



2021 ANNUAL REPORT.



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INTRODUCTION

Vision & Mission Statement	02
Code of Business Conduct & Ethics	03
Broad Policy Objectives	04



ORGANIZATIONAL STRUCTURE

Company information	06
Ownership Structure	07
Profile of Board of Directors	08
Management Team	12
Milestones	13
Certificate of Merit	14
Licenses	15
Principle Business Activity & Markets Including Key Brands Products & Services	16
Competitive Landscape and Market Positioning	19
Chairman's Review	20
Directors' Report	22
Financial and Business Highlights	40



CORPORATE GOVERNANCE

Review Report to the members on Statement of Compliance	42
Statement of Compliance with the Code of Corporate Governance	43
Audit Committee & its Terms of Reference	46
Directors' Orientation	48
Directors' Training Program	48
Directors' Remuneration Policy	48
Policy on Related Party Transactions	50
Roles of Chairman and Chief Executive Officer	52
Corporate Social Responsibility	55



FINANCIAL STATEMENTS

Auditors' Report to the Members	59
Statement of Financial Position	63
Statement of Profit or Loss Account	64
Statement of Comprehensive Income	65
Statement of Changes in Equity	66
Statement of Cash Flow	67
Notes to the Financial Statements	68
Pattern of Shareholding	113
Notice of Annual General Meeting	116
Notice to Shareholders	127
Form of Proxy	128



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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of JS Investments Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of JS Investments Limited ("the Company") for the year ended 31 December 2021 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

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 controls, the Company's corporate governance procedures and risks.

The Regulations require 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. 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 procedures to assess and determine the Company's process for identification of related parties and that 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 requirements contained in the Regulations as applicable to the Company for the year ended 31 December 2021.

Date: 16 March 2022

Karachi

KPMG Taseer Hadi & Co
Chartered Accountants

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 FOR THE YEAR ENDED DECEMBER 31, 2021

This statement is being presented to comply with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulation). The purpose of the Code is to establish a framework of good governance, whereby a listed entity is managed in compliance with the best practices of corporate governance. The company has complied with the requirements of the regulations in the following manner:

1. The total number of directors are 8 as per the following:

- 1) Male: 6
- 2) Female: 2

2. The composition of the Board is as follows:

Category		Names
Independent Directors	Female	Ms. Aisha Fariel Salahuddin
	Male	Mr. Asif Reza Sana
Executive Director		Ms. Iffat Zehra Mankani – Chief Executive Officer*
Non-Executive Directors		Mr. Suleman Lalani - Chairman Mr. Hasan Shahid Mr. Imran Haleem Shaikh Mr. Mirza M. Sadeed H. Barlas*** Mr. Zahid Ullah Khan**

* Ms. Iffat Zehra Mankani appointed as Chief Executive Officer w.e.f April 15, 2021 in place of Mr. Hasnain Raza Nensey.

** Mr. Zahid Ullah Khan appointed as Director w.e.f March 18, 2021 in place of Mr. Kamran Jafar.

*** Mr. Mirza M. Sadeed H. Barlas appointed as Director w.e.f August 09, 2021 in place of Mr. Tahir Ali Sheikh.

The independent directors meet the criteria of independence as defined under section 166 of the Companies Act, 2017 (Act).

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of the significant policies along with the date on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by the board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the board.

8. The board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Out of eight directors on the board seven are certified under the Directors Training Program (DTP). During the period the following CEO/ Director completed Directors' Training Program:
 - Ms. Iffat Zehra Mankani
 - Mr. Zahid Ullah Khan
10. The board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. The financial statements of the Company were duly endorsed by chief executive officer and chief financial officer before approval of the board.
12. The board has formed committees comprising of members given below:

Committees	Members
Audit Committee	Mr. Asif Reza Sana (Chairman) Ms. Aisha Fariel Salahuddin Mr. Hasan Shahid
Human Resource and Remuneration Committee	Ms. Aisha Fariel Salahuddin (Chairperson) Ms. Iffat Zehra Mankani Mr. Suleman Lalani
Executive Risk Management Committee	Mr. Suleman Lalani (Chairman) Ms. Iffat Zehra Mankani Mr. Imran Haleem Shaikh

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committees is as follows:
 - a) Audit Committee; four meetings of the committee were held during the year.
 - b) Human Resource and Remuneration Committee; one meeting of the committee was held during the year.
 - c) Executive Risk Management Committee; five meetings of the committee were held during the year.
15. The board has outsourced the internal audit function to BDO Ebrahim & Company, Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedure of the company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal auditor, company secretary or director of the company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of mandatory regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and

Please note non mandatory regulation no.5 of the Regulations was not applicable this year. In addition the Company is maintaining record of significant policies as required under non mandatory regulation no.10 (4) of the regulations.
19. The two elected independent directors have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently, as per applicable laws and regulations under which hereby fulfilled the necessary requirements; not warrant the appointment of a third independent director.

Iffat Zehra Mankani
Chief Executive Officer

Hasan Shahid
Director

February 23, 2022
Karachi.

AUDIT COMMITTEE AND ITS TERMS OF REFERENCE

The board of directors of JS Investments Limited has established an Audit Committee, comprising three non-executive directors.

The Audit Committee meets at least once every quarter of the financial year. During the year under review four meetings of the Committee were held which were attended by the members as follows:

Mr. Asif Reza Sana (Chairman).....	3
Mr. Hasan Shahid (Member).....	4
Ms. Aisha Fariel Salahuddin (Member).....	4

The Audit Committee shall, inter alia, recommend to the Board of Directors the appointment of external auditors, their removal, audit fees, the provision by the external auditors of any service to the listed company in addition to audit of its financial statements. The Board of Directors shall give due consideration to the recommendations of the Audit Committee in all these matters and where it acts otherwise; it shall record the reasons thereof.

The terms of reference of the Audit Committee shall also include the following:

The board of directors of every listed company shall determine the terms of reference of the audit committee. The board of directors shall provide adequate resources and authority to enable the audit committee to carry out its responsibilities effectively. The terms of reference of the audit committee shall be explicitly documented and shall also include the following:

- a) Determination of appropriate measures to safeguard the listed company's assets;
- b) Review of quarterly, half-yearly and annual financial statements of the listed company, prior to their approval by the Board of Directors, focusing on:
 - i) Major judgmental areas;
 - (ii) Significant adjustments resulting from the audit;
 - (iii) Going concern assumption;
 - (iv) Any changes in accounting policies and practices;
 - (v) Compliance with applicable accounting standards;
 - (vi) Compliance with listing regulations and other statutory and regulatory requirements; and
 - (vii) Significant related party transactions.
- c) Review of preliminary announcements of results prior to publication;
- d) Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- e) Review of management letter issued by external auditors and management's response thereto;
- f) Ensuring coordination between the internal and external auditors of the listed company;
- g) Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the listed company;
- h) Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;

- i) Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
- j) Review of the listed company's statement on internal control systems prior to endorsement by the board of directors and internal audit reports;
- k) Instituting special projects, value for money studies or other investigations on any matter specified by the board of directors, in consultation with the Chief Executive Officer and to consider remittance of any matter to the external auditors or to any other external body;
- l) Determination of compliance with relevant statutory requirements;
- m) Monitoring compliance with the regulations and identification of significant violations thereof;
- n) Review of arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;
- o) Recommend to the board of directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the listed company by the external auditors in addition to audit of its financial statements. The board of directors shall give due consideration to the recommendations of the audit committee and where it acts otherwise and shall record the reasons thereof.
- p) Consideration of any other issue or matter as may be assigned by the board of directors.

DIRECTORS ORIENTATION

Every new member of the Board upon induction apprised about business operations, strategy, goals organizational / group structure, subsidiaries, associates and other related parties, Company's visions etc. In addition, to the training programs offered to the Directors for enhancement of their skills. On every quarterly board meeting, management also acquaints the board about new laws introduced during the period as well as amendments in the existing laws and accounting standards.

DIRECTORS TRAINING PROGRAM

Following Director & CEO have duly completed the Directors' Training Program during the year:

Ms. Iffat Zehra Mankani

Mr. Zahid Ullah Khan

DIRECTORS REMUNERATION POLICY

Preamble

This policy has been developed pursuant to the provisions of the Listed Companies (Code of Corporate Governance) Regulations (hereinafter referred to as the "**Regulations**"). The Regulations bear the heading "Formal Policy" which is reproduced herein below:

The board of directors shall have in place a formal policy and transparent procedure for fixing the remuneration packages of individual directors for attending meetings of the board and its committees.

In respect of Directors' Remuneration, The Articles of the Company states that;

"The remuneration of directors for attending meetings of the Board shall from time to time be determined by the directors in their meeting, provided that neither the Chief Executive Officer nor any director in whole time remunerated service with the Company shall be entitled to any payment for attending meetings of the Board. A Director may also be paid all travelling, hotel and other expenses properly incurred by him in attending and returning from the meetings of the Directors or any Committee of the Directors or General Meeting of the Company or in connection with the business of the company"

Guiding Factors

1. The remuneration of Directors including the Chairman, Chief Executive Officer, Executive Directors, Non-Executive and Independent Directors will be fixed by the Board.
2. The remuneration to be paid to any director for attending the meetings of the board or a committee of directors shall not exceed the scale approved by the company or the board, as the case may be, in accordance with the provisions of the Articles or as may from time to time be permissible by Law.
3. Neither the Chief Executive nor any director in whole time remunerated service with the Company shall be entitled to any payment for attending meetings of the Board and/or sub-committees.

4. A Director shall be entitled to be paid reasonable travelling expenses, hotel charges and other expenses incurred by him for attending Board, Sub-Committee and General Meetings.
5. If any Director is called upon to perform extra services within or outside Pakistan for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a Committee, the Company may remunerate the Director either by a fixed sum or by a percentage of profits or otherwise as may be determined by the Directors, and such remuneration may be either in addition to or in substitution for his or their share in the remuneration above provided for the Directors.

CHAIRMAN OF THE BOARD

The Chairman of the Board of Directors may be entitled to such extra remuneration as the Board of Directors may determine.

CHIEF EXECUTIVE OFFICER

The remuneration of Chief Executive Officer shall be governed by the terms and conditions of her contract of employment as approved by the Board keeping in view of his qualifications, expertise, effectiveness etc. The annual increases and performance bonuses, if any, will be determined by the Board from time to time in line with the contract of employment.

EXECUTIVE DIRECTORS

The remuneration of Executive Directors shall be fixed by the Board keeping in view of their qualifications, expertise, effectiveness and the time given to the Company. The remuneration may include but not limited to salary, transport, medical, telephone, medical insurance for self and spouse, club and/or other memberships and other privileges and benefits incidental or relating to their office in accordance with Company's policies.

The annual increases will be determined by the Board, in consultation with Human Resource and Remuneration Committee with effect from January 1st every year. He may also be entitled to annual performance bonus as determined by the Board. The Board as it may deem fit consult the Human Resource & Remuneration Committee in fixing the increases.

NON- EXECUTIVE DIRECTORS AND INDEPENDENT DIRECTORS

The remuneration of Non- Executive Directors for attending the meetings of Board and its Sub-Committees shall be fixed by the Board from time to time. Similarly, the remuneration of Non-Executive Directors for the extra services performed shall be fixed by the Board from time to time as and when they perform extra services

POLICY ON RELATED PARTY TRANSACTIONS

Every director (including spouse, children, step children and parents) of the JSIL who is in any way, whether directly or indirectly, concerned or interested in any contract or arrangement entered into, or to be entered into, by or on behalf of the JSIL shall disclose the nature of his concern or interest at a meeting of the board. No director of the JSIL shall take any part in the discussion of, or vote on, any contract or arrangement entered into, or to be entered into, by or on behalf of the JSIL. If he/ she is in any way, whether directly or indirectly, concerned or interested in the contract or arrangement.

DEFINITIONS

“Applicable Laws” means all applicable laws, statutes, ordinances, rules, and regulations, applicable to the Company in the context of Related Party Transactions, whether or not having the force of law, and including all official directives, consents, approvals, authorizations, guidelines, orders and policies of any authority having or purporting to have authority over the Company and all general principles of common law and equity, including but not limited to Companies Act, 2017, COCG and NBFC Laws, and rules and regulations issued thereunder.

“Board” means the Board of the Company.

“COCG” means the Code of Corporate Governance for Listed Companies issued by the Commission as amended from time to time.

“Commission” means the Securities and Exchange Commission of Pakistan.

“Committee” means the Audit Committee of the Board.

“Company” means JS Investment Company Limited.

“NBFC Laws” means NBFC (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008 as amended from time to time.

“Policy” means this Policy for the regulation of Related Party Transactions.

“Related Party” means a Related Party as defined under the Applicable Laws.

“Related Party Transaction” means a transaction between the Company and a Related Party with respect to a subject matter provided under Applicable Laws, provided that transactions executed between the funds, under the management of the Company, and/ or transactions executed between funds and the Company or any of its associated or group companies shall also be deemed to be a Related Party Transaction.

PREAMBLE

The Policy has been developed to ensure compliance with the Applicable Laws in relation to Related Party Transactions. In the event of any inconsistency between the provisions of this Policy and any Applicable Laws, existing or new laws or directives applicable to the Company, the latter shall take precedence over this Policy. Management of JSIL will ensure that all applicable laws / regulations / requirements are complied with in letter and spirit for undertaking Related Party Transactions.

PURPOSE

This Policy is intended to ensure the approval and reporting of Related Party Transactions between the Company and a Related Party in accordance with Applicable Laws.

EFFECTIVE DATE

This Policy shall be deemed to be effective from the date of its approval by the Board and shall continue to remain in force until amended or rescinded by the Board.

