KISSAN SUPPORT SERVICES (PVT) LIMITED

Annual Report 2021

DIRECTORS' REPORT

On behalf of the Board of Directors, it gives us great pleasure to present the Directors' Report of Kissan Support Services (Pvt) Limited along with the Audited Accounts and Auditors Report thereon for the year ended December 31, 2021.

The principal activity of the Company continued to be the provider of non-core support services to Zarai Taraqiati Bank Limited (ZTBL) by exercising appropriate control on the workforce in line with the best service quality standards.

Financial Overview

Since welfare of its workforce has been a cornerstone of Company's operations, therefore, the KSSL took a couple of initiatives during the year which impacted profitability. The first initiative was registration of its employees with Employees' Old Age Benefits Institute (EOBI) and the second one was granting bonus to its employees for their untiring efforts. Due to these employee centric initiatives, KSSL posted as After Tax Loss of Rs 62.015 million in the year 2021 as compared to After Tax Profit of Rs 123.224 million in the year 2020. The Company being a wholly owned subsidiary of ZTBL neither proposes any dividend to be paid nor transferred any sum to any specific Fund/Reserve for the purpose.

No significant change or commitment occurred during the period from the end of the year to the date of this report.

Key Operating & Financial Data of last 6 Years

(Rupees in Million)

Particulars	2015	2016	2017	2018	2019	2020	2021
Total Assets	581.059	795.119	910.335	1,066.176	1,268.024	1,440.900	1,398.338
Cash & Cash Equivalents	413.116	537.298	676.787	805.403	931.974	984.665	1,042.865
Non-Current assets	64.473	89.300	98.897	100.801	111.974	130.646	134.734
Share Capital & Reserves	364.765	471.477	585.860	697.873	849.961	1,000.694	959.846
Non-Current Liabilities	196.722	258.491	307.263	350.375	392.356	412.038	431.798
Profit/(Loss) before Tax	114.830	155.487	155.054	153.640	191.411	160.067	(80.000)
Taxation	44.343	50.577	49.547	50.955	63.321	36.824	(15.082)

Particulars	2015	2016	2017	2018	2019	2020	2021
Profit/(Loss) after Tax	70.487	104.909	105.507	102.685	128.089	123.243	(64.918)
Earnings/(Loss) per Share (Rs.)	7.05	10.49	10.55	10.27	12.81	12.32	(6.49)

Operations

During the year, Company's operational performance remained satisfactory regarding services rendered to ZTBL.

Corporate and Financial Reporting Framework

The Directors are pleased to give the following statements in respect of compliance with the Corporate and Financial Reporting Framework:–

a) The financial statements prepared by the management of the Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.

b) Proper books of accounts of the Company have been maintained.

c) Appropriate accounting policies have been consistently applied in preparation of financial statements and any changes in accounting policies have been disclosed in the financial statements. The accounting estimates are based on reasonable and prudent judgment.

d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there-from has been adequately disclosed.

e) The Company has complied with Public Sector Companies (Corporate Governance) Rules, 2013 (The Rules). Statement of Compliance with the Rules along with a statement enlisting the Rules which have not been complied with, including the Explanation for Non–Compliance has been prepared.

f) The system of internal control has been effectively implemented and monitored.

g) There are no significant doubts upon the Company's ability to continue as a going concern.

Appointment & Remuneration of the Directors

The ZTBL, being 100% shareholder of KSSL, nominates all the Directors at KSSL Board.

The Company adopts the remuneration policy of the Board Members as given in Section 42 of its Articles of Association. Any change in remunerations of the Directors is approved in the Annual General Meeting which is not attended by the beneficiaries of such remunerations. The highlights of the existing remunerations of the Directors are as follows:–

1 No remuneration is paid to the Executive or Non–Executive Directors of the Board.

2 Fee for participation in the Meeting of the Board is Rs 30,000/– per meeting (paid to Independent Directors only)

3 Fee for participation in the Meeting of the Board's sub–committee Rs 20,000/– per meeting (paid to Independent Directors only)

4 Travelling: Rs 15/km if travelled by road or Return Air Ticket (Economy Class)

5 The accommodation of the Board Members who travel from other cities for participation in Board Meetings or Company's related matters is arranged by the Company itself.

Board of Directors

During the year 2021 the composition of the Board and meetings attended by each Board Member is as follows:–

Sr No	Name of Director	Designation	No of Board meetings attended
1	Mr Muhammad Shahbaz Jameel	Chairman	6
2	Mr Ahmed Chinoy	Director	6
3	Mr Jamal Abdul Nasir	Director	6
4	Mr Arshad Mahmood	Director	6
5	Mr Habib Ullah Khan	Director	6
6	Mr Muhammad Arif	Director	6

Sr No	Name of Director	Designation	No of Board meetings attended
7	Brig (R) Zaheer Ud Din Ahmad	MD/CEO & Director	6
8	Mr Azmat Ullah	CFO/Company Secretary	6

Committees of the Board

The Board has constituted its sub-committees namely, Audit Committee, Human Resource Management Committee, Procurement Committee and Nomination Committee, as required under the Public Sector Companies (Corporate Governance) Rules 2013, to extend support to the Board and the Company in performing their functions efficiently, and for seeking assistance in the decision making process. The Meetings of the Audit Committee were held on quarterly basis whereas Meetings of remaining Committees are also held as and when required to discuss and carry out business as per their terms of reference.

Annual General Meeting

The Fifteenth Annual General Meeting (AGM) of the Company was held on December 31, 2021.

Chief Executive Officer

The Company has a full time Chief Executive Officer whose terms of employment are under contract.

Company's Future Outlook

KSSL is committed to assist ZTBL by provision of support staff and taking over all non-core/auxiliary activities of the bank so that the bank can concentrate on its core banking activities.

The Company intends to offer its expertise in HR outsourcing to the corporate sector. Further, prospects of initiating other commercially viable projects are also being considered.

External Auditors

M/s BDO Ebrahim & Coompany, Chartered Accountants, Islamabad were appointed as External Auditors for the year ending December 31, 2021 in the 15th Annual General Meeting of the Company held on December 31, 2021.

Pattern of Shareholding

1. **ZTBL** **100% Shares (10 million shares of Rs. 10 each)**

Company is a wholly owned subsidiary of ZTBL, incorporated under Section 32 of the Companies Ordinance, 1984 (repealed and replaced by Companies Act, 2017) in Pakistan.

Acknowledgement

We appreciate the hard work and diligence of the Company's management and employees for efficient and productive service delivery.

On behalf of the Board of Directors.

(BRIG (R) ZAHEER UD DIN AHMAD)
MD/CEO

(MUHAMMAD ARIF)
Director

Islamabad
March 29, 2022

BDO

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Islamabad-44000,
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REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE PUBLIC SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES, 2013

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Public Sector Companies (Corporate Governance) Rules, 2013 (the "Rules") prepared by the Board of Directors of **KISSAN SUPPORT SERVICES (PRIVATE) LIMITED** (the "Company") for the year ended December 31, 2021.

The responsibility for compliance with the Rules is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Rules and report if it does not and to highlight any non-compliance with the requirements of the Rules. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Rules.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal control, the Company's corporate governance procedures and risks.

The Rules requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Rules as applicable to the Company for the year ended December 31, 2021.

ISLAMABAD

DATED: 29 MAR 2022

UDIN: CR202110094KzrJd1ejT

Bdo Ebrahim & Co.
CHARTERED ACCOUNTANTS
Engagement Partner: Iffat Hussain

KISSAN
Support Services
(Pvt.) Ltd.
Head Office, Islamabad

SCHEDULE I
[See paragraph 2(1)]

Statement of Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013

Name of company: Kissan Support Services (Pvt) Limited

Line Ministry: Subsidiary of ZTBL which is owned by Finance Division, GOP

For the Year Ended: December 31, 2021

I. This statement presents the overview of the compliance with the Public Sector Companies (Corporate Governance) Rules, 2013 (hereinafter called "the Rules") issued for the purpose of establishing a framework of good governance, whereby a public sector company is managed in compliance with the best practices of public sector governance.

