Taleem Jari Sahulat (TJS)		-	-
- Taleem School Asasah (TSA)		3,318,508	-
- Taleem School Sarmaya (TSS)		1,839,204	-
- Taleem Teacher Sahulat (TTS)		-	-
		<u>5,239,315</u>	<u>-</u>

19 OPERATIONAL EXPENDITURE

Retainership fee	715,000	-
Mortgage fee / Legal charges	35,748	-
Client verification charges	156,878	-
Credit life cover (Insurance)	108,895	-
Sales staff incentive (SDE/BM)	130,733	-
Sales staff incentive (Other Branch Staff)	11,024	-
Trainings	150,000	-
Nadra verification charges	12,020	-
Provision for doubtful debts	912,232	-
	<u>2,232,530</u>	<u>-</u>

20	ADMINISTRATIVE EXPENSES	Note	2020	From 27 March 2019
			Rupees	to 31 December 2019
	Salaries, wages and other benefits	20.1	47,533,211	15,554,362
	Depreciation of owned assets	6	2,859,234	412,135
	Amortization	7	326,854	-
	Depreciation of right-of-use asset	8	2,715,096	791,903
	Staff recruitment		-	1,790,000
	Utilities		539,910	55,109
	Insurance		966,056	45,984
	Travel		1,963,893	943,057
	Communication		1,095,081	145,504
	Professional fee		3,016,531	1,190,115
	Advertisement and public relations		4,349,266	96,680
	Other operating cost		771,291	210,877
	Directors' expense		998,435	1,162,444
	Auditor's remuneration	20.2	560,000	110,000
	Office support and maintenance		111,585	-
			67,806,443	22,508,170

20.1 This includes provident fund contributed by Company amounting to Rs. 2,514,654.

20.2	AUDITOR'S REMUNERATION	Note	2020	From 27 March 2019
			Rupees	to 31 December 2019
	Audit fee		525,000	100,000
	Out of pocket		35,000	10,000
			560,000	110,000

21	OTHER INCOME	Note	2020	From 27 March 2019
			Rupees	to 31 December 2019
	Interest on bank deposits		5,611,439	107,956
	Markup on term deposit receipts		16,771,003	4,549,343
	Gain on waiver of increment in lease rental		213,287	-
	Miscellaneous income		420	76,977
			22,596,149	4,734,276

22	FINANCE COST	Note	2020	From 27 March 2019
			Rupees	to 31 December 2019
	Markup on lease liabilities		1,705,867	567,385
	Bank charges		7,327	2,031
			1,713,194	569,416

23	TAXATION	Note	2020	From 27 March 2019
			Rupees	to 31 December 2019
	Current Tax			
	- charge for the year		78,590	693,197
	- adjustment for prior year		(693,197)	-
	Deferred Tax			
	- relating to origination and reversal of temporary differences		2,008	(6,029,277)
			(612,599)	(5,336,080)

23.1 Tax charge reconciliation

Numerical reconciliation between the average effective tax rate and the applicable tax rate is not possible as the company is subject to minimum tax during tax year 2021.

24 LOSS PER SHARE - BASIC AND DILUTED

Basic loss per share is calculated by dividing net loss for the year attributable to ordinary equity holders of the Company by weighted average number of ordinary shares outstanding during the year. The following reflects the loss and share data used in the basic and diluted loss per share computations:

	2020	From 27 March 2019
	Rupees	to 31 December 2019
Loss after taxation	(43,304,104)	(13,007,230)
Weighted average number of ordinary shares	336,663,090	102,000,000
Loss per share - basic and diluted (Rupees per share)	(0.13)	(0.13)

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

25 NUMBER OF EMPLOYEES

Number of employees at the end of the period	<u>20</u>	<u>16</u>
Average number of employees during the period	<u>19</u>	<u>3</u>

26 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The management has overall responsibility for the establishment and oversight of the Company's risk management framework. The management is also responsible for developing and monitoring the Company's risk management policies. The Company manages its exposures to financial risks in the following manner:

The Board of Directors reviews and approves policies for managing each of these risks which are summarized below:

26.1 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company applies prudent risk management policies by maintaining sufficient cash and bank balances and by keeping committed credit lines. The table below summarizes the maturity profile of the Company's financial liabilities at the following reporting dates:

2020	On demand	Less than 3 months	3 to 12 months	> 1 years	Total
------	-----------	--------------------	----------------	-----------	-------

Contract liabilities

Trade and other payables	-	1,478,869	696,000	-	2,174,869
Lease liability	-	-	2,392,333	6,873,109	9,265,442

2019	On demand	Less than 3 months	3 to 12 months	> 1 years	Total
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Contract liabilities

Trade and other payables	-	1,084,567	-	-	1,084,567
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26.2 Market Risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

26.2.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company does not have any foreign currency exposure at the year end.

Sensitivity Analysis:

The Company is not exposed to foreign currency risk because it does not have foreign currency exposure at the year end.

26.2.2 Interest Rate Risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rate. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short term finances.

Sensitivity Analysis:

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit / loss before tax (through the impact on floating rate borrowings) and the Company's equity. The sensitivity analysis is based on the assumption that net debt remains constant in the period.