APPROVALS FOR RELATED PARTY TRANSACTIONS

1. The Company may enter into Related Party Transactions in its ordinary course of business on an arm's length basis without the prior approval of the Board.
2. The details of all Related Party Transactions other than clause (1) above, shall be placed before the Committee for review and upon recommendations of the Committee, the same shall be placed before the Board for its approval.
3. If the Committee determines not to recommend a Related Party Transaction to the Board, the Committee, as it deems appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction.
4. In case of a Related Party Transaction which is not on an arm's length basis, necessary justification shall be placed before the Committee and the Board explaining why the transaction is proposed to be executed other than on an arm's length basis.
5. If a Related Party Transaction requires approvals or clearance from the Committee/Board in terms of clause (2) above, the same shall be obtained before the execution of such transaction provided that the Board may, at its discretion, modify or waive any provisions/requirements of this Policy.
6. Where appropriate, the following factors amongst others should be evaluated and presented by the Management to the Committee/ Board, for approval of a Related Party Transaction:
 - (a) the Company's interest, benefit and purpose of the transaction;
 - (b) whether the anticipated transaction falls under the normal course of Company's business;
 - (c) is there any Related Party's interest in the transaction,
 - (d) whether the terms and conditions are on an arm's length basis;
 - (e) conflicts of interest in the proposed transaction, if any;
 - (f) whether the transaction is proposed to be executed at a group level;
 - (g) whether parties other than a Related Party is also participating in the proposed transaction;
 - (h) whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with such proposed transaction.
7. If the Board or the Committee requires further clarification before approving or recommending a Related Party Transaction, as the case may be, it may direct the management to submit such information or take such actions as it deems necessary.

CONFLICT OF INTEREST

8. Any Board member who has any interest in a Related Party Transaction shall restrain from participating and voting on the approval of such transaction at the Committee/Board level.
9. If majority of Board members are interested in any Related Party Transaction, the matter shall be placed before the general meeting for approval through a special resolution.

RECORD RETENTION AND DISCLOSURES

10. The Company shall maintain a detailed record of all Related Party Transactions (including those covered under clause (1) above) entered into in each financial year, along with all relevant documents and information in the manner as may be prescribed under the Applicable Laws.
11. All Related Party Transactions shall be disclosed in the Director's Report / Annual Report as per the disclosure requirement(s) set forth in the Applicable Laws and accounting standards.
12. The particulars of all the Related Party Transaction entered into with the approval of the Board of Directors shall be entered into the Register of Contracts or Arrangements in which Directors are interested, maintained by the Company as per the provisions of the Companies Act, 2017.

RATIFICATION

13. Any Related Party Transaction entered into by a director or employee of the Company, without following the procedures laid out in this Policy, may be ratified by the Board or shareholders in a general meeting, as the case may be, within ninety (90) days from the date such transaction is executed or such other period as may be prescribed under Applicable Laws. If the transaction is not ratified, as above, it may be voidable at the discretion of the Board.

ROLE OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Code of Corporate Governance (“Code”) requires that the Chairman and the Chief Executive Officer (“CEO”), by whatever name called, shall not be the same person except where provided for under any other law. Further, the Chairman shall be elected from among the non-executive directors of the listed company. The Code also requires that the Board of Directors of a listed company shall clearly define the respective roles and responsibilities of the Chairman and CEO.

Accordingly, the following description set out clear division between the roles and responsibilities of the Chairman and CEO.

ROLE AND RESPONSIBILITY OF CHAIRMAN OF BOARD

The Chairman shall be responsible for leadership of the board and shall ensure that the board plays an effective role in fulfilling all its responsibilities. In particular, he shall:

1. Ensure effective functioning of the Board and committees of the Board in accordance with the highest standards of corporate governance;
2. Ensure effective communication with shareholders and other stakeholders of the Company to understand their views.
3. Ensure that such an agenda for the Company is set which primarily focus on strategy, performance, value creation and accountability, and ensure that issues relevant to those areas are regularly considered by the Board.
4. Ensure that the Board discussions promote constructive debate and effective decision-making.
5. Ensure that the Board determines the nature and extent of the significant risks to the Company and that the Board reviews regularly the effectiveness of risk management and internal control systems.
6. Ensure that adequate time is allowed for discussion of all agenda items and to ensure that complex or contentious issues are dealt with effectively, making sure in particular that non-executive directors have sufficient time to consider them.
7. Ensure that the Board members receive accurate, timely and clear information relating to agenda items and, in particular, about the company’s performance.
8. Ensure that the Board delegate appropriate authority to the management.
9. Ensure that all Board committees as required under the Code are properly established, composed and effectively operated.

10. Ensure to build an effective Board, its composition and balance, diversity, including gender, and succession planning for the Board and the appointment of senior executives.
11. Liaise with the Human Resource & Remuneration Committee regarding remuneration of the executive directors and senior executives.
12. Ensure that the chairman of the Board Committees properly brief the Board regarding proceedings of their Committees.
13. Ensure proper disclosure in the annual report as required under the Code of Corporate Governance;
14. Ensure that the directors continually update their skills and the knowledge and familiarity with the company to fulfill their role both on Board and Board Committees including in terms of the code of corporate governance.
15. Communicate with the Chief Executive Officer whenever need be.
16. Ensure that the performance and effectiveness of the Board, its committees and individual directors is formally evaluated on an annual basis.
17. Establish a harmonious and open relationship with all executive directors and Chief Executive in particular providing advice and support while respecting the executive responsibilities.
18. Ensure that conflict of interest issues are adequately addressed at Board level.

ROLE AND RESPONSIBILITY OF THE CEO

The Chief Executive Officer shall be responsible for the leadership of business and subject to the control and direction of and the authorities delegated to him/her by the Board of Directors, be responsible for the management of affairs of the company. In particular, he/she shall:

1. Develop strategy for the Company for Board approval and ensure that approved corporate strategy is duly reflected in the business.
2. In conjunction with the Chief Financial Officer, develop an annual budget and the cash flow plan consistent with approved corporate strategies, for presentation to the Board for approval. This should include developing processes and structures to ensure that capital investment proposals are reviewed thoroughly, that associated risks are identified and appropriate steps are taken to manage the risk to the business.

3. Be responsible to the Board for the performance of the Business consistent with approved business plans, corporate strategies and policies and keep the Board as a whole update on progress made against such approved plans, corporate strategies and policies.
4. Plan human resourcing to ensure that the company has the capabilities and resources required to achieve its plans and ensure that robust management succession and management development plans are in place and presented to the Board from time to time.
5. Develop an organizational structure and establish processes and systems to ensure the efficient organization of resources.
6. Ensure that financial results, business strategies where appropriate, targets and milestones are placed before the Board.
7. Develop and promote effective communication with shareholders and other stakeholders.
8. Ensure that business is conducted in accordance with the highest standards of corporate governance.
9. Ensure that the flow of information to the Board is accurate, timely and clear.
10. Establish a close relationship of trust with the Chairman, reporting key developments to him in timely manner and seeking advice and support as appropriate.
11. Ensure that the reporting lines within the Company are clearly established and are effective.
12. Ensure that proper procedures are in place to ensure compliance with all applicable laws, rules and regulations.
13. Ensure an effective framework of internal controls including risk management in relation to all business activities.
14. Ensure that the company has a suitable system and policy for the timely and accurate disclosure of information in accordance with regulatory requirements.
15. Ensure that conflict of interest issues are adequately addressed at management level.

CORPORATE SOCIAL RESPONSIBILITY

As a responsible corporate entity, JS Investments Limited (JSIL) strives to support Corporate Social Responsibility (CSR) initiatives that support economic growth, social progress and environmental protection in Pakistan.

JSIL carries out major philanthropic activities in partnership with the Mahvash & Jahangir Siddiqui Foundation (MJSF) and Future Trust. A fundraising campaign was initiated in collaboration with 'Future Trust' to support research for Covid-19 testing kits in which the employees of JSIL voluntarily contributed their one-day gross salary. Future Trust is actively engaged in the areas of education, health care, improvement of socio-economic conditions, and humanitarian relief. We are continuously looking at options to become environmentally friendly with efforts such as reducing paper by switching to electronic forms and methods especially in the area of customer statements and marketing collateral.

MAHVASH & JAHANGIR SIDDIQUI FOUNDATION

In 2003, entrepreneur and former Karachi Stock Exchange President, Jahangir Siddiqui with his wife Mahvash, retired university professor, founded the Mahvash & Jahangir Siddiqui Foundation (MJSF).

The foundation aims to create sustainable livelihood opportunities and provide support to empower disadvantaged members of society. In addition to projects directly managed by MJSF, partnerships have also been formed with key international organizations including United Nations agencies, Acumen and Oxfam.

Following is an overview of MJSF's activities:

Education

The population of Pakistan is continually growing with over half the total population stated to be below the age of 25 years. These individuals have tremendous potential and the importance of education and vocational training for them cannot be understated. MJSF realizes that to ensure a bright future for the nation's children; creative ideas and a desire to make a difference can go a long way. MJSF's educational programs focus on providing grants for:

- Higher education
- Mainstream education including schools for children with special needs
- Vocational training
- Specialized summer exchange programs

MJSF has provided support to leading educational institutions of Pakistan including Lahore University of Management Sciences, Karachi School for Business and Leadership, Institute of Business Administration Karachi, Progressive Education Network, JS Academy for the Deaf, Fakhr-e-Imdad Foundation and Karigar Training Institute along with having created a unique redeemable endowment fund for Sukkur Institute of Business Administration.

Healthcare

MJSF believes it is the fundamental right of every human being to receive adequate and affordable healthcare. Knowing how simple solutions can be effective for both prevention and treatment, MJSF supports provision of free healthcare to the underprivileged. This deep commitment to public health is reflected by:

- Upgrading and adding specialist wards at existing hospitals
- Developing healthcare facilities in rural areas
- Providing mobile health care and surgical services in difficult to access areas
- Distribution of specialized wheelchairs

MJSF is linked with numerous projects and organizations in the healthcare sector including Karachi National Hospital, National Institute of Cardiovascular Diseases, Sindh Institute of Urology and Transplantation, Indus Hospital, National Institute of Child Health and Walkabout Foundation.

MJSF initiated medical and eye camp programs in response to the critical healthcare needs of the rural population who are deprived of basic healthcare services.

In 2017, over 18,000 patients were examined in these camps and almost 4,000 cataract surgeries were performed. In addition, 9,500 patients were screened for Hepatitis B and C.

Social Enterprise & Sustainable Development (Sesd)

Social enterprise aims to provide services at affordable prices to low-income earners so that they may build their own assets and improve their standard of living. The SESD program funds projects that are economically productive and sustainable and which remove or reduce the need for ongoing grants. MJSF is linked with numerous initiatives to help improve the lives of its fellow citizens by supporting organizations like Kashf Microfinance, Acumen Pakistan and its Fellows program, First Response Initiative of Pakistan, along with providing Iftaar for underprivileged and supporting the Magnus Kahl Seeds project to help improve the average yield of crops in the country.

Humanitarian Relief

Pakistan's geographical location and topography make it highly susceptible to natural disasters such as monsoon flooding, landslides, droughts and earthquakes. MJSF has a strategy whereby funding is made available for disaster relief enabling timely action. In addition, it continues support for disaster victims in the aftermath of catastrophes so that they may rebuild their lives as effectively as possible. The Foundation has contributed with significant humanitarian assistance during the following crises:

- 2005 - Earthquake in Azad Jammu & Kashmir(AJK) and Khyber-Pakhtunkhwa Province
- 2008 - Swat Conflict and related Internally Displaced Persons crisis
- 2010 - Super Floods
- 2014 - Thar Drought crisis
- 2015 - Earthquake in Khyber Pakhtunkhwa and Gilgit-Baltistan provinces

FUTURE TRUST (FT)

The following is an overview of philanthropic activities of Future Trust:

Education

FT has provided financial support to the following organizations: Allama Ghulam Mustafa Qasmi Chair, University of Sindh, Jamshoro for promoting educational and scholarly activities. It also supported Cadet College Hasan Abdal for the construction of a Services Block and in the establishment of the "Jahangir Siddiqui Career Counseling Center".

Healthcare

Future Trust provides financial support to individuals suffering from cancer and other such terminal diseases.

Improvement of Socio-economic Conditions

Future Trust supported "The i-Care Foundation" in its mission to improve the quality of life of underprivileged Pakistanis, by enhancing the level of philanthropic support to deserving charities. FT also works with them to improve their capacity to deliver more, with greater impact.

FT in collaboration with MJSF has started the installation of deep well hand pumps in Tharparkar as it is a desert area with the lowest Human Development index in Pakistan. The major source of income of a majority of the Thar villagers remains rain-fed agriculture and livestock which is vulnerable to seasonal rains. These hand pumps will bring relief to those villages.

Women Empowerment

JSIL has supported the Pakistan Federation of Business and Professional Women's Organization (PFBPWO). PFBPWO's principle objectives include organizing women in all parts of country to use their combined abilities and strength to encourage women to acquire education in all fields.

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of JS Investments Limited ("the Company"), which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss account, 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 account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of the loss, other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

Key audit matter	How our audit addressed the key audit matter
Valuation of investments	
<p>Refer Note 4.4 and 11 to the financial statements.</p> <p>The carrying value of investments held by the Company amounted to Rs. 1,352 million, which constitutes 68% of the Company's total assets as at 31 December 2021.</p> <p>The significant portion of the investments comprise of units of mutual funds classified as "Fair Value through profit or loss".</p> <p>We identified assessing the carrying value of the investment as a key audit matter because of its significance to the financial statements.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Assessed the design and tested operating effectiveness of the relevant controls in place relating to valuation of investments; • Compared and recalculated the fair valuation of investments with available external quoted market price; and • Considered the Company's disclosures of investments in accordance with the requirements of accounting and reporting standards as applicable in Pakistan.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of 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.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinions:

- 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 account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account;
- 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 of the Company as at and for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on 17 March 2021.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Taufiq.