II The company has complied with the provisions of the Rules in the following manner:

Sr. No.	Provision of the Rules	Rule No.	Y	N
			Tick the relevant	
1	The independent directors meet the criteria of independence, as defined under the Rules.	2(d)	✔	
2	The Board has the requisite percentage of independent directors. At present the board includes:	3(2)	✔	

Category	Names	Date of Appointment
Independent Director	1. Mr Ahmad Chinoy 2. Mr Arshad Mahmood 3. Mr Jamal Abdul Nasir 4. Mr Habib Ullah Khan	29-Apr-2019 -do- -do- -do-
Executive Director	1. Brig Zaheer ud Din Ahmad, MD/CEO	29-Apr-2019
Non-Executive Director	1. Mr Muhammad Shahbaz Jameel 2. Mr Muhammad Arif	10-Dec-2019 29-Apr-2019

Sr. No.	Provision of the Rules	Rule No.	Y	N
			Tick the relevant	
3	The directors have confirmed that none of them is serving as a director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.	3(5)	✔	
4	The appointing authorities have applied the fit and proper criteria given in the Annexure to the Rules in making nominations of the persons for election as Board members under the provisions of the Act.	3(7)	✔	
5	The Chairman of the Board is working separately from the chief executive of the Company.	4(1)	✔	
6	The chairman has been elected by the Board of Directors except where Chairman of the Board has been appointed by the Government.	4(4)	✔	
7	The Board has evaluated the candidates for the position of the chief executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission.	5(2)	✔	
8	a) The company has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place. b) The Board has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures, including posting the same on the company's website. (Address of website: http://10.1.101.32/KSSL/Documents.aspx) c) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices	5(4)	✔ ✔ ✔	
9	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	5(5)	✔	
10	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.	5(5)(b)(ii)	✔	
11	The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the company.	5(5)(b)(vi)	✔	

Sr. No.	Provision of the Rules	Rule No.	Y	N
			Tick the relevant	
12	The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.	5(5)(c) (ii)	✔	
13	The Board has ensured compliance with the law as well as the company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services.	5(5)(c) (iii)	✔	
14	The board has developed a vision or mission statement and corporate strategy of the company.	5(6)	✔	
15	The Board has developed significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended, has been maintained.	5(7)	✔	
16	The board has quantified the outlay of any action in respect of any service delivered or goods sold by the Company as a public service obligation, and has submitted its request for appropriate compensation to the Government for consideration.	5(8)	N/A	
17	The Board has ensured compliance with policy directions requirements received from the Government.	5(11)	✔	
18	(a) The board has met at least four times during the year.	6(1)	✔	
	(b) Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings.	6(2)	✔	
	(c) The minutes of the meetings were appropriately recorded and circulated.	6(3)	✔	
19	The board has monitored and assessed the performance of senior management on annual basis and held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose.	8(2)	✔	
20	The board has reviewed and approved the related party transactions placed before it after recommendations of the audit committee. A party wise record of transactions entered into with the related parties during the year has been maintained.	9	✔	
21	(a) The Board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end.	10	✔	
	(b) In case of listed PSCs, the Board has prepared half yearly accounts and undertaken limited scope review by the auditors.		N/A	
	(c) The Board has placed the annual financial statements on the		✔	

<table>
<tr><th>Sr. No.</th><th>Provision of the Rules</th><th>Rule No.</th><th>Y</th><th>N</th></tr>
<tr><td></td><td>company's website.</td><td></td><td colspan="2">Tick the relevant</td></tr>
<tr><td>22</td><td>All the board members underwent an orientation course arranged by the company to apprise them of the material developments and information as specified in the Rules.</td><td>11</td><td>✔</td><td></td></tr>
<tr><td>23</td><td>(a) The board has formed the requisite committees, as specified in the Rules.
(b) The committees were provided with written term of reference defining their duties, authority and composition.
(c) The minutes of the meetings of the committees were circulated to all the board members.
(d) The committees were chaired by the following non-executive directors:
<table>
<tr><th>Committee</th><th>Number of Members</th><th>Name of Chair</th></tr>
<tr><td>Audit Committee</td><td>3</td><td>Mr Ahmed Chinoy</td></tr>
<tr><td>Risk Management Committee</td><td>N/A</td><td>N/A</td></tr>
<tr><td>Human Resources Committee</td><td>3</td><td>Mr Jamal Abdul Nasir</td></tr>
<tr><td>Procurement Committee</td><td>3</td><td>Mr Arshad Mahmood</td></tr>
<tr><td>Nomination Committee</td><td>3</td><td>Mr Muhammad Arif</td></tr>
</table></td><td>12</td><td>✔
✔
✔
✔</td><td></td></tr>
<tr><td>24</td><td>The board has approved appointment of Chief Financial Officer and Company Secretary, by whatever named called, with their remuneration and terms and conditions of employment, and as per their prescribed qualifications.</td><td>13</td><td>✔</td><td></td></tr>
<tr><td>25</td><td>The Chief Financial Officer and the Company Secretary have requisite qualification prescribed in the Rules.</td><td>14</td><td>✔</td><td></td></tr>
<tr><td>26</td><td>The company has adopted International Financial Reporting Standards notified by the Commission under clause (1) of section 225 of the Act.</td><td>16</td><td>✔</td><td></td></tr>
</table>

Sr. No.	Provision of the Rules	Rule No.	Y	N
			Tick the relevant	
27	The directors' report for this year has been prepared in compliance with the requirements of the Act and the Rules and fully describes the salient matters required to be disclosed.	17	✔	
28	The directors, CEO and executives, or their relatives, are not, directly or indirectly, concerned or interested in any contract or arrangement entered into by or on behalf of the company except those disclosed to the company.	18	✔	
29	(a) A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place and no director is involved in deciding his own remuneration. (b) The annual report of the company contains criteria and details of remuneration of each director	19	✔ ✔	
30	The financial statements of the company were duly endorsed by the chief executive and chief financial officer before consideration and approval of the audit committee and the board.	20	✔	
31	The board has formed an audit committee, with defined and written terms of reference, and having the following members: Name of Member / Category / Professional Background Mr Ahmed Chinoy / Independent Member / CMA Mr Habib Ullah Khan / -do- / MA (International Business) Mr Muhammad Arif / Non-Executive Director / CMA (CFO of the parent company) The chief executive and chairman of the Board are not members of the audit committee.	21(1) 21(2)	✔ ✔	
32	(a) The Chief Financial Officer, the Chief Internal Auditor, and a representative of External Auditors attended all meetings of the Audit Committee at which issues relating to accounts and audit were discussed. (b) The Audit Committee met external auditors, at least once a year, without presence of the Chief Financial Officer, the Chief Internal Auditor and other executives. (c) The Audit Committee met the Chief Internal Auditor and other members of the internal audit function, at least once a year, without the presence of Chief Financial Officer and the External	21(3)	✔ ✔ ✔	

KISSAN
Support Services
(Pvt.) Ltd.
Head Office, Islamabad

Sr. No.	Provision of the Rules	Rule No.	Y	N
			Tick the relevant	
	Auditors.			
33	(a) The board has set up an effective internal audit function, which has an audit charter, duly approved by the audit committee.	22	✔	
	(b) The Chief Internal Auditor has requisite qualification and experience prescribed in the Rules.		✔	
	(c) The internal audit reports have been provided to the external auditors for their review.		✔	
34	The external auditors of the company have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan	23(4)	✔	
35	The auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit services.	23(5)	✔	

CHIEF EXECUTIVE OFFICER

DIRECTOR

BDO

FINANCIAL STATEMENTS OF

KISSAN SUPPORT SERVICES (PRIVATE) LIMITED

FOR THE YEAR ENDED
DECEMBER 31, 2021

BDO Ebrahim & Co. Chartered Accountants

BDO

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INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF KISSAN SUPPORT SERVICES (PRIVATE) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **KISSAN SUPPORT SERVICES (PRIVATE) LIMITED** (the Company), which comprise the statement of financial position as at December 31, 2021 and 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 cash flows, the statement of changes in equity 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 December 31, 2021 and of the loss, the comprehensive loss, the changes in equity and its cash flows for the period 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 *Auditors 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 / Institute of Cost and management Accountants (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 Auditors 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 auditors 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

BDO Ebrahim & Co. Chartered Accountants
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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.

