# ATLAS ASSET MANAGEMENT LIMITED

# AUDITED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED
## JUNE 30, 2023

SW PAKISTAN

ShineWing Hameed Chaudhri & Co.
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# DIRECTORS' REPORT

The Board of Directors of Atlas Asset Management Limited (AAML) take pleasure in presenting the audited financial statements of the Company for the year ended June 30, 2023 together with the Auditors' Report thereon.

## I. Funds under Management

The aggregate Assets under Management (AUM) closed at Rs.52.66 billion on June 30, 2023 as compared to Rs.45.82 billion as on June 30, 2022 which is an increase of 14.93%, against overall industry AUM (adjusted for Fund of Funds Schemes) increase of 29.06%, stood at Rs.1,621 billion as on June 30, 2023 from Rs.1,256 billion as on June 30, 2022. Investment advisory AUM as at June 30, 2023 closed at Rs.4.78 billion against Rs.4.31 billion as on June 30, 2022 which is an increase of 10.90%.

A comparison of AUM base of funds under AAML management as at June 2023 vs. June 2022 is given below:

| S. No. | Fund | AUM as at 30.06.2023 | AUM as at 30.06.2022 | Inc./(Dec.) over 30.06.2022 | Inc./(Dec.) over 30.06.2022 |
|---|---|---|---|---|---|
| | | Rs.in million | | | % |
| 1 | AMF | 23,798 | 18,301 | 5,498 | 30.04% |
| 2 | AIF | 3,492 | 2,666 | 826 | 31.00% |
| 3 | ASMF | 8,038 | 9,077 | -1,039 | -11.44% |
| 4 | AIIF | 1,557 | 1,771 | -214 | -12.07% |
| 5 | AISF | 3,241 | 3,860 | -618 | -16.02% |
| 6 | ASF | 586 | 1,214 | -628 | -51.75% |
| 7 | ALF | 3,890 | 3,441 | 449 | 13.04% |
| 8 | AIDSF | 504 | 478 | 26 | 5.45% |
| 9 | AIMF | 3,374 | 1,447 | 1,927 | 133.22% |
| 10 | AAAIP | 216 | 132 | 83 | 62.73% |
| 11 | AMAIP | 234 | 141 | 93 | 65.80% |
| 12 | ACAIP | 248 | 156 | 91 | 58.47% |
| 13 | AICPP - II | 482 | 473 | 10 | 2.08% |
| 14 | AIDP | - | 30 | -30 | -100.00% |
| 15 | APF | 1,997 | 1,707 | 290 | 16.99% |
| 16 | APIF | 2,146 | 1,823 | 323 | 17.70% |
| | **Total** | ***53,802** | ***46,716** | **7,087** | **15.17%** |

*Un-adjusted AUM for plans under Islamic Fund of Funds scheme Rs.1,140 million as compared to Rs.892 million as on June 30, 2022. Total adjusted AUM for the year ended June 30, 2022 stood at Rs.45,824 million as against Rs.52,662 million as on June 30, 2023.

## II. Company Operations

The financial results of operations of AAML are summarized as under:

| Period ended June 30 | 2023 Rupees | 2022 Rupees |
|---|---|---|
| Gross Revenue (including Investment Income) | 625,010,347 | 484,804,919 |
| Income from operations | 190,383,827 | 171,414,598 |
| Profit before taxation | 254,892,075 | 189,247,336 |
| Profit after taxation | 177,969,056 | 125,268,889 |
| Other Comprehensive Income/(loss) including unrealized gain on re-measurement of available-for-sale investment | 30,583,376 | (8,401,961) |

Atlas Asset Management

| Period ended June 30 | 2023 Rupees | 2022 Rupees |
|---|---|---|
| Comprehensive Income | 208,552,432 | 116,866,928 |
| Earnings per share | 3.56 | 5.01 |
| Comprehensive Earning per share | 4.17 | 4.67 |
| Dividend per share – 1st Interim | 1.50 | 1.50 |
| Dividend – Interim | 37,500,000 | 37,500,000 |
| Dividend per share – 2nd Interim | 1.50 | - |
| Dividend – Interim | 37,500,000 | - |
| Bonus per share – 3rd Interim | 1.00 | - |
| Bonus Shares – 3rd Interim (25,000,000 shares) | 250,000,000 | - |
| Dividend per share - final | - | 1.50 |
| Dividend - final | - | 37,500,000 |
| Shareholders' Equity | 1,179,280,928 | 1,083,228,496 |
| Book value per share* | 23.59 | 43.33 |

*After issuance of bonus, total number of shares issued has increased from 25,000,000 to 50,000,000.