Date: 16 March 2022

Karachi

UDIN: AR202110106XyLUZvEua

**KPMG Taseer Hadi & Co.
Chartered Accountants**

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

	Note	2021 ----- Rupees -----	2020
ASSETS			
Non - current assets			
Property and equipment	5	341,147,973	399,187,334
Intangible assets	6	10,994,010	12,235,839
Long-term investment in subsidiary		-	37,500,000
Long-term loans and prepayments - considered good	7	1,454,417	2,252,802
		353,596,400	451,175,975
Current assets			
Balances due from funds under management - related parties	8	105,157,354	109,501,155
Loans and advances - considered good	9	3,258,499	3,810,261
Trade deposits, short term prepayments and other receivables	10	56,660,058	56,610,095
Other financial assets - investments	11	1,352,102,015	1,585,292,142
Taxation - net		87,941,712	89,466,101
Cash and bank balances	12	26,145,280	9,433,434
		1,631,264,918	1,854,113,188
Total assets		<u>1,984,861,318</u>	<u>2,305,289,164</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital			
Authorised capital		2,500,000,000	2,500,000,000
Issued, subscribed and paid-up capital	13	617,742,560	617,742,560
Unappropriated profit		886,705,096	1,157,244,225
		1,504,447,656	1,774,986,785
LIABILITIES			
Non - current liabilities			
Deferred Liabilities	14	-	1,301,172
Long-term financing	15	-	38,999,575
Lease liabilities	17	235,185,675	260,150,050
		235,185,675	300,450,797
Current liabilities			
Accrued and other liabilities	18	167,884,028	166,112,387
Unclaimed dividend		4,945,642	5,182,716
Current maturity of long term financing	15	38,778,533	36,582,363
Current maturity of lease liabilities	17	33,619,784	21,974,117
		245,227,987	229,851,582
Total liabilities		480,413,662	530,302,379
Total equity and liabilities		<u>1,984,861,318</u>	<u>2,305,289,164</u>
Contingencies and commitments	19		

The annexed notes 1 to 36 form an integral part of these financial statements.

Chief Executive Officer

Chief Financial Officer

Director

STATEMENT OF PROFIT OR LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021 ----- Rupees -----	2020
Income			
Remuneration from funds under management - net	20	154,827,719	172,974,760
Commission from open end funds under management	21	465,252	4,096,138
Dividend income	22	8,199,539	15,644,418
Net unrealised gain/(loss) on revaluation of investments classified as at fair value through profit or loss	11.1	(137,639,293)	114,009,775
Net gain on sale of investments classified as at fair value through profit or loss		11,076,059	6,913,914
Return on bank deposits		1,957,860	3,343,723
Remuneration and share of profit from management of discretionary and non discretionary client portfolio	23	2,533,960	1,859,231
Return on debt security		11,428,554	14,804,122
		<u>52,849,650</u>	<u>333,646,080</u>
Administrative expenses	24	(326,757,876)	(303,651,642)
Selling and distribution expenses	25	(5,070,782)	(32,805,782)
		<u>(278,979,008)</u>	<u>(2,811,344)</u>
Operating Loss			
Financial charges	26	(34,400,093)	(35,002,110)
		<u>(313,379,101)</u>	<u>(37,813,454)</u>
Other income	27	24,643,830	14,821,145
		<u>(288,735,271)</u>	<u>(22,992,309)</u>
Loss before taxation			
Taxation - net	28	(11,340,313)	(16,808,691)
		<u>(300,075,584)</u>	<u>(39,801,000)</u>
Loss for the year			
Loss per share for the year - basic and diluted	29	<u>(4.86)</u>	<u>(0.64)</u>

The annexed notes 1 to 36 form an integral part of these financial statements.

Chief Executive Officer

Chief Financial Officer

Director

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
	----- Rupees -----	
Loss for the year	(300,075,584)	(39,801,000)
Other comprehensive income / (loss)	-	-
Total comprehensive loss for the year	<u>(300,075,584)</u>	<u>(39,801,000)</u>

The annexed notes 1 to 36 form an integral part of these financial statements.

Chief Executive Officer

Chief Financial Officer

Director

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

		Issued, subscribed and paid-up capital	Unappropriated profit	Total
	Note	----- Rupees -----		
Balance as at January 01, 2020		617,742,560	1,197,045,225	1,814,787,785
Total comprehensive loss for the period ended December 31, 2020		-	(39,801,000)	(39,801,000)
Balance as at December 31, 2020		<u>617,742,560</u>	<u>1,157,244,225</u>	<u>1,774,986,785</u>
Balance as at January 01, 2021		617,742,560	1,157,244,225	1,774,986,785
Transfer upon merger	31.1.13		29,536,455	29,536,455
Total comprehensive loss for the period ended December 31, 2021		-	(300,075,584)	(300,075,584)
Balance as at December 31, 2021		<u>617,742,560</u>	<u>886,705,096</u>	<u>1,504,447,656</u>

The annexed notes 1 to 36 form an integral part of these financial statements.

Chief Executive Officer

Chief Financial Officer

Director

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021 ----- Rupees -----	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the period before taxation		(288,735,271)	(22,992,309)
Adjustment for:			
Remuneration from funds under management - net	20	(154,827,719)	(172,974,760)
Remuneration from discretionary & non discretionary client portfolio		(2,533,960)	(1,859,231)
Commission from open end funds under management	21	(465,252)	(4,096,138)
Dividend income	22	(8,199,539)	(15,644,418)
Return on debt securities		(11,428,554)	(14,804,122)
Depreciation expense	5.1 & 5.2	68,847,027	70,362,524
Amortization expense	6	5,441,776	4,977,922
Financial charges	26	34,400,093	35,002,110
Return on bank deposits under interest / mark-up arrangements		(1,957,860)	(3,343,723)
Net gain on sale of investments classified as 'at fair value through profit or loss'		(11,076,059)	(6,913,914)
Net unrealised loss / (gain) on revaluation of investments classified as 'at fair value through profit or loss'	11.1	137,639,293	(114,009,775)
Gain/loss on disposal of property and equipment	5.1.1	(16,309,097)	(8,191,921)
		<u>(249,205,122)</u>	<u>(254,487,755)</u>
Working capital changes			
Loans and advances - considered good		1,350,147	1,297,583
Trade deposits, short term prepayments and other receivables		(49,963)	2,899,413
Accrued and other liabilities		(36,332,936)	(19,413,118)
		<u>(35,032,752)</u>	<u>(15,216,122)</u>
		<u>(284,237,874)</u>	<u>(269,703,877)</u>
Taxes paid - net		(9,815,871)	(18,490,302)
Remuneration and commission received from funds under management		162,170,732	192,502,913
Net cash used in operating activities		<u>(131,883,013)</u>	<u>(95,691,266)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment made		(1,972,704,001)	(268,919,192)
Proceeds from sale of investments		2,079,330,844	546,496,451
Payments for purchase of property, equipment and intangible assets		(23,024,540)	(6,764,383)
Amalgamation of wholly owned subsidiary company		37,500,000	-
Dividends received		8,199,539	15,644,418
Return on bank deposits under interest / mark-up arrangements		1,957,860	3,343,723
Return on debt securities		11,428,554	14,804,122
Sale proceeds from disposal of property and equipment		25,644,400	19,603,396
Net cash generated from investing activities		<u>168,332,656</u>	<u>324,208,535</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Deferred Liabilities		-	1,301,172
Long-term financing		-	75,581,938
Dividend paid		(237,074)	(244,867,113)
Payment of lease liability		(17,777,527)	(29,537,997)
Financial charges paid		(31,259,651)	(35,002,110)
Running Finance Facility obtained		340,844,067	-
Running Finance Facility settled		(340,844,067)	-
Net cash used in financing activities		<u>(49,274,252)</u>	<u>(232,524,110)</u>
Net (decrease) / increase in cash and cash equivalents		<u>(12,824,609)</u>	<u>(4,006,841)</u>
Cash and cash equivalents at beginning of the year		9,433,434	13,440,272
Transfer upon merger	31.1.13	29,536,455	-
Cash and cash equivalents at end of the year		<u>26,145,280</u>	<u>9,433,434</u>

The annexed notes 1 to 36 form an integral part of these financial statements.

Chief Executive Officer

Chief Financial Officer

Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

1. STATUS AND NATURE OF BUSINESS

1.1 JS Investments Limited (the Company) is a public listed company incorporated in Pakistan on February 22, 1995 under the repealed Companies Ordinance, 1984. The shares of the Company are quoted on the Pakistan Stock Exchange Limited since April 24, 2007. The registered office of the Company is located at The Centre, 19th Floor, Plot No. 28, SB-5, Abdullah Haroon Road, Saddar, Karachi. The Company is a subsidiary of JS Bank Limited (which has 84.56 percent direct holding in the Company) which is a subsidiary of JSCL (Jahangir Siddiqui & Co. Limited), the ultimate parent.

The Company has obtained the license of an “Investment Advisor” and “Asset Management Company” (AMC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). In addition, the Company also acts as Pension Fund Manager under the Voluntary Pension System Rules, 2005. JSIL has also acquired the Private Equity and Venture Capital Fund Management Services license and REIT Management Services license from Securities and Exchange Commission of Pakistan (SECP).

Geographical location and addresses of business units of the Company are as under:

Location	Address	Purpose
Karachi	The Centre, 19th Floor, Plot No. 28, SB-5 Abdullah Haroon Road Saddar, Karachi	Head Office
Karachi	Plot No.16 - C, 4rth Floor, 21 East Street, Phase 1, DHA near KE Office, Karachi.	DR Site
Lahore	Ground Floor, No 25, Block 13, Plot No.1-4, Usman Block, New Garden Town, Lahore	Branch Office
Islamabad	Office # 414, 4th Floor, PSX Building, Jinnah Avenue, Islamabad	Branch Office

1.2 The Company is an asset management company, pension fund and private equity and venture capital manager for the following funds for the year ended December 31, 2021.

1.2.1 Open-end mutual funds

- JS Growth Fund
- JS Value Fund - *Merged in JS Growth Fund in September 2021*
- JS Cash Fund
- JS Islamic Fund
- Unit Trust of Pakistan
- JS Income Fund
- JS Fund of Funds
- JS Islamic Income Fund
- JS Large Cap Fund
- JS Islamic Hybrid Fund of Funds
- JS Islamic Hybrid Fund of Funds - 2 - *Fully matured in March 2021*
- JS Islamic Hybrid Fund of Funds - 3
- JS Islamic Dedicated Equity Fund
- JS Islamic Daily Dividend Fund

Private Equity and Venture Capital Fund

- JS Motion Picture Fund

Pension funds

- JS Pension Savings Fund
- JS Islamic Pension Savings Fund

2. SIGNIFICANT EVENTS

On 19 February 2021, the Board of Directors of the Company passed a resolution approving a Scheme of Amalgamation under Section 284(1) of the Companies Act, 2017, to amalgamate its wholly owned subsidiary, JS ABAMCO Commodities Limited with and into the Company, which was approved by SECP on 24 June 2021. As such, as of the Effective Date 31 March 2021, the entire undertaking of JS ABAMCO Commodities Limited will stand merged with and into the Company. Accordingly on 31 March 2021, the entire business of JS ABAMCO Commodities Limited including its assets, liabilities and rights and obligations are vested into the Company. Since, JS ABAMCO Commodities Limited was a group company under common control, the merger has been accounted for as a common control transaction and predecessor accounting has been applied. Under predecessor accounting, the acquired net assets of JS ABAMCO Commodities Limited are included in the financial statements of the Company at the same carrying values as recorded in JS ABAMCO Commodities Limited's own financial statements as on 31 March 2021. The results and the statement of financial position of JS ABAMCO Commodities Limited are consolidated prospectively from the date of merger.

3. BASIS OF PREPARATION

3.1 Statement of compliance

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

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

Where the provisions and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

3.2 Consolidation of mutual fund by the asset management company

The Securities and Exchange Commission of Pakistan (SECP) vide SRO 56 (1) / 2016 dated January 28, 2016, has notified that the requirements of IFRS 10 (Consolidated Financial Statements) and Section 237 of the Companies Ordinance, 1984 are not applicable in case of investments made by companies in mutual funds established under Trust structure. Accordingly, the Company has not consolidated the financial position and result of operations of mutual funds managed by it in their financial statements.

3.3 Basis of measurement

These financial statements have been prepared under historical cost convention except for certain investments which are stated at fair value.

3.4 Functional and presentation currency

These financial statements have been presented in Pakistani Rupees, which is the Company's functional and presentation currency.

3.5 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and judgments that have a significant effect on the financial statements are as follows:

- i) Amortisation of intangible assets (notes 4.3 and 6);
- ii) Provision for taxation (notes 4.9 and 28);
- iii) Classification and valuation of investments (notes 4.4 and 11);
- iv) Determination and measurement of useful life and residual value of property and equipment (notes 4.2 and 5.1);
- v) Recognition and measurement of deferred tax assets and liabilities (notes 4.9 and 16); and
- vi) Leases (note 4.13).

3.6 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 January 2022:

Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarify what comprises the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Annual Improvements to IFRS standards 2018-2020

The following annual improvements to IFRS Standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022:

- **IFRS 9** – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- **IFRS 16** – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- **IAS 41** – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.
- **Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)** effective for annual periods beginning on or after 1 January 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items by applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

- **Reference to the Conceptual Framework (Amendments to IFRS 3)** - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.
- **Classification of liabilities as current or non-current (Amendments to IAS 1)** amendments apply retrospectively for the annual periods beginning on or after 1 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- **Definition of Accounting Estimates (Amendments to IAS 8)** – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023 and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

- **Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)** – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.
- **Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)** – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

The above amendments are effective from annual periods beginning on or after 01 January, 2022 and are not likely to have an impact on the company's financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year.