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

Auditors 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 users 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.

BDO

- 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 auditors 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.

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, 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).

Other Matter

The financial statements for the year ended December31, 2020 were audited by another firm of chartered accountants who expressed an unmodified opinion thereon vide their audit report dated March 26, 2021.

The engagement partner on the audit resulting in this independent auditors report is Iffat Hussain.

ISLAMABAD

DATED: 29 MAR 2022

UDIN: AR202110094UkKtaeF1b

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

KISSAN SUPPORT SERVICES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

	Note	2021 Rupees	2020 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment	5	9,391,274	11,211,576
Deferred tax asset	6	125,342,781	119,434,902
		134,734,055	130,646,478
CURRENT ASSETS			
Receivable from ZTBL	7	103,192,623	214,637,887
Advances and other receivables	8	12,955,325	7,733,169
Short-term investments	9	1,098,201,438	1,079,191,265
Accrued interest	10	734,854	292,664
Taxation - net	17	43,497,333	-
Bank balances	11	5,023,208	8,399,028
		1,263,604,781	1,310,254,013
TOTAL ASSETS		1,398,338,836	1,440,900,491
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	12	100,000,000	100,000,000
Accumulated profit		859,845,868	900,694,947
		959,845,868	1,000,694,947
NON CURRENT LIABILITIES			
Deferred liabilities	13	431,170,033	411,410,903
Payable against car loan depreciation policy	14	627,500	627,500
		431,797,533	412,038,403
CURRENT LIABILITIES			
Trade and other payables	15	5,813,508	8,785,493
Security deposits	16	881,927	1,168,836
Taxation - net	17	-	18,212,812
		6,695,435	28,167,141
TOTAL EQUITY AND LIABILITIES		1,398,338,836	1,440,900,491
CONTINGENCIES AND COMMITMENTS	18	-	-

The annexed notes from 1 to 35 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

KISSAN SUPPORT SERVICES (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021 Rupees	2020 Rupees
Revenue	19	1,100,076,325	1,137,504,591
Cost of services	20	(1,207,230,753)	(1,050,725,351)
Gross (loss)/profit		(107,154,428)	86,779,240
Administrative expenses	21	(54,343,439)	(55,728,265)
Operating (loss)/profit		(161,497,867)	31,050,975
Other income	22	81,497,777	129,015,532
(Loss)/profit before taxation		(80,000,090)	160,066,507
Taxation	23	15,082,291	(36,823,611)
(Loss)/profit after taxation		(64,917,799)	123,242,896
(Loss)/earnings per share - basic and diluted	24	(6.49)	12.32

The annexed notes from 1 to 35 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

KISSAN SUPPORT SERVICES (PRIVATE) LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021 Rupees	2020 Rupees
(Loss)/profit after taxation	(64,917,799)	123,242,896
Other comprehensive income		
Item that will not be reclassified to profit and loss account		
Gain on remeasurement of defined benefit liability	33,899,605	38,720,262
Tax impact relating to remeasurement of defined benefit liability	(9,830,885)	(11,228,876)
	24,068,720	27,491,386
Total comprehensive (loss)/income for the year	(40,849,079)	150,734,282

The annexed notes from 1 to 35 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

KISSAN SUPPORT SERVICES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021

	Share capital	Accumulated profit	Total
	---------- Rupees ----------		
Balance as at January 01, 2020	100,000,000	749,960,665	849,960,665
Total comprehensive income for the year ended December 31, 2020			
Profit for the year	-	123,242,896	123,242,896
Other comprehensive income	-	27,491,386	27,491,386
	-	150,734,282	150,734,282
Balance as at December 31, 2020	100,000,000	900,694,947	1,000,694,947
Balance as at January 01, 2021	100,000,000	900,694,947	1,000,694,947
Total comprehensive income for the year ended December 31, 2021			
Loss for the year	-	(64,917,799)	(64,917,799)
Other comprehensive income	-	24,068,720	24,068,720
	-	(40,849,079)	(40,849,079)
Balance as at December 31, 2021	100,000,000	859,845,868	959,845,868

The annexed notes from 1 to 35 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

KISSAN SUPPORT SERVICES (PRIVATE) LIMITED
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021 Rupees	2020 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before taxation		(80,000,090)	160,066,507
Adjustments for non cash items:			
Depreciation	5	2,741,369	2,534,874
Excess provision / liability return back		-	(6,376,347)
Gain on sale of vehicle		-	(46,163)
Provision for gratuity		61,896,880	67,722,478
Provision for medical fund		17,129,154	17,931,417
Interest income		(81,497,777)	(122,593,022)
		269,626	(40,826,763)
Operating (loss)/profit before working capital changes		(79,730,464)	119,239,744
Working capital changes:			
(Increase)/decrease in current assets			
Receivable from holding company		111,445,264	(26,801,054)
Advances and prepayments		(5,222,156)	(6,320,353)
Other receivables		-	114,976
		106,223,108	(33,006,431)
Increase/(decrease) in current liabilities:			
Trade and other payables		(2,971,985)	683,522
Cash generated from operations		23,520,659	86,916,835
Interest income received		123,620,513	54,087,334
Gratuity paid		(14,581,202)	(17,112,033)
Medical expenses paid		(10,786,097)	(10,139,360)
Income tax paid		(62,366,618)	(56,108,650)
		35,886,596	(29,272,709)
Net cash generated from operating activities		59,407,255	57,644,126
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(991,785)	(5,858,243)
Adjustment/sale proceeds from disposal of property and equipment		70,718	89,349
Net cash used in investing activities		(921,067)	(5,768,894)
CASH FLOWS FROM FINANCING ACTIVITIES			
Security deposits (paid)/received		(286,909)	816,334
Net cash (used in)/generated from financing activities		(286,909)	816,334
Net increase in cash and cash equivalents		58,199,279	52,691,566
Cash and cash equivalents at the beginning of the year		984,665,400	931,973,834
Cash and cash equivalents at the end of the year	25	1,042,864,679	984,665,400

The annexed notes from 1 to 35 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

KISSAN SUPPORT SERVICES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

Kissan Support Services (Private) Limited ("the Company") was incorporated in Pakistan as a private limited company on September 19, 2005 under the repealed Companies Ordinance, 1984 (repealed through the enactment of the Companies Act, 2017 on May 30, 2017). It is a subsidiary of Zarai Taraqiati Bank Limited (ZTBL) which holds 100% shares. The registered office of the Company is situated at Zarai Taraqiati Bank Limited, Head Office, 1 - Faisal Avenue, Zero Point, Islamabad.

The Company's principal business was to provide consultancy, advisory, agency and other support services on contractual basis or otherwise to ZTBL. During the year 2016, the Company has changed its Memorandum of Association and now the Company can provide services/undertake business with other corporate sectors as well.