AAML reported operating profit of Rs.190.38 million for the year ended June 30, 2023. The KSE 100-Index that stood at 41,541 points at June 30, 2022 decreased to 41,453 points as on June 30, 2023 reflecting a decrease of 0.21% during the year under review. Total income includes gain from Investment in Fixed Income Funds Rs.50.20 million and income from dividend/PIBs/bank deposits Rs.50.28 million and loss from Investment in Equity Funds Rs.3.96 million.

**III. Distributions:**

a. **AAML**: An appropriation of company's profit announced and distributed during the period, in terms of two interim cash dividends @ 15% on the face value of ordinary share of Rs.10 each, i.e. Rs.1.50 per share and Rs.1.50 per share respectively, aggregating to Rs.75,000,000/ to the shareholders. AAML also announced bonus issue at 100% i.e.1 share for every 1 share held, on ordinary shares of Rs. 10/- each to the Members of the Company as at the close of the business on 16 June 2023.

b. **Atlas Money Market Fund (AMF), Atlas Sovereigns Fund (ASF), Atlas Income Fund (AIF), Atlas Stock Market Fund (ASMF), Atlas Islamic Money Market Fund (AIMF), Atlas Islamic Income Fund (AIIF), Atlas Islamic Stock Fund (AISF), Atlas Islamic Fund of Funds (AIFOF), and Atlas Islamic Dedicated Stock Fund (AIDSF) with delegation of authority to the Investment Committee**

AAML announced interim distributions, with delegation of authority to the Investment Committee for AMF each month from July 2022 to June 2023, while it was Nil for others. Interim distributions were also made for AIMF in the month of December 2022 & months from February 2023 to June 2023. AAML also announced interim distributions for funds of ASF, AIIF & AIF, and for AAAIP, AMAIP, ACAIP and AICPP-II plans under AIFOF in the month of June 2023. There were nil final distributions for the outgoing year.

c. **Atlas Liquid Fund (ALF), Atlas Islamic Money Market Fund (AIMF) and Atlas Islamic Dividend Plan (AIDP)**

ALF, AIMF (July 01, 2022 to November 10, 2022) and AIDP distributed profit on daily basis, where applicable. Whereas, AIDP (under AIFOF) has been discontinued w.e.f. August 15, 2022.

AAML announced 'Nil' final distribution for all mutual funds under management on July 03, 2023.

**IV. Board of Directors**

During the period, the Board of Directors of AAML included: Mr. Iftikhar H. Shirazi, Chairman, Mr. Frahim Ali Khan, Director, Mr. M. Habib-ur-Rahman, Director, Mr. Tariq Amin, Independent Director, Mr. Ali H. Shirazi, Director, Ms. Zehra Naqvi, Independent Director and Mr. Muhammad Abdul Samad, Chief Executive Officer.

i. The current total number of Directors is 7 as follows:
- Male: 6
- Female: 1

ii. The current composition of the Board is as follows:
- Independent Directors: 2*
- Non-Executive Directors: 4
- Executive Directors: 1
- Female Director: 1 (*Independent Director)

The Company does not pay any remuneration to its non-executive directors. The independent directors are paid meeting fees of Rs.100,000/ per meeting for attending each Board and its Committee meetings. Refer notes to the financial statements for information on remuneration of Directors and CEO.

The remuneration of a director for attending meetings of the Board of Directors or its Committees is from time to time reviewed and recommended by the Board of Directors and approved in the Annual General Meeting.

**V. Company Performance FY 2022-23:**

The financial year 2022-23 was a successful year as compared to the previous years in many aspects, major events are as follows:

- AAML AUM crossed Rs.53.22 billion on October 16, 2022 whereas the year closed with AUM at Rs.52.66 billion. However, the average AUM during the year was Rs.48.01 billion;
- Launch of new fund- Atlas Private Equity Fund;
- Cost Control – the actual was lower than the budgeted;
- Financial-strengthening equity base and profitability: Due to increase in AUM, the operating results remained strong;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- Training of staff.