4.2 Property and equipment

a) Owned assets

Property and equipment are stated at cost or revalued amounts less accumulated depreciation and accumulated impairment losses, if any, except for capital work-in-progress which is stated at cost less impairment, if any. All expenditures connected with specific assets incurred during installation and construction period are carried under capital work-in-progress.

Subsequent costs are included in the asset's carrying amounts or recognized as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other subsequent costs including repair and maintenance are charged to the statement of profit or loss account as and when incurred.

Depreciation is charged to statement of profit or loss by applying the straight-line method, whereby the cost or revalued amount of an asset is written off over its estimated useful life. The residual values and useful lives are reviewed, and adjusted, if required, at each reporting date.

Depreciation on fixed assets is charged from the month in which the asset is available for use. No depreciation is charged for the month in which the asset is disposed off.

The residual value, useful lives and depreciation methods are reviewed at each reporting period and adjusted, if appropriate, to reflect the current best estimate.

4.3 Intangible assets

Intangible assets includes software with a finite useful life and are stated at cost less accumulated amortization and accumulated impairment losses, if any. Such intangible assets are amortized using the straight-line method taking into account residual value, if any, at the rate specified in note 5 to these financial statements. Amortization is charged from the date the asset is available for use while in the case of assets disposed off, it is charged till the date of disposal. The useful lives and amortization method are reviewed and adjusted, if appropriate, at each reporting date.

4.4 Financial instruments

Bank balances and loans and advances to employees / counter parties are recognised when funds are transferred to the banks / employees / counterparties. The Company recognises due to counterparties when funds reach the Company.

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded as 'at fair value through profit or loss'

4.4.1 Classification - IFRS 9

In accordance with IFRS 9, the Company classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be 'at fair value through profit or loss' if:

- i) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- ii) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking; or
- iii) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Financial assets

The Company classifies its financial assets as subsequently measured 'at amortised cost' or measured 'at fair value through profit or loss' on the basis of both:

- The entity's business model for managing of the financial assets
- The contractual cash flow characteristics of the financial asset

Financial assets measured 'at amortised cost'

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company includes in this category short-term non-financing receivables, accrued income and other receivables.

Financial assets measured 'at fair value through profit or loss'

A financial asset is measured 'at fair value through profit or loss' if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or
- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or

- (c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial liabilities

Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured 'at fair value through profit or loss'. The Company includes in this category short-term payables, including accrued and other liabilities.

4.4.2 Measurement of financial asset

Initial measurement

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Subsequent measurement

Debt Investments at FVOCI

These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, and impairment are recognised in the statement of profit or loss. Other net gains and losses are recognised in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit and loss.

Equity Investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised 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 recognised in other comprehensive income and are never reclassified to the statement of profit and loss.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognised in the statement of profit and loss.

Financial assets measured at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest / markup income, and impairment are recognised in the statement of profit and loss.

4.4.3 Non-derivative financial assets

All non-derivative financial assets are initially recognised on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Non-derivative financial assets comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets. The Company derecognises the financial assets when the contractual rights to the cash flows from the asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial assets are transferred or it neither transfers nor retain substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

4.4.4 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the unconsolidated financial statements only when the Company has a legally enforceable right to offset and the Company intends to either settle on a net basis, or to realise the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also offset and the net amount is reported in the unconsolidated financial statements only when permitted by the accounting and reporting standards as applicable in Pakistan.

4.4.5 Financial liabilities

Financial liabilities are initially recognised on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Financial liabilities include mark-up bearing borrowings and trade and other payables. The Company derecognises the financial liabilities when contractual obligations are discharged, cancelled or expire. Financial liability other than at fair value through profit or loss are initially measured at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these liabilities are measured at amortised cost using effective interest rate method.

4.4.6 Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Company has:

- (a) Transferred substantially all of the risks and rewards of the asset; or
- (b) Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

4.4.7 Impairment

4.4.7.1 Financial assets

The Company recognises loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortised 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 of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Based on the management assessment no ECL was required since the Company's financial assets at amortized cost are held with related parties or counterparties with low credit risk. Further, ECL calculated on Trade Debts was not required as the amount assessed was immaterial to the unconsolidated financial statement.

4.4.7.2 Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being higher of value in use and fair value less costs to sell, is estimated. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the unconsolidated statement of profit or loss.

4.5 Revenue recognition

- Remuneration for management services and asset investment advisory services are recognized on an accrual basis by applying pre-defined remuneration percentage on daily net asset value of the respective funds. The fee so charged does not exceed the limit prescribed in the NBFC Regulations / Voluntary Pension System Rules 2005.
- Realised gains / losses on sale of investments is recognized in the statement of profit or loss at the time of sale.
- Dividend income is recorded when the right to receive the dividend is established.

- Return on bank deposits, mark-up on term finance certificate, mark-up on letter of placements and mark-up on commercial papers are recognized on time proportionate basis by using effective rate of interest.
- Commission income from open end funds is recognized at the time of sale of units.
- Commission income and share of profit from management of discretionary and non discretionary client portfolios is recognized as services are rendered.

4.6 Staff retirement benefits - Staff Provident Fund

The Company operates an approved contributory provident fund for all of its permanent employees. The Company and employees make equal monthly contributions to the fund at the rate of 7.33 percent of the basic salary.

4.7 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the outflow can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4.8 Taxation

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

Current

Provision for current taxation is based on taxability of certain income streams of the Company under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime after taking into account tax credits and tax rebates available, if any.

Deferred

Deferred tax is recognized using the balance sheet liability method on all major temporary differences between the carrying amount of assets and liabilities used for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised for all deductible temporary differences and carry-forward of unused tax losses, to the extent that it is probable that taxable profit or taxable temporary differences will be available against which the deductible temporary differences and / or carry-forward of unused tax losses can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax is charged or credited to the profit and loss account.

4.9 Cash and cash equivalents

Cash and cash equivalents for cash flow purposes include cash in hand, current and deposit accounts held with banks, running finance facilities availed by the Company (if any), which are payable on demand and form an integral part of the Company's cash management.

4.10 Earnings per share

Earnings per share is calculated by dividing the profit after tax for the year by the weighted average number of shares outstanding during the year.

4.11 Dividend and other appropriation to reserves

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

4.12 Leases

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Significant judgement in determining the lease term of contracts with renewal options

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

The Company has the option, under some of its leases to lease the assets for additional terms of one to five years. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Company included the renewal period as part of the lease term for leases of Company's head office and branches due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e., three to five years) and there will be a significant negative effect on operations if a replacement is not readily available.

	Note	2021 ----- Rupees -----	2020 ----- Rupees -----
5. PROPERTY AND EQUIPMENT			
Operating fixed assets	5.1	146,269,405	172,558,300
Right-of-use assets	5.2	194,099,697	225,017,100
Capital work-in-progress - advance against capex	5.3	778,871	1,611,934
		341,147,973	399,187,334

	2021				
	Lease hold improvement	Furniture and fixtures	Office equipment	Vehicles	Total
	----- Rupees -----				
5.1 Operating fixed assets					
At January 01, 2021					
Cost / revalued amount	133,230,064	41,042,313	151,115,263	57,959,368	383,347,008
Revaluation	-	-	-	-	-
Accumulated depreciation	(24,979,901)	(27,058,149)	(124,831,426)	(33,919,232)	(210,788,708)
Net book value	108,250,163	13,984,164	26,283,837	24,040,136	172,558,300
Year ended December 31, 2021					
Opening net book value	108,250,163	13,984,164	26,283,837	24,040,136	172,558,300
Revaluation	-	-	-	-	-
Additions	-	3,247,999	4,788,973	10,008,750	18,045,722
Disposals	-	(538,269)	(43,202)	(8,753,832)	(9,335,303)
Depreciation charge for the year	(13,023,917)	(1,880,139)	(13,223,200)	(6,872,058)	(34,999,314)
Closing net book value	95,226,246	14,813,755	17,806,408	18,422,996	146,269,405
At December 31, 2021					
Cost / revalued amount	133,230,064	43,752,043	155,861,034	59,214,286	392,057,427
Accumulated depreciation	(38,003,818)	(28,938,288)	(138,054,626)	(40,791,290)	(245,788,022)
Net book value	95,226,246	14,813,755	17,806,408	18,422,996	146,269,405
Depreciation rate % per annum	10%	10%	25%	20%	

	2020				
	Lease hold improvement	Furniture and fixtures	Office equipment	Vehicles	Total
----- Rupees -----					
At January 01, 2020					
Cost / revalued amount	130,466,248	41,042,313	149,431,648	69,242,536	390,182,745
Revaluation	-	-	-	-	-
Accumulated depreciation	(12,209,334)	(25,254,381)	(111,099,880)	(26,094,318)	(174,657,913)
Net book value	<u>118,256,914</u>	<u>15,787,932</u>	<u>38,331,768</u>	<u>43,148,218</u>	<u>215,524,830</u>
Year ended December 31, 2020					
Opening net book value	118,256,914	15,787,932	38,331,768	43,148,218	215,524,832
Revaluation	-	-	-	-	-
Additions	2,763,816	-	1,811,924	-	4,575,740
Disposals	-	-	(128,309)	(11,283,168)	(11,411,477)
Depreciation charge for the year	(12,770,567)	(1,803,768)	(13,731,546)	(7,824,914)	(36,130,796)
Closing net book value	<u>108,250,163</u>	<u>13,984,164</u>	<u>26,283,837</u>	<u>24,040,136</u>	<u>172,558,300</u>
At December 31, 2020					
Cost / revalued amount	133,230,064	41,042,313	151,115,263	57,959,368	383,347,008
Accumulated depreciation	(24,979,901)	(27,058,149)	(124,831,426)	(33,919,232)	(210,788,709)
Net book value	<u>108,250,163</u>	<u>13,984,164</u>	<u>26,283,837</u>	<u>24,040,136</u>	<u>172,558,300</u>
Depreciation rate % per annum	<u>10%</u>	<u>10%</u>	<u>25%</u>	<u>20%</u>	

5.1.1 Details of operating fixed assets disposed of:

	Cost / revalued	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of buyer
----- Rupees -----							
<i>Vehicles</i>							
1 Honda City	1,929,410	747,646	1,181,764	2,415,000	1,233,236	Third party via bid	Syed Najaf Hussain Jaffri
2 Wagon R VXL	1,089,690	640,193	449,497	1,250,000	800,503	Third party via bid	Parvaiz Siddique Masih
3 Honda Civic	2,423,960	1,605,874	818,086	2,925,000	2,106,914	Third party via bid	Wasim Nazar Ali
4 Honda Civic	2,423,960	1,636,173	787,787	2,925,000	2,137,213	Third party via bid	Muneer Associates
5 Toyota Corolla Gli	1,886,629	1,297,055	589,574	2,400,000	1,810,426	Third party via bid	Syed Ali Abbas
6 Mercedes Benz	7,870,470	5,115,806	2,754,664	8,900,000	6,145,336	Third party via bid	Victory Cars, Lahore
7 Honda City	1,932,660	1,111,280	821,380	2,300,000	1,478,620	Third party via bid	Noman Usman
8 Honda City	2,219,321	868,241	1,351,080	2,175,000	823,920	Third party via bid	Syed Anwar Ali
9 Furniture and Fixtures	745,923	207,654	538,269	132,400	(405,869)	Third party via bid	Tip top dry cleaner
10 Items having Book Values of Less than Rs.500,000 each*	1,881,312	1,838,110	43,202	222,000	178,798	Third party via bid	Others
As at December 31, 2021	<u>24,403,335</u>	<u>15,068,032</u>	<u>9,335,303</u>	<u>25,644,400</u>	<u>16,309,097</u>		
As at December 31, 2020	<u>17,882,859</u>	<u>6,471,382</u>	<u>11,411,477</u>	<u>19,603,396</u>	<u>8,191,919</u>		

* Includes Disposals of all other class of operating fixed assets.

5.1.2 The cost of fully depreciated assets as at December 31, 2021 is Rs.38.659 (2020: Rs.36.629) million.

	2021	2020
	----- Rupees -----	
5.2 Right-of-use assets		
As at January 01	225,017,100	259,248,828
Modification of lease	2,930,310	-
Depreciation expense	(33,847,713)	(34,231,728)
As at December 31	<u>194,099,697</u>	<u>225,017,100</u>
5.3 Advance against Capital Work in Progress		
Opening Balance	1,611,934	1,313,212
Additions	21,412,606	6,764,382
Transfers	(22,245,669)	(6,465,660)
Closing Balance	<u>778,871</u>	<u>1,611,934</u>
	2021	2020
	----- Rupees -----	
6. INTANGIBLE ASSETS		
At January 01		
Cost	58,718,633	56,828,713
Accumulated amortization	(46,482,794)	(41,504,872)
Net book value	<u>12,235,839</u>	<u>15,323,841</u>
Year ended December 31		
Opening net book value	12,235,839	15,323,841
Additions during the year	4,199,947	1,889,920
Amortization for the year	(5,441,776)	(4,977,922)
Closing net book value	<u>10,994,010</u>	<u>12,235,839</u>
At December 31		
Cost	62,918,580	58,718,633
Accumulated amortization	(51,924,570)	(46,482,794)
Net book value	<u>10,994,010</u>	<u>12,235,839</u>
Amortization rate % per annum	<u>20%</u>	<u>20%</u>

	Note	2021 ----- Rupees -----	2020
7. LONG-TERM LOANS AND PREPAYMENTS - CONSIDERED GOOD			
Loans to employees	7.1	419,913	1,177,630
Less: Current portion	9	(343,636)	(696,502)
		76,277	481,128
Long term prepayment	7.2	3,935,342	3,935,342
Less: Amortisation		(2,163,668)	(1,770,134)
Less: Current portion		(393,534)	(393,534)
		1,378,140	1,771,674
		1,454,417	2,252,802

7.1 These represent loans given to employees for purchase of motor vehicles loans and staff personal loans. These loans are recovered through deduction from salaries over varying periods from four to fifteen years. These loans are granted in accordance with the terms of employment. The motor vehicle loans are secured by way of title to the motor vehicles being held in the name of the Company and house loans are secured by way of equitable mortgage. Motor vehicle loans, house loans and staff personal loan carry mark-up at rates ranging from 3.58% to 8.17% (2020: 5.15% to 13.74%) per annum. The Company has not discounted these loans at market interest rates as the effect of such discounting is not material to these financial statements.