The Company's principal business is to provide consultancy, advisory (not being investment advisory), agency services and other support services, all kind of support staff and ancillary services, marketing of products and services, provision of quality products and services for efficient and improved farming including seeds, fertilizers, pesticides, agri-machinery and technical services, training and education of farmers and others, provision of storage facilities such as warehousing and grain silos facilities, import and export of goods and services to any legal entity and corporate sector in accordance with applicable laws.

1.1 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The registered office of the Company is situated at Zarai Taraqiati Bank Limited, Head Office, 1 - Faisal Avenue, Zero Point, Islamabad.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for employee benefits which have been stated at present value.

These financial statements have been prepared following accrual basis of accounting except for cash flow information.

The preparation of these financial statements in conformity with approved accounting standards requires the management to exercise its judgment in the process of applying the Company's accounting policies and use of certain critical accounting estimates. The areas involving a higher degree of judgment, critical accounting estimates and significant assumptions are disclosed in note 4.24.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupee (Rs. / Rupees) which is the Company's functional currency. Amounts presented in the financial statements have been rounded off to the nearest of Rs. / Rupees, unless otherwise stated.

3 APPLICATION OF NEW STANDARDS, AMENDSMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended December 31, 2021

The following standards, amendments and interpretations are effective for the year ended December 31, 2021. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IFRS 16 'Leases' - Covid - 19 related rent consessions	'January 01, 2020
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021

3.2 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards,

amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IFRS 16 'Leases' - Extended practical relief regarding Covid - 19 related rent consessions	April 01, 2021
Amendments to IAS 1'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IAS 1'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Property And Equipment

These are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged on reducing balance method except for vehicles and computer equipment which are depreciated on straight line method.

Normal repairs and maintenance are charged to profit and loss account as and when incurred whereas major renewals and improvements are capitalized.

Depreciation is charged on pro-rata basis from the month in which an asset is acquired or capitalized while no depreciation is charged for the month in which asset is disposed off.

Gain and losses on disposal of operating assets are taken to profit and loss account.

4.2 Impairment losses

Carrying amount of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount is the higher of the fair value less costs to sell and value in use. In the absence of any information about the fair value of a cash-generating unit, the recoverable amount is deemed to be the value in use.

4.3 Trade debts

Trade debts originated by the company are recognized and carried at original invoice amount less provision for any uncollectible amounts. Provision for doubtful debt is made when collection of the full amount is no longer probable. Debts considered irrecoverable are written off when identified.

4.4 Loans, advances and other receivables

These are recognized at cost, which is the fair value of the consideration given. An assessment is made at each balance sheet date to determine, whether there is an indication that a financial asset, or a group of financial assets, may be impaired. If such an indication exists, the estimated recoverable amount of that asset is determined and an impairment loss is recognized for the difference between the recoverable amount and the carrying value.

4.5 Investments

Investments with fixed or determinable payments and fixed maturity where management has both the positive intent and ability to hold to maturity are classified and stated at amortized cost using the effective interest method. Gain and losses are recognized in the statement of profit or loss when the investments are derecognized or impaired, as well as through the amortization process. All investments are initially recognized at cost, being the fair value of the

consideration given. Cost includes transaction costs associated with the investment.

4.6 Cash and cash equivalents

Cash and cash equivalents for the purpose of statement of cash flows comprise cash in hand, cash at bank and short term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

4.7 Trade and other payables

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

4.8 Cash and bank balances

Cash in hand and at banks are carried at nominal amount.

4.9 Taxation

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

Current

The Company accounts for current taxation on the basis of taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, or one percent of turnover, or alternative corporate tax, whichever is higher in accordance with the provisions of the Income Tax Ordinance, 2001.

Deferred

Deferred tax is computed using the balance sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled based on tax rates that have been enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available and the credits can be utilized.

Prior years

The taxation charge for prior years represents adjustments to the tax charge relating to prior years, arising from assessments and changes in estimates made during the current year, except otherwise stated.

4.10 Provision

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are determined by discounting future cash flows at appropriate discount rate where ever required. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

4.11 Share capital

Share capital is classified as equity and recognized at the face value. Incremental costs directly attributable to the issue of new shares are shown as a deduction in equity.

4.12 Employees benefits

Unfunded medical benefits

The Company operates an unfunded medical benefit fund for its employees. Employees are entitled for free medical facility during their service. This unfunded amount is utilized against the reimbursement of employee's actual medical expenses. The benefits are charged to profit and loss account at the rate of Rs 400/- per employee per month on time proportionate basis.

Staff retirement benefits

The Company operates an un-funded gratuity scheme for its permanent employees whose period of service is one year or more. Employees are entitled to gratuity on the basis set out in staff regulation. The most recent actuarial valuation is carried out at December 31, 2021 using the Projected Unit Credit Actuarial Cost method as mandated under the latest IAS-19 revised 2011. The Actuarial Gains/Losses arising due to differences between actuarial assumptions and actual experience regarding salary increase, mortality and withdrawal probabilities are considered as remeasurements of the net defined benefit liability, and are recognized in Other Comprehensive Income.

4.13 Revenue recognition

Revenue comprises of the fair value of the consideration received or receivable from the sale of goods and services in the ordinary course of the Company's activities.

Revenue is recognised at a point in time, when (or as) the Company satisfies performance obligations by rendering the services to its customers. Revenue is to be recognised in accordance with the aforementioned principle by applying the following steps:

i) Identify the contract with a customer.
ii) Identify the performance obligation in the contract (Services to be rendered).
iii) Determine the transaction price of the contract (Cost of services plus profit margin).
iv) Allocate the transaction price to each of the separate performance obligations in the contract.
v) Recognize the revenue when (or as) the entity satisfies a performance obligation (when services rendered).

Revenue is recognized when it is probable that the economic benefits associated with the transactions will flow to the Company and the amount of revenue can be measured reliably. Interest income is recongnized on accrual basis.

4.14 Borrowing

Loans and borrowings are recorded at the proceeds received. Mark up, interest and other borrowing costs are charged to income in the period in which they are incurred.

Borrowing cost on long term finances which are specifically obtained for the acquisition of qualifying assets (plant and machinery) are capitalized up to the date of commencement of commercial production on the respective assets. All other borrowing costs are charged to profit and loss account in the period in which these are incurred.

4.15 Related party transactions

Transactions with related parties are based on the transfer pricing policy that all transactions between the Company and the related party or between two or more segments of the Company are carried out at arm's length prices using the comparable uncontrolled price method except in circumstances where it is not in the interest of the Company to do so.

4.16 Contingencies

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

4.17 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

The Company classifies its financial assets in the following categories: at fair value through profit or loss, fair value through other comprehensive income and amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. All the financial assets of the Company as at statement of financial position date are carried at amortized cost.

Amortized cost

A financial asset is measured at amortized cost if it meets both the following conditions and is not designated as at fair value through profit or loss:

(i) it is held with in a business model whose objective is to hold assets to collect contractual cash flows; and

(ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity Investments at Fair Value Through Other Comprehensive Income (FVOCI)

These assets are initially measured at cost plus transaction cost that are directly attributable to its acquisition. Subsequently, these are measured at fair value. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss.

Financial assets at Fair Value Through Profit And Loss (FVTPL)

These assets are initially recognized at cost. Subsequently, these are measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in profit or loss.

Impairment

The Company recognizes loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortized cost and contract assets. The Company measures loss allowance at an amount equal to lifetime ECLs.

Lifetime ECLs are those that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

At each reporting date, the Company assesses whether the financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

Recognition and measurement

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

Derecognition

The financial assets are de-recognized when the Company loses control of the contractual right that comprise the financial assets. The financial liabilities are de-recognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired.