Increase/ decrease in Basis points:

	<u>2020</u>	
	Effect on profit before tax	Effect on equity
+150	(12,993,445)	(9,225,346)
+200	(17,324,593)	(12,300,461)
-150	12,993,445	9,225,346
-200	17,324,593	12,300,461

	2019	
	Effect on profit before tax	Effect on equity
+150	(2,158,306)	(1,532,397)
+200	(2,877,741)	(2,043,196)
-150	2,158,306	1,532,397
-200	2,877,741	2,043,196

26.2.3 Equity price risk

Equity price risk arises from the investments through profit and loss. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board. At the reporting date the Company is not exposed to any equity price risk.

26.3 Credit risk

Credit risk represents risk of financial loss being caused if counter parties fails to perform their obligations. The Company's credit risk is primarily attributable to its short-term investments bank balances. The maximum exposure to credit risk is equal to a carrying amount of financial assets. The Company is not materially exposed to credit risk as the credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit rating. The Company, therefore, considers its credit risk concentration as minimal.

The Company is exposed to credit risk on long-short term investments and bank balances. The maximum exposure to credit risk at the reporting date is:

	Note	2020 Rupees	2019 Rupees
Short-term investment	11	191,366,233	146,671,562
Cash and bank balances	13	8,810,351	4,152,937
		200,176,584	150,824,499

Bank Balance

The credit quality of balances with banks can be assessed by reference to external credit ratings as shown below:

Bank	Rating Agency	Short-Term	Long-Term	2020 Rupees	2019 Rupees
MCB Bank Limited	PACRA	A1+	AAA	2,737,346	1,550,935
Silk Bank Limited	VIS	A-2	A-	6,033,005	2,562,002
				8,770,351	4,112,937

26.4 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2020		2019	
	Lease liabilities	Total	Lease liabilities	Total
Opening Balance	10,892,862	10,892,862	-	-
<u>Cash flows</u>				
Lease liability - net	(1,414,133)	(1,414,133)	(2,682,615)	(2,682,615)
<u>Others</u>				
Increase (decrease)	(213,287)	(213,287)	13,575,477	13,575,477
Closing balance	9,265,442	9,265,442	10,892,862	10,892,862

26.5 Capital risk management

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximize shareholder value and reduce the cost of capital.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. The Company has no long term finance, however, it uses short term finances from the parent company to maintain its liquidity

26.6 Classification of financial instruments

ASSETS	2020	2019
	Rupees	Rupees
At amortized cost		
Short-term investment	191,366,233	146,671,562
Cash and bank balances	8,810,351	4,152,937
	200,176,584	150,824,499
LIABILITIES		
At amortized cost		
Trade and other payables	2,174,869	1,084,567
Lease liability	9,265,442	10,892,862
	11,440,311	11,977,429

27 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these financial statements in respect of remuneration including benefits applicable to Chief Executive Officer, the Directors and other Executives of the Company are given below:

	2020		
	Chief Executive	Directors	Executives
	------(Rupees)-----		
Remunerations	20,400,000	-	17,984,345
Special allowance	600,000	-	-
Provident fund	1,359,996	-	875,431
Fee for attending board meeting	-	900,000	-
Bonus	-	-	-
	22,359,996	900,000	18,859,776
No. of persons	1	3	6
	------(Rupees)-----		
	2019		
	Chief Executive	Directors	Executives
Remunerations	8,800,000	-	-
Special allowance	100,000	-	-
Provident fund	226,667	-	-
Fee for attending board meeting	-	900,000	-
Bonus	3,200,000	-	-
	12,326,667	900,000	-
No. of persons	1	3	-

27.1 Executives are employees whose basic salaries exceed Rs. 1.2 million in a financial year and the same are also considered key management personnel.

28 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated companies, retirement benefits fund, and key management personnel. Significant transactions with related parties during the year are as under:

Name of the related party	Relationship	Transactions during the year	2020 (Rupees)	2019 (Rupees)
Provident fund (funded)	Due to same directorship	Contributions by the Company	2,514,654	284,939
Gray Ghost Ventures Education Holdings LLC	Holding Company holds 99.4% (2019:98.0%) share capital	Share deposit money received	154,700,000	81,256,000
Gray Ghost Ventures Education Holdings LLC	Holding Company holds 99.4% (2019:98.0%) share capital	Share capital issued	235,956,000	-

29 PROVIDENT FUND

Taleem Finance Company Limited Employees' Provident Fund Trust holds the investments which are in accordance with the provisions of section 218 of the Companies Act 2017 and the Rules formulated for this purpose.

30 IMPACT OF COVID-19

Company's business was not majorly affected by Covid-19 pandemic as only 12 out of 60 schools applied for deferment (up to 6 months) and none of the schools defaulted in repayment of their respective loans or mark-up on deferment. The company has reviewed its exposure to business risks and related accounting considerations. Consequently, the Company believes that there is no material impact on the recognition and measurement of assets and liabilities in these financial statements.

31 DATE OF AUTHORIZATION

These financial statements were authorized for issue by the Board of Directors of the Company on _____.

Chief Executive

Director