During the year, the company has introduced a new policy of house loan in which the company reimburses mark up on house loans over and above KIBOR rate not exceeding the cap of 2%.

The maximum aggregate amount due from employees outstanding at the end of any month during the year was Rs.0.43 (2020: Rs.1.17) million.

7.2 This represents payment made in respect of club membership fee for ten years to Karachi Boat Club.

8. BALANCES DUE FROM FUNDS UNDER MANAGEMENT - RELATED PARTIES

8.1 Balances due from funds under management

	2021	2020
	----- Rupees -----	
Open end Funds (note 8.2)		
JS Value Fund	14,349,827	15,534,089
JS Growth Fund	37,888,132	37,295,467
JS Large Cap Fund	11,861,856	12,042,332
Unit Trust of Pakistan	17,181,228	17,333,925
JS Income Fund	5,214,940	5,510,284
JS Islamic Fund	6,109,768	6,357,504
JS Fund of Funds	536,215	518,302
JS Pension Savings Fund	3,587,936	3,600,240
JS Islamic Pension Savings Fund	1,915,593	1,952,563
JS Islamic Income Fund	1,478,388	1,509,513
JS Cash Fund	4,391,018	7,143,377
JS Islamic Hybrid Fund of Funds	2,682	-
JS Islamic Dedicated Equity Fund	365,048	100,769
JS Islamic Hybrid Fund of Funds - 3	14,562	102,684
JS Motion Picture Fund	81,087	368,738
JS Islamic Daily Dividend Fund	179,074	131,367
	105,157,354	109,501,155

8.2 Balances due from funds under management primarily represent accrual of management fee, sales tax and federal excise duty. Management fee is received within next month from the date of accrual.

9. LOANS AND ADVANCES - CONSIDERED GOOD

	Note	2021	2020
		----- Rupees -----	
Current portion of long-term loans to employees	7	343,636	696,502
Unsecured advances to			
- employees		2,231,362	2,938,758
- suppliers		683,501	175,001
		2,914,863	3,113,759
		3,258,499	3,810,261

10. TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND OTHER RECEIVABLES

Sindh Sales Tax on rent & other receivable from related parties	10.1	32,574,180	40,029,929
Deposits		4,548,956	4,228,956
Prepayments		12,871,063	8,692,175
Others		6,962,212	3,659,035
		56,956,411	56,610,095
Provision against other receivable from related parties	10.2	(296,353)	-
		56,660,058	56,610,095

10.1 This represents balances due from related parties on account of rent and other expenses incurred on their behalf. It also includes Rs.3.087 (2020: Rs.3.236) million of expenses incurred on the formation cost on behalf of funds under management.

10.2 Movement in provision against other receivable

	2021	2020
	----- Rupees -----	----- Rupees -----
Opening balance	-	-
Provision made during the year	296,353	-
Closing balance	296,353	-

11. OTHER FINANCIAL ASSETS - INVESTMENTS

	2021	2020
	----- Rupees -----	----- Rupees -----
Investments by category		
At fair value through profit or loss'		
Units of mutual funds - related parties	11.1 1,227,102,015	1,460,292,142
Unlisted debt security - Term Finance Certificate [25,000 certificates (2020: 25,000 certificates)]	11.2 125,000,000	125,000,000
	1,352,102,015	1,585,292,142
	1,352,102,015	1,585,292,142

11.1 Units of mutual funds - 'At fair value through profit or loss' (related parties)

Number of units			2021		2020
2021	2020		Average cost	Fair value	Fair value
			----- Rupees -----		
461,361	456,110	JS Income Fund (note 11.1.1)	44,017,642	46,362,212	45,150,314
-	382,292	JS Islamic Income Fund	-	-	40,435,029
419,093	-	JS Cash Fund	44,172,670	44,633,403	-
-	3,305	JSIHFOF - Mustahkem	-	-	217,563
-	76,142	JSIHFOF - Mufeed	-	-	3,659,391
61,443	49,068	JSIHFOF - Mutanasib	4,465,652	3,182,770	3,698,234
1,000,000	1,000,000	JS Motion Picture Fund	97,700,000	21,520,000	97,700,000
-	1,343,094	JS Value Fund	-	-	286,643,090
3,175,696	1,937,116	JS Growth Fund (note 11.1.1)	581,077,183	527,229,067	348,448,361
205,210	205,210	JS Pension Savings Fund - Equity	98,131,485	93,957,510	98,131,485
137,349	137,349	JS Pension Savings Fund - Debt	41,339,299	44,453,001	41,339,299
177,463	177,463	JS Pension Savings Fund - Money Market	43,073,920	46,257,614	43,073,920
3,373,965	2,822,294	JS Fund of Funds	214,359,670	199,603,765	179,582,560
147,900	182,354	JS Islamic Pension Savings Fund - Equity	97,301,913	94,130,938	119,968,655
213,852	213,852	JS Islamic Pension Savings Fund - Debt	51,942,438	55,635,657	51,942,438
222,303	222,303	JS Islamic Pension Savings Fund - Money Market	47,159,436	50,136,078	47,159,436
-	407,754	JS Islamic Daily Dividend Fund	-	-	40,775,361
-	123,571	JS Islamic Fund	-	-	12,367,005
			1,364,741,308	1,227,102,015	1,460,292,142
		Unrealised gain on remeasurement at fair value - net	(137,639,293)	-	-
			1,227,102,015	1,227,102,015	1,460,292,142

11.1.1 450,000 units of JS Income Fund and 285,000 units of JS Growth Fund are pledged with JS Bank Ltd. against the Refinance Scheme for payment of Wages & Salaries to the Workers and Employees of Business Concerns issued by SBP under Covid-19 relief package through its circular IH&SMEFD Circular No. 07 dated April 10, 2020.

11.2 Investment in Debt Security - Term Finance Certificate

This represents investment in AA rated, unsecured, subordinated, perpetual and non-cumulative term finance certificate of Bank AL Habib Limited, having face value of Rs.5,000 per certificate and carries profit at the rate of 6 Months KIBOR + 1.50% per annum.

12. CASH AND BANK BALANCES	Note	2021 ----- Rupees -----	2020
Cash in hand		100,124	75,302
Cash at bank in:			
Current accounts		569,933	1,168,596
Saving accounts	12.1	25,475,223	8,189,536
		26,045,156	9,358,132
		26,145,280	9,433,434

12.1 These carry mark-up at the rates ranging from 5.50% to 8.75% (2020: 5.50% to 13.70%) per annum. It includes Rs. 23.694 (2020: Rs. 6.563) million held with JS Bank Limited (the Parent Company).

13. SHARE CAPITAL

2021 ----- Shares -----	2020		2021 ----- Rupees -----	2020
Authorised capital				
200,000,000	200,000,000	Ordinary shares of Rs.10 each	2,000,000,000	2,000,000,000
		Convertible preference		
50,000,000	50,000,000	shares of Rs.10 each	500,000,000	500,000,000
250,000,000	250,000,000		2,500,000,000	2,500,000,000
Issued, subscribed and paid-up capital				
		Ordinary shares of Rs.10 each		
21,250,000	21,250,000	issued as fully paid in cash	212,500,000	212,500,000
		Fully paid ordinary shares		
		of Rs.10 each issued on		
700,000	700,000	amalgamation with Confidence	7,000,000	7,000,000
		Financial Services Limited		
		Ordinary shares of Rs.10 each		
78,050,000	78,050,000	issued as fully paid bonus shares	780,500,000	780,500,000
		Shares repurchased (2015: 19.8		
(38,225,744)	(38,225,744)	million and 2019: 18.4 million)	(382,257,440)	(382,257,440)
61,774,256	61,774,256		617,742,560	617,742,560

13.1 As at year end, JS Bank Limited, the Parent Company, holds 52,236,978 (2020: 52,236,978) shares in the Company.

13.2 There is only one class of ordinary shares issued.

13.3 Voting rights, board selection, right of first refusal and block voting are in proportion to their shareholding.

	2021	2020
Note	----- (Rupees) -----	
14. DEFERRED LIABILITIES		
Government Grant	14.1	- 1,301,172
14.1 Movement of Government grant		
Opening balance	1,301,172	-
Received during the year	-	4,604,021
Closing balance	<u>1,301,172</u>	<u>4,604,021</u>
Current Portion of Government Grant	14.2	1,301,172 3,302,849
Long - term Portion of Government Grant		- 1,301,172
		<u>1,301,172</u> <u>4,604,021</u>

14.2 The Government grant has been recorded against subsidized rate loan obtained to a refinance scheme introduced by State Bank of Pakistan to provide working capital loan at concessional mark-up rates for businesses to finance salary expense during the COVID-19 outbreak. The grant is conditional upon the fact that the Company would not terminate any employee, due / owing to cash flow limitations, for a period of three months from the date of receipt of the first tranche.

	2021	2020
	----- (Rupees) -----	
15. LONG-TERM FINANCING		
- Salaries and Wages		
Long-term financing	-	38,999,575
Current maturity	38,778,533	36,582,363
	15.1	<u>75,581,938</u>

15.1 In prior year, the Company availed salary refinance facility from JS Bank under the State Bank of Pakistan's (SBP) "Refinance scheme for payment of wages and salaries to the workers and employees of Business concern" due to coronavirus pandemic for a period of two years and six months (inclusive of grace period of six months). In prior year, the Company obtained the loan in two tranches in August 2020 and October 2020. This facility is secured by pledge of JS Income fund and JS Growth fund. This facility carries mark-up at concessional rate of 3% per annum. Principal amount is payable in 8 equal quarterly installment and repayment of financing has been started from January 2021.

16. DEFERRED TAXATION

Net deferred tax asset to the extent of Rs. 173.684 (2020: Rs. 138.922) million on accumulated losses of Rs. 598.910 (2020: Rs. 479.039) million has not been recognized in these financial statements as the management of the Company is of the view that it is not probable that sufficient taxable profits will be available in the foreseeable future against which deductible temporary differences, unused tax losses and unused tax credits can be utilised.

17. LEASE LIABILITIES

	2021	2020
	----- Rupees -----	
Lease liabilities as on 01 January	282,124,167	311,662,164
Effect of lease modification	214,516	-
Additions during the year	8,557,200	-
Interest expense	30,274,605	33,970,978
Disposals during the year	(4,312,897)	(8,796,397)
Rental payments	(48,052,132)	(54,712,578)
Lease liabilities as on 31 December	268,805,459	282,124,167
Less: Current portion of lease liabilities	(33,619,784)	(21,974,117)
Non Current portion of lease liabilities	235,185,675	260,150,050

17.1 Lease liabilities are payable as follows:

	2021		
	Minimum Lease Payments (MLP)	Future Finance Cost	Present Value of MLP
Not later than one year	92,823,242	27,011,405	65,811,837
Later than one year and not later than 5 years	273,100,129	70,106,507	202,993,622
	<u>365,923,371</u>	<u>97,117,912</u>	268,805,459
Less: Current portion			(33,619,784)
			<u>235,185,675</u>

17.2 The liability against assets subject to finance lease represents the lease entered into with a Modaraba for 13 different vehicles (2020: 22 vehicle). The periodic lease payments include profit rates ranging from KIBOR 3M to 6M plus 1% to 1.5% with floor of 7% to 7.5% and ceiling of 20% (2020: KIBOR 3M to 6M plus 1% to 1.5% with floor of 7% to 7.5% and ceiling of 20%) per annum. The Company, shall subject to compliance with the conditions specified in the lease agreements, purchase the assets from the lessor. There are no financial restrictions in the lease agreements.

18. ACCRUED AND OTHER LIABILITIES	Note	2021	2020
		----- Rupees -----	
Federal excise duty payable	18.1	92,244,587	92,244,587
Sales tax payable		18,365,338	17,862,834
Staff bonus accrued		16,901,259	17,000,002
Accrued expenses		15,326,094	13,657,586
Provision for Sindh Workers' Welfare Fund	18.2	11,286,114	10,839,562
Salary payable		2,047,965	2,684,798
Fee and commission payable		1,868,828	2,000,340
Term finance - salaries and wages		1,301,172	3,302,850
Payable to Provident Fund		-	11,877
Other liabilities		8,542,671	6,507,952
		167,884,028	166,112,387

- 18.1** This represents amount payable against Federal Excise Duty (FED) on management fees received / receivable from the Funds under management. The amount is being held for payment to Federal Board of Revenue on the basis of stay order of the Honorable High Court of Sindh dated September 04, 2013. The stay order was granted as a result of petition filed by asset management companies on the forum of MUFAP against the amendment in Finance Act, 2013 which levied FED on the fees received by asset management companies from funds under management.