4.18 Offsetting of financial assets and financial liabilities

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

4.19 Foreign currency translation

Transactions in foreign currencies are converted into Pak Rupees at the rates of exchange prevailing on the dates of transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Exchange gains and losses are included in the profit and loss account.

4.20 Segment reporting

An operating segment is a component of the Company that engages in business activities from

which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components. The Company has only one reportable segment.

4.21 Dividend and apportioning to reserves

Dividend and appropriation to reserves are recognized in the financial statements in the period in which these are approved.

4.22 Operating lease

Rentals payables under the operating leases are charged to profit or loss on straight line basis over the term of relevant lease.

4.23 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.24 Significant accounting judgments and critical accounting estimates / assumptions

The preparation of these financial statements in conformity with approved accounting standards requires the use of certain accounting estimates. In addition, it requires management to:

- exercise its judgment in process of applying the Company's accounting policies, and
- use of certain critical accounting estimates and assumptions concerning the future.

Judgments and assumptions have been required by the management in applying the Company's accounting policies in many areas. Actual results may differ from estimates calculated using these judgments and assumptions.

The areas involving critical accounting estimates and significant assumptions concerning the future are discussed below:-

a) Property plant and equipment

Management has made estimates of residual values, useful lives and recoverable amounts of certain items of property, plant and equipment. Any change in these estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with corresponding effect on the depreciation charge and impairment loss.

b) **Income taxes**

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

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 judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

c) **Provision for doubtful receivables**

The carrying amount of trade and other receivables are assessed on regular basis and if there is any doubt about the reliability of these receivables, appropriate amount of provision is made.

d) **Contingencies**

The management exercises judgement in measuring and recognizing provisions and exposures to contingent liabilities related to pending litigations or other outstanding claims. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement.

e) **Financial Instrument**

The fair value of the financial instrument that are not traded in an active market is determined by using valuation techniques based on assumption that are dependent on conditions existing at the balance sheet.

f) **Defined benefits plan**

Certain actuarial assumptions have been adopted as disclosed in note 17 of these financial statements for valuation of present value of defined benefit obligation. Any changes in these assumptions in future years might affect actuarial gains / losses recognized in those years with corresponding effect on carrying amount of defined benefit plan liability / asset.

5 PROPERTY AND EQUIPMENT

Particulars	Furniture and fixtures	Electrical installations	Vehicles	Office equipment	Computers	Total
	---------- Rupees ----------					
Net carrying value basis						
Year ended December 31, 2021						
Opening book value	2,936,263	1,228,546	5,892,084	582,697	571,986	11,211,576
Additions	134,430	576,705	-	133,800	146,850	991,785
Adjustment						
Cost	(66,900)	-	-	(11,627)	(1,800)	(80,327)
Accumulated depreciation	6,690	-	-	2,325	594	9,609
	(60,210)	-	-	(9,302)	(1,206)	(70,718)
Depreciation charge	(296,988)	(274,158)	(1,717,113)	(133,683)	(319,427)	(2,741,369)
Closing net book value	2,713,495	1,531,093	4,174,971	573,512	398,203	9,391,274
Gross carrying value basis						
As at December 31, 2021						
Cost	3,734,365	2,779,561	11,524,642	1,369,662	3,887,822	23,296,052
Accumulated depreciation	(1,020,870)	(1,248,468)	(7,349,671)	(796,150)	(3,489,619)	(13,904,778)
Net book value	2,713,495	1,531,093	4,174,971	573,512	398,203	9,391,274
Net carrying value basis						
Year ended December 31, 2020						
Opening book value	828,836	551,551	5,783,829	444,694	322,483	7,931,393
Additions	2,209,052	826,100	2,093,961	240,754	488,376	5,858,243
Deletions						
Cost	-	-	(644,348)	-	-	(644,348)
Accumulated depreciation	-	-	601,162	-	-	601,162
	-	-	(43,186)	-	-	(43,186)
Depreciation charge	(101,625)	(149,105)	(1,942,520)	(102,751)	(238,873)	(2,534,874)
Closing net book value	2,936,263	1,228,546	5,892,084	582,697	571,986	11,211,576
Gross carrying value basis						
As at December 31, 2020						
Cost	3,666,835	2,202,856	11,524,642	1,247,489	3,742,772	22,384,594
Accumulated depreciation	(730,572)	(974,310)	(5,632,558)	(664,792)	(3,170,786)	(11,173,018)
Net book value	2,936,263	1,228,546	5,892,084	582,697	571,986	11,211,576
Annual rate of depreciation (%)	10%	20%	20%	20%	33.33%	

		Note	2021 Rupees	2020 Rupees
6	**DEFERRED TAX ASSET**			
	Deferred tax asset	6.1	125,342,781	119,434,902
6.1	**Deferred tax assets arising on account of temporary differences in:**			
	Accelerated depreciation		303,471	125,739
	Provision for post employment benefit obligation		88,150,301	84,259,640
	Provision for medical facilities		36,889,009	35,049,523
			125,342,781	119,434,902
	Tax rate used		29%	29%
6.2	**Reconciliation of deferred tax**			
	Balance at the beginning of the year		119,434,902	104,042,680
	Provision against employment benefits obligation		13,721,546	24,478,962
	Provision against medical fund		1,839,486	2,259,697
	Operating fixed assets		177,732	(117,561)
	Charged to profit and loss account		15,738,764	26,621,098
	Charged to other comprehensive income:			
	Deferred tax on remeasurement of post employment benefit obligation		(9,830,885)	(11,228,876)
	Balance at the end of the year		125,342,781	119,434,902

6.3 The deferred tax asset recognized in the financial statements represents the management's best estimate of potential benefit which is expected to be realized in future years in the form of reduced tax liability as the Company would be able to set off the profits earned in those years against temporary differences.

		Note	2021 Rupees	2020 Rupees
7	**RECEIVABLE FROM ZTBL**			
	Unsecured - considered good			
	Zarai Taraqiati Bank Limited (ZTBL)	7.1	103,192,623	214,637,887

7.1 This is the amount receivable against services rendered to the holding company. The aging of balances at the balance sheet date is as follows:

	2021 Rupees	2020 Rupees
Not past due	103,192,623	214,637,887

7.2 Maximum balance outstanding at the end of any month during the year is as follows:

	Note	2021 Rupees	2020 Rupees
		585,415,804	214,637,887

8 ADVANCES AND OTHER RECEIVABLES

	Note	2021 Rupees	2020 Rupees
Unsecured - considered good			
Advances to:			
Suppliers		414,000	5,851,193
Employees		42,235	1,171,137
Others	8.1	379,260	175,567
Receivable from employees - EOBI	8.2	11,436,761	-
Insurance		683,069	535,272
		12,955,325	7,733,169

8.1 This includes advances provided to employees to meet business expenses and are settled as and when the expenses are incurred.

8.2 This represents EOBI contribution paid by Kissan Support Services Limited on behalf of employees and will be recovered from their salaries on monthly basis.

9 SHORT TERM INVESMENTS

	Note	2021 Rupees	2020 Rupees
Amortized Cost			
Term deposit receipts (TDR)	9.1	1,037,841,471	976,266,372
Add: accrued interest on TDRs		60,359,967	102,924,893
		1,098,201,438	1,079,191,265

9.1 This represents TDRs having maturity of one year each (2020: one year each) carrying interest at rates ranging from 7.35% to 13.05% (2020: 10.65% to 13.05%) per annum.

10 ACCRUED INTEREST

	2021 Rupees	2020 Rupees
Saving accounts	734,854	292,664

		Note	2021 Rupees	2020 Rupees
11	**BANK BALANCES**			
	Cash at bank-local currency:			
	Current account		37,801	37,781
	Savings accounts	11.1	4,985,407	8,361,247
			5,023,208	8,399,028

11.1 Saving accounts carry mark up at the rates ranging from 5.5% to 7.25% per annum (2020: 6.5% to 12.75% per annum) and the balance in saving accounts include funds kept in ZTBL amounting to Rs. 4.974 million (2020: Rs. 8.361 million).