**VI. Challenges in FY 2022-23**

AAML's performance may be altered due to:
- Overall level of economic activity; and
- Equity Market underperformance.

**VII. Tax Issues relating to Mutual Funds and Pension Funds during the year 2022-23:**

Federal Excise Duty (FED): The Honorable Sindh High Court decided that the imposition of FED on service sector was unconstitutional. The Federal Government has filed appeal in Supreme Court of Pakistan (SCP). With effect from 01 July 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax had been withdrawn by the Finance Act, 2016.

In view of this, the Mutual and Pension Funds have discontinued making further provision in respect of FED on remuneration of the Management Company with effect from 1 July 2016. However, as a matter of abundant caution the provision for FED made till 30 June 2016 is being retained in the financial statements of the Funds as the matter is pending before the SCP.

## VIII. Pattern of Shareholdings

There is no change in the authorized and is Rs.500 million, however, issued, subscribed and paid up share capital of AAML has been increased to stand at Rs.500 million. AAML is a wholly owned subsidiary of Shirazi Investments (Private) Limited. The pattern of shareholdings is tabulated in the table below:

| No. of shareholders | Shareholdings | Total No. of Shares Held |
|---|---|---|
| 1 | Shirazi Investments (Private) Limited (SIL) | 49,999,988 |
| 6 | Directors of SIL as nominee holding | 12 |
| | **Total** | **50,000,000** |

## IX. Key Focus Areas

The focus of AAML in future will remain on the following: (1) Growth of Mutual Funds, Pension Fund, Investment Advisory Business and Private Equity Fund (launched on July 11, 2023); (2) Launch of new plans under AIMF and ASF; (3) Study of REIT Fund; (4) Further increasing retail clients base in AUM; (5) Shariah Compliant Category – targeting clients to get higher share; (6) Competitive Fund Performance in all categories – on year on year basis to achieve the target of strong long- term performance; (7) Focused Marketing activities; (8) Cost Control and fiscal discipline; (9) IT & Customer Services; (10) Alternate Delivery Channels; (11) Regulatory Compliance; and (12) Training and development.

## X. Asset Manager Rating

The Pakistan Credit Rating Agency Limited – PACRA, maintained the asset manager rating of the Management Company at AM2+ (AM Two plus). The rating denotes that AAML meets high investment management industry standards and benchmarks with noted strengths in several of the rating factors.

## XI. Appointment of Auditors

The Audit Committee of the Board of Directors, in their meeting held on September 06, 2023, recommended to the Board, and the Board recommended to the members, the re-appointment of M/s. Shinewing Hameed Chaudhari, Karachi, as external auditors of Atlas Asset Management Limited, for the financial year ending June 30, 2024. The re-appointment will be considered in the upcoming Annual General Meeting of the members scheduled on October 5, 2023.

## XII. Acknowledgement

The Board of Directors thanks the Securities and Exchange Commission of Pakistan, and the Group Executive Committee for their valuable guidance, support and assistance. The Board also thanks the management team and all the employees of the Company for their dedication and hard work, the unit holders for their confidence in the Management Company and the participants of the Pension Funds for their confidence in the Pension Fund Manager.

**For and on behalf of the Board**

**Muhammad Abdul Samad**
Chief Executive Officer

**Frahim Ali Khan**
Director

Karachi: September 11, 2023

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ATLAS ASSET MANAGEMENT LIMITED

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the annexed financial statements of **Atlas Asset Management Limited** (the Company), which comprise the statement of financial position as at June 30, 2023, and the statement of profit or loss and other 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 and other 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 June 30, 2023 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

### Basis for Opinion

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

### Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises of the Directors' Report (but does not include the financial statements and our auditors' report thereon).

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

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

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and

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).

The engagement partner on the audit resulting in this independent auditors' report is Osman Hameed Chaudhri.

ShineWing Hameed Chaudhri & Co.