The Honorable Sindh High Court in its decision dated July 16, 2016 maintained the previous order passed against other constitutional petition whereby levy of FED is declared to be 'Ultra Vires' the Constitution. On September 23, 2016, the Federal Government has filed an appeal against the said order in the Honorable Supreme Court of Pakistan (SCP) and thus, the previous balance of FED has not been reversed.

Further, the Federal Government vide Finance Act, 2016 has excluded asset management companies and other non-banking finance companies from charge of FED on their services. Accordingly, no provision for FED is made from July 01, 2016 onwards.

- 18.2** In view of promulgation of Sindh Workers Welfare Fund Act, 2014, wherein the financial institutions have also been brought into definition of Industrial establishments, the Company has maintained an aggregated provision against Sindh Workers Welfare Fund as the year end amounting to Rs.11.286 (2020: Rs.10.839) million. The Company is under litigation with Sindh Revenue Board vide Constitution Petition No. 1005 dated February 13, 2019, filed before the Honorable Sindh High Court, which is a pending adjudication.

19. CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

- 19.1.1** In respect of the appeals filed by the Company before Commissioner Inland Revenue (Appeals) [CIR (Appeals)] against orders passed for tax years 2006 and 2009 against demand of Rs. 162 million and Rs. 66 million respectively, the CIR (Appeals) had not accepted the basis of additions by tax authorities and set aside both the orders in respect of allocation of expenses between various sources of income for fresh proceedings with the directions to apportion the common expenditure according to actual incurrence of expenditure to the various sources of income.

In respect of the above said order of CIR (Appeals) for tax years 2006 and 2009, the Company filed second appeal before the Appellate Tribunal Inland Revenue (ATIR) in respect of apportionment of expenses. The ATIR vide order dated April 20, 2017 deleted the additions on proration of expenses for tax year 2006 however, confirmed the CIR(A)'s order whereby CIR(A) remanded back / set-aside the issue of apportionment of expenses.

The Appellate Tribunal Inland Revenue vide order dated May 21, 2016 deleted the additions of tax amortization of management rights and remanded back the issues of disallowed provisions and advertisement expenses for the tax year 2009.

The tax authorities issued orders giving effect (hereinafter referred collectively as 'appeal effect orders') to the order of CIR (Appeals) for both tax years 2006 and 2009 whereby demands for these tax years were reduced to Rs. 77.33 million and Rs. 59.93 million respectively. As the allocation of expenditure in the said appeal effect orders was not made according to actual incurrence of expenditure to the various sources of income, therefore, the Company again filed appeals before the CIR (Appeals) against the said orders.

In respect of second round of appeal filed by the Company before CIR (Appeals) against appeal effect orders for tax years 2006 and 2009, the CIR (Appeals) for tax year 2006 confirmed apportionment of expenditure made by the tax authorities in appeal effect order, however, adjustment of allowable expenses were set aside. For the tax year 2009, CIR (Appeals) had set aside the appeal effect order in entirety for fresh assessment, which is yet to be made by tax authorities.

The CIR (Appeals) also rectified the order passed by his predecessor for the tax year 2006, whereby the addition regarding the portion of capital gain included in dividend received from mutual funds was held deleted. Resulted appeal effect order reflects refund of Rs.29 million. The tax authorities have filed an appeal before ATIR against said order of CIR (Appeals) in respect of deletion of addition regarding the portion of capital gain included in dividend. The ATIR vide order dated December 07, 2016 set-aside with the direction that the ACIR should examine the issue in the light of FBR Circular letter dated September 10, 2002.

In respect of tax year 2006, management contends, based on views of its tax advisor, that amendment of assessment for such tax year by tax authorities is time barred. Accordingly, the Company has filed an appeal before the Appellate Tribunal Inland Revenue. The ATIR is of the view that the amendment of assessment is not time bared however, the ATIR deleted the addition of tax amortization of management right vide order dated February 10, 2017.

- 19.1.2** Order under section 122(1)/(5) dated December 30, 2017 for the tax year 2015 passed by the DCIR created demand of Rs.40 million against which the Company has filed an appeal before the CIR(A). The DCIR considered our request for rectification and passed order under section 221 dated February 27, 2017 as a result of the above order the demand reduced to Rs.36.904 million. The CIR(A) vide order dated May 6, 2019 partly considered our submissions put before him. The DCIR passed appeal effect order dated February 17, 2020 determined refund of Rs 30.66 million. The company submitted appeal before the CIR (Appeal) against the appeal effect order. The Company also submitted appeal before the ATIR against the order of the CIR(A).

The DCIR passed order under section 122(1)/(5) of the Income Tax Ordinance, 2001 dated June 23, 2014 and reduced the refund claim of Rs.8.499 million to Rs.3.102 million for the tax year 2012. The learned CIR (Appeal) vide order dated May 06, 2019 confirmed the ACIR's order and held that the appeal was not entertainable being barred by time limitation for the tax year 2012. The Company submitted appeal before the ATIR against the order of the CIR(A).

19.2 Commitments in respect of:	2021	2020
	----- Rupees -----	
Use of name and advisory payment - a related party	15,000,000	15,000,000

**20. REMUNERATION FROM FUNDS
UNDER MANAGEMENT - NET**

Open end Funds

	2021	2020
	----- Rupees -----	
JS Value Fund	11,292,335	12,610,815
JS Growth Fund	52,375,396	41,940,205
Unit Trust of Pakistan	24,557,309	22,789,786
JS Income Fund	24,689,180	21,028,855
JS Islamic Fund	10,792,322	10,527,977
JS Fund of Funds	145,866	63,636
JS Islamic Hybrid Fund of Funds	123,410	1,441,129
JS Islamic Hybrid Fund of Funds - 2	-	22,795,413
JS Pension Savings Fund	6,296,600	5,576,329
JS Islamic Pension Savings Fund	3,304,705	3,076,461
JS Cash Fund	18,051,790	19,747,303
JS Islamic Income Fund	6,224,308	4,346,153
JS Islamic Dedicated Equity Fund	2,823,731	13,520,260
JS Large Cap Fund	10,803,939	9,513,124
JS Islamic Hybrid Fund of Funds - 3	762,416	4,013,375
JS Motion Picture Fund	1,257,508	2,245,303
JS Islamic Daily Dividend Fund	1,454,507	225,356
	174,955,322	195,461,479
	174,955,322	195,461,479
Less: Sindh sales tax	(20,127,603)	(22,486,719)
	154,827,719	172,974,760

20.1 Under the provisions of the NBFC Regulations and the NBFC Rules, the management company of the Fund is entitled to an accrued remuneration at the maximum rate of management fee chargeable to Collective Investment Scheme within allowed expense ratio limit. An Asset Management Company shall be entitled to an accrued remuneration that has been verified by the trustee and is paid in arrears. During the year ended December 31, 2021 the Company has charged management fee at the rates ranging from 0.00% to 2.00% (2020: 0.00% to 2.00%).

20.2 Total net asset value of the Funds under management (excluding discretionary client portfolios) as at December 31, 2021 amounts to Rs.23.686 (2020: Rs.24.002) billion.

21. COMMISSION FROM OPEN END FUNDS UNDER MANAGEMENT	Note	2021 ----- Rupees -----	2020 ----- Rupees -----
Unit Trust of Pakistan		14,752	27,175
JS Islamic Fund		89,058	65,380
JS Fund of Funds		48,511	444
JS Value Fund		35,800	9,651
JS Growth Fund		9,188	319,792
JS Islamic Income Fund		89,021	211,151
JS Income Fund		70,276	14,517
JS Pension Savings Fund		47,710	24,412
JS Islamic Pension Savings Fund		-	3,390
JS Cash Fund		41,373	695,156
JS Large Cap Fund		19,563	162,230
JS Islamic Hybrid Fund of Funds - 3		-	2,561,364
JS Islamic Hybrid Fund of Funds		-	1,476
	21.1	465,252	4,096,138

21.1 This represents gross commission income earned by the Company on account of sale of units made on behalf of the funds under management.

22. DIVIDEND INCOME	2021 ----- Rupees -----	2020 ----- Rupees -----
'At fair value through profit or loss - held-for-trading' - Funds under Management		
JS Income Fund	4,714,357	-
JS Cash Fund	35,198	61,415
JS Islamic Hybrid Fund of Fund	2,161,415	-
JS Motion Picture Fund	-	30,000
JS Fund of Funds	-	3,002,848
JS Growth Fund	-	11,423,404
JS Value Fund	-	238,671
JS Islamic Daily Dividend Fund	1,288,569	888,079
	8,199,539	15,644,418

23. REMUNERATION AND SHARE OF PROFIT FROM MANAGEMENT OF DISCRETIONARY CLIENT PORTFOLIOS AND NON DISCRETIONARY CLIENT PORTFOLIO

This represents commission income and share of profit earned by the Company from management of discretionary portfolios and non-discretionary portfolio. Currently, the Company is managing Nine (2020: Eleven) discretionary and One (2020: One) non-discretionary portfolios. The total cost and total market value of the unsettled client portfolios as at December 31, 2021 was Rs.657.173 (2020: Rs.1,813.769) million and Rs.630.053 (2020: Rs.1,822.239) million respectively.

	Note	2021 ----- Rupees -----	2020 ----- Rupees -----
24. ADMINISTRATIVE EXPENSES			
Salaries and benefits	24.2	108,590,338	104,750,962
Directors' fee		800,000	900,000
Staff retirement benefits	24.3	6,641,948	6,578,254
Staff bonus		16,901,256	17,000,000
Amortisation of intangible assets	6	5,441,776	4,977,922
Depreciation on property and equipments	5.1	34,999,314	36,130,796
Depreciation on right of use assets	5.2	33,847,713	34,231,728
Printing and stationery		2,617,921	2,346,084
Rent, rates, taxes and maintenance		4,982,387	4,206,157
Travelling, conveyance and vehicle maintenance		14,144,096	10,613,202
Share registrar / transfer agent remuneration		885,004	455,000
Postage and telephone		1,907,847	2,168,867
Legal and professional		18,893,413	16,430,427
Fees and subscription		11,486,882	9,197,029
IT services		23,077,142	18,200,815
Utilities		7,969,414	6,498,068
Office security		1,097,158	771,271
Insurance		8,434,118	7,713,598
Newspaper		32,542	49,386
Royalty Fees	24.4	15,000,000	15,000,000
Shariah advisory fee	24.5	102,076	73,774
Auditors' remuneration	24.6	1,819,530	1,912,680
Training and development		1,000,683	162,996
Miscellaneous expenses		5,788,965	3,282,626
Provision against other receivable from related parties	10.2	296,353	-
		<u>326,757,876</u>	<u>303,651,642</u>

	2021 ----- Rupees -----	2020 ----- Rupees -----
24.1 Number of employees at the end of the year	<u>90</u>	<u>97</u>
Average number of employees during the year	<u>97</u>	<u>100</u>

24.2 Salaries and benefits include reimbursement amount from funds under management amounting to Rs. 5.820 million (2020 : 8.843) and charged @ 0.1% on certain funds.

24.3 Based on un-audited financial statements of the Fund, the investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the Rules formulated for this purpose.

24.4 This represents the "Use of Name" on account of use of "JS" as a part of Company's name and "Advisory" fees paid to Mr. Jahangir Siddiqui (associated person) under two separate agreements dated August 01, 2006. His current address is House no. D-185, Clifton, Karachi.

24.5 This represents shariah advisory payment being made for consultation for JS Islamic Pension Savings Fund, JS Islamic Fund, JS Islamic Income Fund, JS Islamic Hybrid Fund of Funds series, JS Islamic Daily Dividend Fund and JS Islamic Dedicated Equity Fund.

	2021	2020
	----- Rupees -----	
24.6 Auditors' remuneration		
Annual audit fee	1,100,000	1,100,000
Audit fee for consolidation	-	75,000
Fee for review of the statement of compliance on Code of Corporate Governance	75,000	75,000
Fee for review of half yearly financial statements	290,000	290,000
	<u>1,465,000</u>	<u>1,540,000</u>
Out of pocket expenses	219,750	231,000
Sindh sales tax	134,780	141,680
	<u>1,819,530</u>	<u>1,912,680</u>

	2021	2020
	----- Rupees -----	

25. SELLING AND DISTRIBUTION EXPENSES

	Note	2021	2020
		----- Rupees -----	
Salaries and benefits	25.1	42,863,908	45,697,220
Staff retirement benefits	24.3	2,065,180	2,196,533
Utilities		2,255,393	1,967,977
Postage and telephone		575,401	677,790
Office security		464,691	763,554
Printing and stationery		176,746	97,322
Rent, rates, taxes and maintenance		8,915,740	7,931,715
IT services		4,064,576	4,086,720
Travelling, conveyance and vehicle maintenance		234,903	1,897,354
Fees and commission		5,159,830	15,482,275
Advertisement, selling and marketing expense		8,539,376	3,760,373
Miscellaneous expenses		729,314	480,294
		<u>76,045,058</u>	<u>85,039,126</u>
Less: Reimbursement of selling and distribution expenses	25.2	<u>(70,974,276)</u>	<u>(52,233,344)</u>
		<u>5,070,782</u>	<u>32,805,782</u>

25.1 Salaries and benefits include reimbursement amount from funds under management amounting to Rs. 1.870 million (2020 : 3.301) and charged @ 0.1% on certain funds.

25.2 As per circular 11/2019 dated July 05, 2019 of SECP, that superseded Circular No. 40 of 2016, Circular No. 05, of 2017 and Circular No. 05, of 2018. In this circular, selling and marketing expenses are allowed to be charged on all categories of open ended mutual funds managed by the Asset Management Company except for Fund of Funds. These expenses are counted in the Total Expense Ratio Cap of the Fund.