12 **SHARE CAPITAL**

12.1 **Issued, subscribed and paid up capital**

Number of ordinary shares				
2021	2020			
		Ordinary share of Rs.10/- each		
10,000,000	10,000,000	fully paid in cash	100,000,000	100,000,000

12.1.1 Percentage of holding company (Zarai Taraqiati Bank Limited) 100% 100%

12.2 **Authorized share capital**

This represents 10,000,000 (2020: 10,000,000) ordinary shares of Rs. 10 each amounting to Rs. 100,000,000 (2020: Rs. 100,000,000).

		Note	2021 Rupees	2020 Rupees
13	**DEFERRED LIABILITIES**			
	Gratuity	13.1	303,966,554	290,550,481
	Medical fund	13.2	127,203,479	120,860,422
			431,170,033	411,410,903

13.1 **Reconciliation of gratuity liability recognized in the balance sheet**

13.1.1 **The amounts recognized in the balance sheet are determined as follow:**

Present value of defined benefit obligation	303,966,554	290,550,481
Benefits due but not paid during the year	-	-
Liability in the balance sheet	303,966,554	290,550,481

		2021 Rupees	2020 Rupees
13.1.2	**Movement in the liability recognized in the balance sheet**		
	At the beginning of the year	290,550,481	278,660,298
	Amount recognized during the year	61,896,880	67,722,478
	Benefits paid during the year	(14,581,202)	(17,112,033)
	Remeasurement gain on obligation	(33,899,605)	(38,720,262)
	Balance at the end of the year	303,966,554	290,550,481
13.1.3	**Movement in present value of defined benefit obligations**		
	Opening present value of defined benefit obligations	290,550,481	278,660,298
	Current service cost for the year	33,434,902	36,544,242
	Interest cost for the year	28,461,978	31,178,236
	Benefits paid during the year	(14,581,202)	(17,112,033)
	Remeasurement gain on obligation	(33,899,605)	(38,720,262)
	Closing present value of defined benefit obligations	303,966,554	290,550,481
13.1.4	**Remeasurement chargeable to other comprehensive income**		
	Remeasurement loss/(gain) on defined obligation due to:		
	Change in demographic assumptions	-	-
	Change in financial assumptions	(7,682,859)	(2,416,541)
	Experience adjustment	(26,216,746)	(36,303,721)
		(33,899,605)	(38,720,262)
13.1.5	**Charge for the year**		
	Current service charges	33,434,902	36,544,242
	Interest cost for the year	28,461,978	31,178,236
		61,896,880	67,722,478
13.1.6	**The principal actuarial assumptions used were as follows:**		
	Following are a few important actuarial assumptions used in the valuation:		
	Valuation Discount Rate (p.a)	12.25%	10.25%
	Valuation Discount Rate (p.a.) - P&L	10.25%	11.75%
	Expected rate of increase in salary (%)-Short term (1 year)	7.25%	9.25%
	Expected rate of increase in salary (%) Long term	11.25%	9.25%
	Mortality rate	SLIC 2001-2005	SLIC 2001-2005
	Average service (years)	10.52	7.45

	2021	2020
Weighted average duration of the defined benefits obligation (years)	12.16	11.92

13.1.7 Undiscounted expected benefit payments from active employees

	Year 1	Year 2 to 5	Year 6 & above
	Rupees		
Expected benefits payments	24,072,945	64,547,911	1,816,060,636

13.1.8 General description

The scheme provides for terminal benefits for all its permanent employees who attain the minimum qualifying period at varying percentages of last drawn basic salary. The percentage depends on the number of service years with the Company. Annual charge is based on actuarial valuation carried out as at December 31, 2021 using the Projected Unit Credit Method.

The Company faces the following risks on account of gratuity:

Salary increase risk - The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Longevity risks - The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Investment risks - The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.

Withdrawal risk - The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

13.1.9 Sensitivity analysis

The calculation of the defined benefit obligations sensitive to the assumption set out above. The following table summaries how the impact on the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of a change in the respective assumptions by one percent.

	2021 Rupees	2020 Rupees
Current Liability	303,966,554	290,550,481
Discount Rate + 1 %	273,115,026	287,673,744
Discount Rate - 1 %	340,423,344	293,455,986

	2021 Rupees	2020 Rupees
Salary growth rate + 1 %	342,033,016	282,086,167
Salary growth rate - 1 %	271,209,648	221,076,571

13.1.10 Comparison for five years

2021	2020	2019	2018	2017
----------	----------	Rupees	----------	----------
303,966,554	290,550,481	278,660,298	249,121,176	215,243,023

13.1.11 The charge in respect of defined benefit plan for the year ending December 31, 2022 is estimated to be Rs. 61.89 million.

13.1.12 There are no plan assets, therefore, disclosure in respect to plan assets required as per IAS 19 "Employee Benefits" has not been made in these financial statements.

		2021 Rupees	2020 Rupees
13.2	**Medical fund**		
	Movement in the fund recognized in the balance sheet		
	At the beginning of the year	120,860,422	113,068,365
	Recognized during the year	17,129,154	17,931,417
	Payments during the year	(10,786,097)	(10,139,360)
	Balance at the end of the year	127,203,479	120,860,422

13.2.1 General description

This represents amount set aside for employees' hospitalization expenses. This unfunded amount is utilized against the reimbursement of employees' hospitalization expenses. Contribution to this fund is made at the rate of Rs. 400 per employee per month on proportionate time basis.

14 PAYABLE AGAINST CAR LOAN DEPRECIATION POLICY (CLDP)

	2021 Rupees	2020 Rupees
Secured - against vehicles		
Against CLDP	627,500	627,500

14.1 This represents amount received being the difference of price paid by employees against purchase of vehicles under car loan depreciation policy (CLDP) above their eligible

entitlement and will be adjusted at the time of transfer of vehicle to the employees. The vehicles are registered on the joint name of the Company and the employees and transferable after five years to the employees at net book value at the expiry of five year or at retirement of employee whichever is earlier.

14.2 The balance is carried at cost instead of amortized value as the impact of amortization is not material with respect to these financial statements.

	Note	2021 Rupees	2020 Rupees
15 TRADE AND OTHER PAYABLES			
Sundry and trade creditors	15.1	1,966,411	619,041
Sales Tax deducted payable		721,619	3,308,272
Income Tax deducted payable		319,491	751,632
Accrued expenses		2,801,134	4,106,548
EOBI contribution payable		4,853	-
		5,813,508	8,785,493

15.1 This represents group Life insurance claim payable to two deceased employees families, and payable for excess payment made by ZTBL against sports services.

	Note	2021 Rupees	2020 Rupees
16 SECURITY DEPOSITS			
Contractors securities	16.1	881,927	1,168,836

16.1 This represents security deposits received from contractors against service agreements executed with contractors.

	2021 Rupees	2020 Rupees
17 TAXATION-NET		
Opening Balance	(18,212,812)	(10,876,753)
Provision for taxation		
-Current	(1,734,564)	(63,444,709)
-Prior year	1,078,091	-
Advance income tax deposited/deducted during the	58,980,635	45,056,697
Tax paid with return against opening tax liability	3,385,983	11,051,953
	43,497,333	(18,212,812)

18 CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

18.1.1 The Officer Inland Revenue LTU, Islamabad has initiated proceedings against the Company under Section 161/205 of the Income Tax Ordinance, 2001 for the Tax Year 2009 and 2011 of Rs. 32.10 million. The Company submitted detail reply in June 2015 against the show cause with complete documentary evidences, the case is pending for adjudication. No provision has been made in these accounts as the management is confident that the decision of the case will be decided in the favor of the Company.