**SHINEWING HAMEED CHAUDHRI & CO.**
**CHARTERED ACCOUNTANTS**
**KARACHI;** 14 SEP 2023

UDIN: AR2023101044DcQjnRM2

**ATLAS ASSET MANAGEMENT LIMITED**
**STATEMENT OF FINANCIAL POSITION**
**AS AT JUNE 30, 2023**

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property and equipment | 5 | **137,070,440** | 126,732,478 |
| Intangible assets | 6 | **4,162,387** | 6,501,067 |
| Long term investments | 7 | **443,296,360** | 411,283,260 |
| Long term loans | 8 | **672,484** | 785,561 |
| Long term advances and prepayments | | **3,266,667** | 212,454 |
| Long term deposits - considered goods | | **2,664,762** | 2,664,762 |
| | | **591,133,100** | 548,179,582 |
| **Current Assets** | | | |
| Receivable from funds under management | 9 | **50,651,460** | 37,599,318 |
| Investment advisory fees receivables | 10 | **2,020,228** | 2,223,206 |
| Loans and advances | 11 | **2,167,896** | 2,196,022 |
| Prepayments and other receivables | 12 | **46,217,067** | 17,738,263 |
| Interest accrued | | **-** | 2,817,680 |
| Short term investments | 13 | **529,768,566** | 506,686,947 |
| Taxation - net | | **4,700,812** | 9,378,076 |
| Cash and bank balances | 14 | **13,035,206** | 9,624,241 |
| | | **648,561,235** | 588,263,753 |
| **Total Assets** | | **1,239,694,335** | 1,136,443,335 |

**Chief Financial Officer** **Chief Executive Officer** **Chairman**

**ATLAS ASSET MANAGEMENT LIMITED**
**STATEMENT OF FINANCIAL POSITION**
**AS AT JUNE 30, 2023**

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Share capital and reserves** | | | |
| Share capital | 15 | 500,000,000 | 250,000,000 |
| Unappropriated profit | | 335,584,568 | 521,545,236 |
| Un-realised gain on re-measurement of investments at fair value through other comprehensive income | | 343,696,360 | 311,683,260 |
| | | 1,179,280,928 | 1,083,228,496 |
| **Non-current liabilities** | | | |
| Long term advances | 16 | 4,132,926 | 4,041,604 |
| Provision for gratuity | 17 | 5,707,176 | 5,320,866 |
| Deferred tax liability - net | 18 | 399,515 | 5,603,627 |
| | | 10,239,617 | 14,966,097 |
| **Current liabilities** | | | |
| Trade and accrued liabilities | 19 | 32,892,539 | 31,796,861 |
| Other liabilities | 20 | 17,281,251 | 6,451,881 |
| | | 50,173,790 | 38,248,742 |
| **Contingencies and commitments** | 21 | | |
| **Total equity and liabilities** | | 1,239,694,335 | 1,136,443,335 |

The annexed notes 1 to 34 form an integral part of these financial statements.

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**Chief Financial Officer** **Chief Executive Officer** **Chairman**

**ATLAS ASSET MANAGEMENT LIMITED**
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**
**FOR THE YEAR ENDED JUNE 30, 2023**

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| **Income** | | | |
| Management fee | 22 | **552,124,181** | 457,458,027 |
| Investment advisory fee | | **8,377,918** | 9,514,154 |
| | | **560,502,099** | 466,972,181 |
| **Expenditures** | | | |
| Selling and marketing expenses | 23 | **(102,719,858)** | (84,873,393) |
| Administrative and operating expenses | 24 | **(267,398,414)** | (210,684,190) |
| | | **(370,118,272)** | (295,557,583) |
| **Profit from operation** | | **190,383,827** | 171,414,598 |
| Other income | 25 | **8,737,753** | 23,356,311 |
| Gain on sale of investments at fair value through profit or loss | | **5,816,672** | 7,803,888 |
| Un-realised gain / (loss) on re-measurement of investments at fair value through profit or loss | | **8,410,245** | (23,060,667) |
| Dividend income | 26 | **41,543,578** | 9,733,206 |
| **Profit before taxation** | | **254,892,075** | 189,247,336 |
| Taxation | 27 | **(76,923,019)** | (63,978,447) |
| **Profit for the year** | | **177,969,056** | 125,268,889 |
| **Other comprehensive income / (loss)** | | | |
| **Items that will not be reclassified to profit or loss** | | | |
| Un-realised gain / (loss) on re-measurement of investments at fair value through other comprehensive income | | **32,013,100** | (6,515,500) |
| Re-measurement loss on provision for gratuity | | **(2,102,536)** | (2,656,987) |
| Impact of deferred tax | | **672,812** | 770,526 |
| Other comprehensive income / (loss) for the year - net of tax | | **30,583,376** | (8,401,961) |
| Total comprehensive income for the year | | **208,552,432** | 116,866,928 |
| | | | Re-stated |
| **Earning per share - basic and diluted** | 28 | **3.56** | 2.51 |

The annexed notes 1 to 34 form an integral part of these financial statements.