	Note	2021 ----- Rupees -----	2020
26. FINANCIAL CHARGES			
Bank charges		256,101	113,106
Interest expenses on Term Finance (Wages & Salaries)		1,661,692	918,026
Financial charges for utilization of running finance facility from JSBL		2,207,695	-
Financial charges against lease liability		30,274,605	33,970,978
		<u>34,400,093</u>	<u>35,002,110</u>
27. OTHER INCOME			
Income from financial assets			
Mark-up on loans to employees		38,338	83,248
Liabilities no longer required written back		5,812,802	6,545,975
Income from non-financial assets			
Gain on disposal of property and equipment	5.1.1	16,309,097	8,191,921
Gain on termination of lease		2,266,125	-
Others		217,468	-
		<u>24,643,830</u>	<u>14,821,145</u>
28. TAXATION - Net			
Current		<u>11,340,313</u>	16,808,691
		<u>11,340,313</u>	<u>16,808,691</u>

28.1 The Company computes tax provisions based on the generally accepted interpretations of the tax laws to ensure that sufficient provision for the purpose of taxation is available. Accordingly, the management of the Company has assessed the sufficiency of the tax provisions and believes that the tax provisions are sufficient to reflect the actual tax liability of the Company.

28.2 The income tax assessments of the Company have been finalized up to and including the assessment year 2002-2003 (financial year ended June 30, 2002). The income tax assessments for the tax years 2003 to 2005, 2007, 2008 and 2010 to 2021 have been filed under self assessment scheme and are deemed to be finalized under section 120 of the Income Tax Ordinance, 2001. The details of tax years 2006 and 2009 have been described in note 18.1 above.

28.3 The numerical reconciliation is not provided as the tax charge of the Company mainly comprises of minimum tax and tax at reduced rates under the relevant sections of Income Tax Ordinance, 2001.

29. LOSS PER SHARE - Basic and diluted

Loss for the year after taxation	<u>(300,075,584)</u>	<u>(39,801,000)</u>
	----- Number of shares -----	
Weighted average number of ordinary shares outstanding during the year	<u>61,774,256</u>	<u>61,774,256</u>
Loss per share (Rupees)	<u>(4.86)</u>	<u>(0.64)</u>

29.1 Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at December 31, 2021 and December 31, 2020 which would have any effect on the earnings per share if the option to convert is exercised.

30. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements in respect of the remuneration, including benefits to the Chief Executive Officer, directors and executives of the Company are as follows:

	Chief Executive Officer		Executives	
	2021	2020	2021	2020
	----- Rupees -----			
Managerial remuneration	20,090,908	18,545,460	68,397,433	77,544,756
Bonus paid	-	4,000,000	8,750,562	9,152,966
Retirement benefits	1,472,663	1,359,384	4,484,794	4,716,613
Medical allowance	2,009,092	1,854,540	6,839,731	7,754,452
Other benefits & reimbursements	508,701	29,256	5,268,177	5,051,610
	<u>24,081,364</u>	<u>25,788,640</u>	<u>93,740,697</u>	<u>104,220,398</u>
Number of persons	<u>2</u>	<u>1</u>	<u>23</u>	<u>23</u>

30.1 These represent executives as prescribed under the Companies Act, 2017.

30.2 During the period, Ms. Iffat Zehra Mankani appointed as Chief Executive Officer in place of outgoing CEO Mr. Hasnain Raza Nensey.

30.3 The Chief Executive Officer of the Company is provided with free use of company owned and maintained vehicle during the year.

30.4 The Company may provide performance bonus to the Chief Executive Officer and executives. The individual entitlements are being reported on paid basis.

30.5 In addition, meeting fees amounting to Rs.800,000 (2020: Rs.900,000) was paid to two non-executive directors for meetings attended during the year (2020: three non-executive directors). The non-executive directors are not entitled to any remuneration except meeting fees.

30.6 The number of persons does not include those who resigned during the year but remuneration paid to them is included in the above amounts.

31. TRANSACTIONS AND OUTSTANDING BALANCES WITH RELATED PARTIES

Related parties comprise of JS Bank Limited (parent company), Jahangir Siddiqui & Co. Ltd. (ultimate parent company), JS Global Capital Limited, funds under management and other companies with common directorship, staff provident fund and key management employees. Contributions to the accounts in respect of staff retirement benefits are made in accordance with terms of the contribution plans. Remuneration of the key management personnel is in accordance with the terms of their employment. Other transactions are carried out as per the agreed terms. Transactions and balances with related parties are summarised below:

	2021	2020
	----- Rupees -----	
31.1 Transactions during the year		
31.1.1 Funds under management		
Remuneration - net of taxes	154,827,719	172,974,760
Commission received	465,252	4,096,138
Investments made	1,972,704,001	268,919,192
Investments disposed off / matured	2,079,330,844	546,496,451
Expenses incurred on behalf of funds	84,408,925	67,871,605
Expenses reimbured from funds	84,781,228	67,860,813
Dividend received	8,199,539	15,644,418
	2021	2020
	----- Rupees -----	
31.1.2 Jahangir Siddiqui & Co. Ltd. (JSCL)		
Basis of relationship - Ultimate parent company		
Percentage of shareholding - JSCL holds 75.02% shares of JS Bank Limited (JSBL)		
Rent Paid	375,000	225,000
Reimbursement of annual subscription fee paid by JSCL to World Economic Forum on behalf of the Company	8,319,375	2,397,000

2021 2020
----- Rupees -----

31.1.3 JS Bank Limited (JSBL)

Basis of relationship - Parent company

Percentage of shareholding - JSBL holds 84.56% shares of the Company

Rent paid	2,679,488	2,676,634
Management fee sharing on distribution of mutual funds	2,858,326	9,667,565
Return on bank deposits	1,835,887	3,224,053
Running Finance Facility Obtained	340,844,067	-
Running Finance Facility Settled	340,844,067	-
Amount paid against Refinance Scheme for Salaries and Wages	40,092,980	-
Amount received against Refinance Scheme for Salaries and Wages	-	80,185,959
Bank charges and Interest on Running Finance & Refinance Scheme	3,869,386	-

31.1.4 Associated company - Jahangir Siddiqui & Sons Limited (JSSONS)

Basis of relationship - Common directorship of the Group

Reimbursements of expenses by the company	558,385	101,780
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31.1.5 Associated company - JS Private Equity (JSPE)

Basis of relationship - Common Substantial Shareholder

Reimbursements of expenses by the company	-	720,197
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31.1.6 Associated company - Fakhr-e-Imdad Foundation (FIF)

Basis of relationship - common directorship of the Company

Reimbursements of expenses by the company	720,000	-
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31.1.7 Associated company - EFU General Insurance

Percentage of shareholding - JSCL holds 21.10%

Insurance premium paid	3,419,409	3,473,278
------------------------	------------------	-----------

	2021	2020
	----- Rupees -----	
31.1.8 Associated company - EFU Life Assurance		
Percentage of shareholding - JSCL holds 20.05%		
Insurance premium paid	1,979,292	1,728,866
31.1.9 Associated company - JS Investments Limited Staff Provident Fund (the Fund)		
Basis of relationship - Employee benefit plan		
Expenses paid on behalf of the company	377,435	299,797
Reimbursements of expenses by the company	63,980	299,797
Provident fund contributions made	8,707,128	8,774,787
31.1.10 Associated company - JS Global Capital Limited (JSGCL)		
Basis of relationship - JSBL holds 92.90% shares of JSGCL		
Rent paid	11,264,022	-
Expenses paid on behalf of the company	759,997	628,235
Reimbursements of expenses by the company	1,015,815	782,553
31.1.11 Common Substantial Shareholder - JS Lands (Private) Limited		
Basis of Relationship - Common Substantial Shareholder		
Rent paid	28,850,100	37,940,000
Miscellaneous expense paid	16,566,212	15,171,246
31.1.12 Common Directorship - Future Trust		
Basis of relationship - common directorship of the Company		
Amount paid under corporate social activity	10,000	-
31.1.13 Common Directorship - JS ABAMCO Commodities Limited		
Basis of relationship - wholly owned subsidiary		
(i) Merger with JS Investments Limited	37,500,000	-
Based on approvals received during the period JS ABAMCO Commodities Limited was merged into JS Investments Limited on March 31, 2021.		
(ii) Transfer upon merger of accumulated profit	29,536,455	-

2021 2020
----- Rupees -----

31.1.14 Transactions made with key personnel

Remuneration	100,467,195	112,120,461
Directors' fee	800,000	900,000
Disbursements of personal loans and advances	3,111,000	3,348,000
Repayments of loans and advances	4,170,030	2,994,084
Royalty and Advisory for the period	15,000,000	15,000,000

31.2 Balance outstanding with related parties

31.2.1 Funds under management

Basis of relationship - Funds managed by the Company

Receivable from funds under management	126,934,470	131,242,385
Payable to funds under management	2,317,092	337,601

31.2.2 Jahangir Siddiqui & Co. Ltd. (JSCL)

Basis of relationship - ultimate parent company

Percentage of shareholding - JSCL holds 75.02% shares of JS Bank Limited (JSBL)

Other Payables	75,000	75,000
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31.2.3 JS Bank Limited (JSBL)

Basis of Relationship - parent company

Percentage of Shareholding - JSBL holds 84.56% shares of JSIL

Bank balance	23,694,615	6,563,839
Other receivable	1,465,064	1,465,064
Rent payable	-	33,942
Rent receivable	2,409,149	2,409,149
Other payable	41,156,888	80,925,089

	2021	2020
	----- Rupees -----	
31.2.4 Associated company - Jahangir Siddiqui & Sons Limited (JSSONS)		
Basis of relationship - Common directorship of the Group		
Other receivable	-	558,385
Rent receivable	2,486,352	2,486,352
31.2.5 Jahangir Siddiqui Securities Services Ltd		
Other Related Party		
Other Receivable	29,887	29,887
Rent receivable	94,429	94,429
31.2.6 Associated company - JS Private Equity (JSPE)		
Basis of relationship - Common Substantial Shareholder		
Other receivable	1,625,826	1,625,826
Rent receivable	930,938	930,938
31.2.7 Associated Company - Mahvash & Jahangir Siddiqui Foundation (MJSF)		
Basis of relationship - Common directorship of the Group		
Other receivable	130,554	177,106
Rent receivable	379,929	379,929
31.2.8 Associated company - Fakhr-e-Imdad Foundation (FIF)		
Basis of relationship - Common directorship of the Group		
Other receivable	297,169	1,017,169
31.2.9 Associated company - JS Global Capital Limited (JSGCL)		
Basis of relationship - JSBL holds 92.90% shares of JSGCL		
Other receivable	526,856	782,674
Rent receivable	181,957	181,957
Rent payable	-	1,272,831

	2021	2020
	----- Rupees -----	
31.2.10 JS Investments Staff Provident Fund - (the Fund)		
Post-Employment benefit fund		
Other Receivable	238,955	-
31.2.11 Common Substantial Shareholder - JS Lands (Private) Limited		
Basis of Relationship - Common Substantial Shareholder		
Other payable	2,792,020	1,233,285
Rent payable	19,630	-
31.2.12 Outstanding from key management personnel		
Receivable against loans and advances	700,000	1,758,994
Directors' fee payable	100,000	-
31.2.13 Key management personnel and directors hold 5,006 shares in the Company		

- 31.3** Other balances outstanding with related parties as at the year end have been disclosed in the relevant balance sheet notes.
- 31.4** Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. Management considers all members of the management team, including the Chief Executive Officer and Directors to be key management personnel.
- 31.5** There are no transactions with key management personnel other than those under their terms of employment.
- 31.6** Details of the remuneration relating to Chief Executive officer and directors are disclosed in note 29 to the financial statements.
- 31.7** Running finance facility was obtained from JS Bank Limited of Rs. 100 million @ one month KIBOR + 2% markup on quarterly basis.

32. OPERATING SEGMENTS

The Company functions as a single operating segment. Income derived from the management fees of open end collective investment schemes and pension funds and that derived from the management of the discretionary portfolios account for 98% and 2% (2020: 99% and 1%) respectively of the total income earned during the year.

33. FINANCIAL RISK MANAGEMENT

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate and other price risk), credit risk and liquidity risk. Risks of the Company are being managed by the Company's management in accordance with the approved policies of the investment committee which provide broad guidelines for management of the above mentioned risks. The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's financial assets primarily comprise of balance with banks, balances due from funds under management - related parties, loans and advances - considered good, other financial assets - investments classified as: 'At fair value through profit or loss - held-for-trading' - units of mutual funds - related parties. The Company also has profit receivable, deposits and other receivables. The Company's principal financial liabilities include accrued and other liabilities.

33.1 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices.

The Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Board and regulations laid down by the SECP, the NBFC Regulations and the NBFC Rules.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

33.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company, at present is not exposed to currency risk as all transactions are carried out in Pak Rupees.

33.1.2 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.

a) Sensitivity analysis for variable rate instruments

Presently, the Company does not hold any variable profit based investment except balances with bank in deposit account and investment in term finance certificate exposing the Company to cash flow profit rate risk. In case of 100 basis points increase / decrease as on December 31, 2021, with all other variables held constant, the equity of the Company and net profit for the year would have been higher / lower by Rs.1.504 (2020: Rs.1.331) million.

b) Sensitivity analysis for fixed rate instruments

As at December 31, 2021, the Company does not hold any fixed rate instruments, therefore the Company is not exposed to fair value profit rate risk.