18.1.2 The Officer Inland Revenue LTU, Islamabad initiated proceedings against the Company under Section 161/205 of the Income Tax Ordinance, 2001 for the financial year ended December 31, 2013 i.e. Tax Year 2014 and created a demand of Rs. 1.182 million. The Company filed an appeal before the Commissioner Inland Revenue(Appeals). The Commissioner passed an Order against the Company and maintained the assessment by the Officer In land Revenue. The Company filed an appeal to the Appellate Tribunal Inland Revenue, Islamabad. The Appellate Tribunal Inland Revenue, Islamabad through its order dated April 18, 2017 has accepted CPR of tax withheld and deposited by the Company in the month of July 2013, which was previously rejected by Officer Inland Revenue LTU, and has directed the officer Inland Revenue to re-examine the remaining issue by only treating any amount paid to ZTBL for services other than salary, bonuses, overtime etc. Further, Officer Inland Revenue was also directed to pass final order within maximum of 180 days of this order. No provision has been made in these financial statements as the management is confident that the decision of the case will be decided in favor of the Company.

18.1.3 The Company is facing claims launched in various Courts filed by the employees, pertaining to service promotion, dismissal from service and entry into company's premises and others. The matters are still pending before the Courts. As no amount is involved in most of the cases, therefore, the liability is not accurately quantifiable (2020: same as mentioned).

18.2 Commitments

The company has no commitments as at the balance sheet date (2020: nil).

19 REVENUE

	Note	2021 Rupees	2020 Rupees
Service charges	19.1	132,581,847	140,205,315
Other	19.2	1,876,497	1,924,149
Less: Sales tax on services		(18,820,773)	(19,644,614)
		115,637,571	122,484,850
Add: Expenditure reimbursed during the year	19.3	984,438,754	1,015,019,741
		1,100,076,325	1,137,504,591

		Note	2021 Rupees	2020 Rupees
19.1	**Service charges**			
	Human resource services		129,665,541	136,149,983
	Sports activity		2,814,100	3,782,752
	Security services		102,206	272,580
			132,581,847	140,205,315
19.2	**Others**			
	Rental income		1,750,154	1,893,392
	Miscellaneous income		126,343	30,757
			1,876,497	1,924,149
19.3	**Expenditure reimbursed**			
	Human resource services		959,298,187	979,698,120
	Sports activities		24,259,475	32,609,912
	Security services		881,092	2,711,709
			984,438,754	1,015,019,741
20	**COST OF SERVICES**			
	Human resource services	20.1	1,178,497,404	1,011,688,641
	Sports activities		25,948,727	33,539,983
	Security expenses		881,092	2,711,709
	Expenses on hostel		1,903,530	2,785,018
		20.2	1,207,230,753	1,050,725,351

20.1 This includes employees gratuity expenses amounting Rs. 61.896 million (2020: 67.722 million). Further, for the year 2019, Rs.71.463 million gratuity expense was recongnized on actuarial estimation, however, during the current year ZTBL has not agreed for the reimbursement of the differential of actuarial estimation and actually reimbursed cost as per Service Level Agreement (SLA) from year 2019 onwards, therefore, the differential amounting to Rs.32.419 million has been recognised during the year. However, the matter is under negotiations with ZTBL for reconsideration.

20.2 This includes Employees' Old-Age Benefits Institution (EOBI) expenses amounting to Rs.123.453 million out of which Rs. 98.911 relates to previous years as the Company was not registered with EOBI previously. Based upon the decision of the Court and opinion of legal adviser, the Company has registered in EOBI and accordingly recognized the cost in current year. As the Company was contesting the matter in court previously, the same was disclosed as contingency till prior years.

	Note	2021 Rupees	2020 Rupees
21 ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	21.1	38,518,606	38,848,506
Rent, rates and taxes		5,048,979	5,805,029
Depreciation	5	2,741,369	2,534,874
Fee and meeting expenses		1,657,116	1,353,755
EOBI expense -employer portion		1,616,300	-
Legal and professional charges		1,341,198	1,774,035
Printing, stationery and advertisement material		715,410	848,609
Fuel expenses		684,799	402,043
Travelling and conveyance		442,826	76,785
Postage, telephone and telegram		351,303	327,920
Entertainment expenses		321,267	145,960
Repair and maintenance		314,918	3,003,935
Auditors' remuneration	21.2	300,000	393,750
Insurance		288,013	207,737
Miscellaneous		1,335	5,327
		54,343,439	55,728,265

21.1 Salaries, wages and other benefits include Rs.1.459 million (2020: 3.128 million) in respect of staff retirement benefits.

	2021 Rupees	2020 Rupees
21.2 Auditors' remuneration		
Annual audit fee	300,000	195,000
Half yearly and quarterly review	-	120,000
Other services	-	78,750
	300,000	393,750

22 OTHER INCOME

Income from financial assets:		
Interest income from investments	79,414,396	120,875,327
Interest on bank deposits	2,083,381	1,717,695
Provision/ liability return back	-	6,376,347
Gain of sale of vehicles	-	46,163
	81,497,777	129,015,532

		2021 Rupees	2020 Rupees
23	**TAXATION**		
	Current	1,734,564	63,444,709
	Prior year	(1,078,091)	-
		656,473	63,444,709
	Deferred	(15,738,764)	(26,621,098)
		(15,082,291)	36,823,611
24	**EARNING PER SHARE (BASIC AND DILUTED)**		
	(Loss)/profit for the year (Rupees)	(64,917,799)	123,242,896
	Weighted average number of shares in issue (Number)	10,000,000	10,000,000
	Basic and diluted (loss)/earnings per share (Rupees)	(6.49)	12.32

24.1 There is no dilutive effect on the basic earnings per share, as the Company has not issued any instruments carrying option which would have any impact on earnings per share when exercised.

		Note	2021 Rupees	2020 Rupees
25	**CASH AND CASH EQUIVALENTS**			
	Bank balances	11	5,023,208	8,399,028
	Short term investments	9	1,037,841,471	976,266,372
			1,042,864,679	984,665,400

26 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

a) The aggregate amount charged in the financial statements for remuneration, including all benefits to Chief Executive, Directors and Executives of the Company is as follows:

	2021				2020			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	(Rupees)							
Managerial remuneration	4,469,400	-	14,204,022	18,673,422	4,469,400	-	10,517,349	14,986,749
Medical facility	112,633	-	233,389	346,022	23,525	-	-	23,525
Staff retirement benefits	372,456	-	545,282	917,738	546,127	-	845,520	1,391,647
Meeting fee	-	1,040,000	-	1,040,000	-	780,000	-	780,000
Other Allowances And Bonus	547,209	458,415	586,967	1,592,591	332,583			
Total	5,501,698	1,498,415	15,569,660	22,569,773	5,371,635	780,000	11,362,869	17,181,921
Number of persons	1	4	10	15	1	4	6	11

b) The Chief Executive has been provided with self maintained car under Car Loan Depreciation Policy for official cum private use and other benefits as per his terms of employment.

d) No remuneration / benefits were paid to the Non-Executive Directors other than meeting fee.