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

	2021					Total
	Exposed to yield / interest rate risk				Not exposed to yield / interest risk	
	Yield / effective interest rate (%)	Upto three months	More than three months and upto one year	More than one year		
----- (Rupees) -----						
On-balance sheet financial instruments						
Financial assets						
Long-term loans - considered good	3.58% to 8.17%	-	-	76,277	-	76,277
Balances due from funds under management - related parties		-	-	-	105,157,354	105,157,354
Loans and advances - considered good	3.58% to 8.17%	-	343,636	-	-	343,636
Trade deposits and other receivables		-	-	-	44,085,348	44,085,348
Other financial assets - investments classified as:						
'At fair value through profit or loss						
- held-for-trading'	6M KIBOR+1.50%	-	-	125,000,000	1,227,102,015	1,352,102,015
'Available-for-sale'		-	-	-	-	-
Cash and bank balances	5.50% to 8.75%	25,475,223	-	-	670,057	26,145,280
		<u>25,475,223</u>	<u>343,636</u>	<u>125,076,277</u>	<u>1,377,014,774</u>	<u>1,527,909,910</u>
Financial liabilities						
Accrued and other liabilities		-	-	-	36,009,366	36,009,366
Liability against asset subject to finance lease		3,781,754	29,838,030	235,185,675	-	268,805,459
		<u>3,781,754</u>	<u>29,838,030</u>	<u>235,185,675</u>	<u>36,009,366</u>	<u>304,814,825</u>
On-balance sheet gap		<u>21,693,469</u>	<u>(29,494,394)</u>	<u>(110,109,398)</u>	<u>1,341,005,408</u>	<u>1,223,095,085</u>

2020						
Yield / effective interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest risk	Total	
	Upto three months	More than three months and upto one year	More than one year			
----- (Rupees) -----						
On-balance sheet financial instruments						
Financial assets						
Long-term loans - considered good	5.15% to 13.74%	-	-	481,128	-	481,128
Balances due from funds under management - related parties		-	-	-	109,501,155	109,501,155
Loans and advances - considered good	5.15% to 13.74%	-	696,502	-	-	696,502
Trade deposits and other receivables		-	-	-	47,917,920	47,917,920
Other financial assets - investments classified as:						
'At fair value through profit or loss						
- held-for-trading'						
	6M KIBOR+1.50%	-	-	125,000,000	1,460,292,142	1,585,292,142
- Available-for-sale'						
		-	-	-	-	-
Cash and bank balances	8.00% - 13.70%	8,189,536	-	-	1,243,898	9,433,434
		<u>8,189,536</u>	<u>696,502</u>	<u>125,481,128</u>	<u>1,618,955,114</u>	<u>1,753,322,281</u>
Financial liabilities						
Accrued and other liabilities		-	-	-	35,201,046	35,201,046
Liability against asset subject to finance lease		3,781,754	18,192,363	260,150,050	-	282,124,167
		<u>3,781,754</u>	<u>18,192,363</u>	<u>260,150,050</u>	<u>35,201,046</u>	<u>317,325,213</u>
On-balance sheet gap		<u>4,407,782</u>	<u>(17,495,861)</u>	<u>(134,668,922)</u>	<u>1,583,754,069</u>	<u>1,435,997,068</u>

33.1.3 Other price risk

Other price risk is the risk that the fair value of the financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or factors affecting all instruments traded in the market. The Company manages its exposure to price risk by investing in Companies as per the trust deed.

In case of a 5% increase / decrease in rates determined by MUFAP as on December 31, 2021, the equity of the Company would increase / decrease by Rs.61.355 (2020: Rs.73.014) million, as a result of reduction / increase in unrealized gains / (losses).

33.2 Credit risk

Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties to fulfil their obligations. There is a possibility of default of issuers of the instrument, financial institutions or counter parties.

Management of credit risk

The Company's policy is to enter into financial contracts with reputable counterparties in accordance with the internal risk management policies and investment guidelines approved by the Board of Directors. The Investment Committee closely monitors the creditworthiness of the Company's counterparties (e.g. issuer of the instruments, brokers, banks, etc.) by reviewing their credit ratings, financial statements and press releases on a regular basis. In addition the credit risk is also minimized due to the fact that the Company only invests in liquid equity and money market based collective investment schemes (CIS).

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2021	2020
	----- Rupees -----	
Long-term loans - considered good	76,277	481,128
Balances due from funds under management - related parties	105,157,354	109,501,155
Loans and advances - considered good	343,636	696,502
Trade deposits and other receivables	44,085,348	47,917,920
Other financial assets - investments	1,352,102,015	1,585,292,142
Cash and bank balances	26,145,280	9,433,434
	<u>1,527,909,910</u>	<u>1,753,322,281</u>

Past due or impaired financial assets

None of the financial assets are considered to be past due or impaired as at December 31, 2021.

Concentration of the credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure.

80.29% (2020: 83.29%) of the financial assets aggregating to Rs.1,227.102 (2020: Rs.1,460.292) million are invested in the Funds managed by the Company. The Company believes that underlying assets held by these funds are sufficiently diverse and therefore do not expose the Company to any major concentration risk.

Details of the credit ratings of the bank balances are as follows:

	2021	2020
	Bank balances	
	----- % -----	
AAA	0.3%	11.9%
AA+	0.34%	0.27%
AA-	99.35%	87.83%

33.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market positions due to the dynamic nature of the business.

Maturity analysis for financial liabilities

The table shown below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	2021				
	Carrying value	Upto one month	More than one month upto three months	More than three months and upto one year	More than one year
	----- (Rupees) -----				
Liabilities					
Accrued and other liabilities	36,009,366	-	36,009,366	-	-
Liabilities against assets subject to finance lease	268,805,459	1,269,535	2,512,219	29,838,030	235,185,675
	304,814,825	1,269,535	38,521,585	29,838,030	235,185,675
	2020				
	Carrying value	Upto one month	More than one month upto three months	More than three months and upto one year	More than one year
	----- (Rupees) -----				
Liabilities					
Accrued and other liabilities	35,201,046	11,166,395	24,034,651	-	-
Liability against assets subject to finance lease	282,124,167	1,269,535	2,512,219	18,192,363	260,150,050
	317,325,213	12,435,930	26,546,870	18,192,363	260,150,050

33.4 Financial instruments by category

	2021			
	Amortized Cost	At fair value through profit and loss	Fair value through other comprehensive income	Total
	----- (Rupees) -----			
Assets				
Long-term loans - considered good	76,277	-	-	76,277
Balances due from funds under management - related parties	105,157,354	-	-	105,157,354
Loans and advances - considered good	343,636	-	-	343,636
Trade deposits and other receivables	44,085,348	-	-	44,085,348
Other financial assets - investments	-	1,352,102,015	-	1,352,102,015
Cash and bank balances	670,057	-	-	670,057
	150,332,672	1,352,102,015	-	1,502,434,687

	2021	
	Amortised cost	Total
	----- (Rupees) -----	
Liabilities		
Accrued and other liabilities	36,009,366	36,009,366
Liability against asset subject to finance lease	268,805,459	268,805,459
	304,814,825	304,814,825

	2020			
	Amortized Cost	At fair value through profit and loss' - held-for-trading	Fair value through other comprehensive income	Total
	----- (Rupees) -----			
Assets				
Long-term loans - considered good	481,128	-	-	481,128
Balances due from funds under management - related parties	109,501,155	-	-	109,501,155
Loans and advances - considered good	696,502	-	-	696,502
Trade deposits and other receivables	47,917,920	-	-	47,917,920
Other financial assets - investments	-	1,585,292,142	-	1,585,292,142
Cash and bank balances	1,243,898	-	-	1,243,898
	159,840,603	1,585,292,142	-	1,745,132,744

	2020	
	Other financial liabilities	Total
	----- (Rupees) -----	
Liabilities		
Accrued and other liabilities	35,201,046	35,201,046
Liability against asset subject to finance lease	282,124,167	282,124,167
	317,325,213	317,325,213

33.5 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibility;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

34. FAIR VALUE OF FINANCIAL AND OTHER ASSETS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

The following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

- Level 1:** Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2:** Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3:** Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table shown below analyses the financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	2021			
	Level 1	Level 2	Level 3	Total
	----- (Rupees) -----			
Financial assets at fair value through profit or loss				
Units of mutual funds - related parties	-	1,227,102,015	-	1,227,102,015
Term finance certificate	-	-	125,000,000	125,000,000
	-	1,227,102,015	125,000,000	1,352,102,015
2020				
	Level 1	Level 2	Level 3	Total
	----- (Rupees) -----			
Financial assets classified as 'at fair value through profit or loss - held-for-trading'				
Units of mutual funds - related parties	-	1,460,292,142	-	1,460,292,142
Term finance certificate	-	-	125,000,000	125,000,000
	-	1,460,292,142	125,000,000	1,585,292,142

34.1 Valuation techniques used in determination of fair values within level 2:

34.1.1 Fair values of investment in mutual funds are measured on the basis of closing net asset value as announced by the respective Asset Management Company.

34.2 During the year ended December 31, 2021, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

35. CAPITAL RISK MANAGEMENT

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

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

36. GENERAL

36.1 These financial statements were authorised for issue on February 23, 2022 by the Board of Directors of the Company.

36.2 In compliance of the NBFC Rules read with SRO 1002(1)/2015 dated October 15, 2015 of SECP, the management would like to report that the Company has sufficient insurance coverage from an insurance company, rated AA by a rating agency registered with the Commission, against financial losses that may be caused as a result of gross negligence of its employees.

36.3 Corresponding figures have been reclassified / re-arranged wherever necessary to facilitate comparison in the presentation in the current year. However, there are no material reclassification / re-arrangement to report.

36.4 The figures in the financial statements have been rounded off to the nearest rupees.

Chief Executive Officer

Chief Financial Officer

Director

PATTERN OF SHAREHOLDING

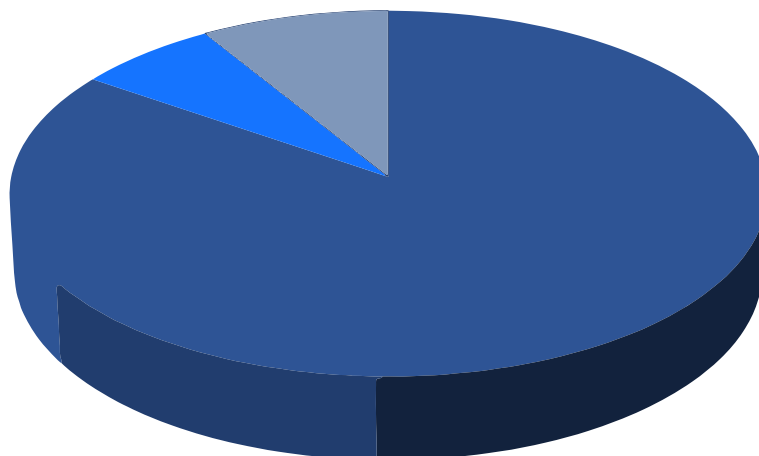
AS AT DECEMBER 31, 2021

# Of Shareholders	Shareholdings'Slab	Total Shares Held
499	1 to 100	7,763
513	101 to 500	226,854
180	501 to 1000	170,438
221	1001 to 5000	577,978
57	5001 to 10000	451,241
16	10001 to 15000	213,000
13	15001 to 20000	246,755
5	20001 to 25000	117,100
5	25001 to 30000	141,000
6	30001 to 35000	195,000
1	35001 to 40000	40,000
3	45001 to 50000	150,000
1	60001 to 65000	62,000
2	65001 to 70000	136,500
3	70001 to 75000	219,822
1	80001 to 85000	82,500
2	95001 to 100000	199,168
1	110001 to 115000	113,100
2	115001 to 120000	234,500
1	125001 to 130000	130,000
2	150001 to 155000	306,559
1	170001 to 175000	171,500
1	200001 to 205000	202,000
1	245001 to 250000	250,000
1	295001 to 300000	300,000
1	325001 to 330000	330,000
1	430001 to 435000	433,500
1	475001 to 480000	480,000
1	3345001 to 3350000	3,349,000
1	52235001 to 52240000	52,236,978
1,543		61,774,256

Particulars	Shareholders	Shares Held	Per %
Directors and their spouse(s) and minor children			
MR. SULEMAN LALANI	1	2	0.00
MS. IFFAT ZEHRA MANKANI	1	500	0.00
MR. HASAN SHAHID	1	1,000	0.00
MR. IMRAN HALEEM SHAIKH	2	501	0.00
MR. ASIF REZA SANA	1	1	0.00
MR. ZAHID ULLAH KHAN	1	500	0.00
MR. MIRZA MUHAMMAD SADEED HASSAN BARLAS	1	500	0.00
MS. AISHA FARIEL SALAHUDDIN	1	500	0.00
Associated companies, undertakings and related parties			
JS BANK LIMITED.	1	52,236,978	84.56
JAHANGIR SIDDIQUI & SONS LIMITED	1	5	0.00
Executives	4	1,502	0.00
NIT & ICP	-	-	-
Banks, development finance institutions, non-banking finance companies,	1	19	0.00
Insurance Companies	1	5,215	0.01
Modarabas and Mutual Funds	2	3,782,500	6.12
General Public			
a. Local	1497	5,440,489	8.81
b. Foreign	-	-	-
Foreign Companies	-	-	-
Others	27	304,044	0.49
Totals	1,543	61,774,256	100

Share holders holding 10% or more	Shares Held	Percentage	
JS BANK LIMITED.	1	52,236,978	84.56

Share holders holding 5% or more		Shares Held	Percentage
J S BANK LIMITED.	1	52,236,978	84.56
CDC - TRUSTEE AKD OPPORTUNITY FUND	1	3,349,000	5.42



- Directors and their spouse(s) and minor children
- Associated companies, undertakings and related parties
- Executives
- NIT & ICP
- Banks, development finance institutions, non-banking finance companies, Insurance Companies
- Modarabas and Mutual Funds
- Foreign Investors
- Others
- Individual - Local