27 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Company's exposure to interest rate risk on its financial assets and liabilities are summarized as follows:

	2021				
		Interest/mark up bearing			
	Total	Maturity up to one year	Maturity after one year	Sub-total	Not interest / mark up bearing
	(Rupees)				
Financial assets					
Assets carried at amortized cost					
Receivable from ZTBL	103,192,623	-	-	-	103,192,623
Accrued interest	734,854	-	-	-	734,854
Short term investments	1,098,201,438	1,098,201,438	-	1,098,201,438	-
Cash and bank balances	5,023,208	4,985,407	-	4,985,407	37,801
	1,207,152,123	1,103,186,845	-	1,103,186,845	103,965,278
Financial liabilities					
liabilities carried at amortized cost					
Deferred liabilities	431,170,033	-	-	-	431,170,033
Trade and other payables	5,091,889	-	-	-	5,091,889
Security deposits	881,927	-	-	-	881,927
	437,143,849	-	-	-	437,143,849
On balance sheet gap	770,008,274	1,103,186,845	-	1,103,186,845	(333,178,571)
Off Balance sheet Items					
Financial commitments:	-	-	-	-	-
Total Gap	770,008,274	1,103,186,845	-	1,103,186,845	(333,178,571)

	2020				
		Interest/mark up bearing			
	Total	Maturity up to one year	Maturity after one year	Sub-total	Not interest / mark up bearing
	(Rupees)				
Financial assets					
Assets carried at amortized cost					
Receivable from ZTBL	214,637,887	-	-	-	214,637,887
Short term investments	1,079,191,265	1,079,191,265	-	1,079,191,265	-
Accrued interest	292,664	-	-	-	292,664
Cash and bank balances	8,399,028	8,361,247	-	8,361,247	37,781
	1,302,520,844	1,087,552,512	-	1,087,552,512	214,968,332
Financial liabilities					
liabilities carried at amortized cost					
Deferred liabilities	411,410,903	-	-	-	411,410,903
Trade and other payables	5,477,221	-	-	-	5,477,221
Security deposits	1,168,836	-	-	-	1,168,836
	418,056,960	-	-	-	418,056,960
On balance sheet gap	884,463,884	1,087,552,512	-	1,087,552,512	(203,088,628)
Off Balance sheet Items					
Financial commitments:	-	-	-	-	-
Total Gap	884,463,884	1,087,552,512	-	1,087,552,512	(203,088,628)

Effective interest rates are mentioned in the respective notes to the financial statements.

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

28.1 The Company's objective in managing risks is the creation and protection of share holders' value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing profitability. The Company is exposed to credit risk, liquidity risk and market risk (which includes interest rate risk and price risk) arising from the financial instruments it holds.

The Company finances its operations through equity and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

28.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted and arises principally from trade and other receivables. The Company's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines and regulatory requirements.

Exposure to credit risk

The carrying amounts of the financial assets represent the maximum credit exposures before any credit enhancements. The carrying amounts of financial assets exposed to credit risk at reporting date are as under:

	2021 Rupees	2020 Rupees
Receivable from ZTBL	103,192,623	214,637,887
Short-term investments	1,098,201,438	1,079,191,265
Accrued interest	734,854	292,664
Bank balances	5,023,208	8,399,028
	1,207,152,123	1,302,520,844

The aging of trade debts at the reporting date is:

Not past due	103,192,623	214,637,887
Past due 1-30 days	-	-
	103,192,623	214,637,887

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Where considered necessary, advance payments are obtained from certain parties.

The exposure to banks is managed by dealing with variety of major banks and monitoring exposure limits on continuous basis. The ratings of banks ranges from A to AAA.

Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly affected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

The credit quality of bank balances that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating			2021	2020
	Short term	Long term	Agency	Rupees	Rupees
Zarai Taraqiati	A-1+	AAA	JCR-VIS	4,985,407	8,361,247
Habib Bank	A-1+	AAA	JCR-VIS	37,801	37,781

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, the management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

Impaired assets

During the year no assets have been impaired.

28.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements, if any:

	Carrying Amount	Contractual Cash Flows	One year or less	One to two years	Two to five years and above
	----------	----------	Rupees	----------	----------
2021					
Deferred	431,170,033	431,170,033	-	-	431,170,033
Trade and other payables	5,091,889	5,091,889	4,335,699	-	756,190
Security deposits	881,927	881,927	-	-	881,927
	437,143,849	437,143,849	4,335,699	-	432,808,150

	Carrying Amount	Contractual Cash Flows	One year or less	One to two years	Two to five years and above
	----------	----------	Rupees	----------	----------
2020					
Deferred					
Trade and other payables	411,410,903	411,410,903	-	-	411,410,903
Security deposits	5,477,221	5,477,221	5,477,221	-	-
	1,168,836	1,168,836	-	-	1,168,836
	418,056,960	418,056,960	5,477,221	-	412,579,739

28.4 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments. The Company is not exposed to price risk.

(i) Currency risk

Foreign currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into in foreign currencies.

Presently the Company is not exposed to foreign currency risk.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short-term investments.

Interest rate of the Company's financial assets and financial liabilities as at December 31, 2021 can be evaluated from the following schedule:

	2021 Rupees	2020 Rupees
At amortized cost:		
Financial assets with fixed rates:		
Short-term investments	1,037,841,471	976,266,372
Saving accounts	4,985,407	8,361,247
	1,042,826,878	984,627,619

The following rates have been applied:

	Reporting date rate	
	2021	2020
	Percentage	Percentage
Short-term investments	7.10 to 13.05	10.65 to 13.05
Saving	5.5 to 7.25	5.50 to 12.75

The Company is not exposed to variable interest rate risk as the Company does not hold any variable interest bearing instrument as at the balance sheet date, therefore, no sensitivity analysis has been presented.

(iii) Other price risk

Price risk is the risk that the fair value or future cash flows of a 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 traded in the market.

At the year end the Company is not exposed to price risk since there are no financial instruments whose fair value or future cash flows will fluctuate because of changes in market prices.

29 FAIR VALUE MEASUREMENT

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date. The financial instruments that are not traded in active market are carried at cost and are tested for impairment according to IFRS 9. The carrying amount of trade receivables and payables is assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments, if relevant.

Fair value hierarchy

International Financial Reporting Standard (IFRS) 13, "Fair Value Measurement" requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The Company using following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques.

Level 1: quoted (unadjustable) prices in active market for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observables either, directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observables market data.

Transfer between level of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

The carrying values of all financial assets and liabilities reflected in these financial statements approximate their fair values.

30 CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitors the level of dividend to ordinary shareholders. There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

31 TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise of holding company, directors and key management personnel. Transactions with related parties during the period are as follows:

Relation with the Company	Nature of transactions	2021 Rupees	2020 Rupees
Holding company (Zarai Taraqiati Bank Limited - ZTBL)	Services charges	132,581,847	140,205,315
	Rent paid during the year	4,299,480	4,685,316
	Expenses reimbursed during the year	984,438,754	1,015,019,741
	Short-term investment made (TDRs)	1,098,201,438	1,184,478,059
	Short-term investment enchased	(1,076,266,371)	(816,466,148)
	Interest income	81,497,777	35,297,311

Relation with the Company	Period end balances	2021 Rupees	2020 Rupees
Holding company (Zarai Taraqiati Bank Limited - ZTBL)	Receivable balance	103,192,623	214,637,887
	Bank accounts maintained		
	Current account	-	29,268
	Saving accounts	4,985,407	9,618,821
	Short-term investment (TDRs)	1,037,841,471	976,266,372

31.1 The details of compensation paid to key management personnel are shown under the heading of "Remuneration of Chief Executive, Directors and Executive (note 26)". There are no transactions with key management personnel other than under their terms of employment.

32 NUMBER OF EMPLOYEES

The number of employees as at year end was 3,557 (2020: 3,768) and average number of employees during the year was 3,626 (2020: 3,828).

33 CORRESPONDING FIGURES

The preparation and presentation of these financial statements for the year ended December 31, 2021 is in accordance with the requirements in Companies Act, 2017. The corresponding figures have been rearranged and reclassified, wherever considered necessary. However, no major reclassification has been made during the year.

34 DATE OF AUTHORIZATION

This condensed financial information is authorized for issue by the Board of Directors on 29 MAR 2022.

35 GENERAL

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

DIRECTOR