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| | | |
|---|---|---|
| **Chief Financial Officer** | **Chief Executive Officer** | **Chairman** |

**ATLAS ASSET MANAGEMENT LIMITED**
**STATEMENT OF CHANGES IN EQUITY**
**FOR THE YEAR ENDED JUNE 30, 2023**

| | Share Capital | Unappropriated profit | Unrealised gain on re-measurement of investments at fair value through other comprehensive income | Total |
|---|---|---|---|---|
| | ------------------- Rupees ------------------- | | | |
| Balance as at July 1, 2021 | 250,000,000 | 473,162,808 | 318,198,760 | 1,041,361,568 |
| **Total comprehensive income for the year ended June 30, 2022** | | | | |
| Final dividend for the year ended June 30, 2021 at the rate of Rs.1.5 per share | - | (37,500,000) | - | (37,500,000) |
| Interim dividend for the half year ended December 31, 2021 at the rate of Rs.1.5 per share | - | (37,500,000) | - | (37,500,000) |
| Profit after taxation | - | 125,268,889 | - | 125,268,889 |
| Other comprehensive loss | - | (1,886,461) | (6,515,500) | (8,401,961) |
| | - | 123,382,428 | (6,515,500) | 116,866,928 |
| **Balance as at June 30, 2022** | **250,000,000** | **521,545,236** | **311,683,260** | **1,083,228,496** |
| **Transactions with owners, recognised directly in equity** | | | | |
| Final dividend for the year ended June 30, 2022 at the rate of Rs.1.5 per share | **-** | **(37,500,000)** | **-** | **(37,500,000)** |
| Interim dividend for the half year ended December 31, 2022 at the rate of Rs.1.5 per share | **-** | **(37,500,000)** | **-** | **(37,500,000)** |
| 2nd interim dividend for the period ended April 30, 2023 at the rate of Rs.1.5 per share | **-** | **(37,500,000)** | **-** | **(37,500,000)** |
| 100% bonus shares i.e, 25,000,000 shares | **250,000,000** | **(250,000,000)** | **-** | **-** |
| **Total comprehensive income for the year ended June 30, 2023** | | | | |
| Profit after taxation | **-** | **177,969,056** | **-** | **177,969,056** |
| Other comprehensive (loss) / gain | **-** | **(1,429,724)** | **32,013,100** | **30,583,376** |
| | **-** | **176,539,332** | **32,013,100** | **208,552,432** |
| **Balance as at June 30, 2023** | **500,000,000** | **335,584,568** | **343,696,360** | **1,179,280,928** |

The annexed notes 1 to 34 form an integral part of these financial statements.

**Chief Financial Officer** **Chief Executive Officer** **Chairman**

**ATLAS ASSET MANAGEMENT LIMITED**
**STATEMENT OF CASH FLOWS**
**FOR THE YEAR ENDED JUNE 30, 2023**

| | 2023 Rupees | 2022 Rupees |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit before taxation | **254,892,075** | 189,247,336 |
| Adjustments for non-cash charges and other items: | | |
| Depreciation | **27,396,222** | 20,257,094 |
| Amortisation | **2,338,680** | 871,855 |
| Provision for gratuity | **3,604,640** | 2,663,879 |
| Provision for compensated absences | **6,036,669** | 3,055,051 |
| Profit on bank deposits | **(3,275,668)** | (2,498,613) |
| Profit from Pakistan Investment Bonds (PIBs) | **(1,910,581)** | (10,031,025) |
| Amortisation of discount - T bills / PIBs | **(3,151,622)** | (5,042,385) |
| Dividend income | **(41,543,578)** | (9,733,206) |
| Gain on disposal of property and equipment | **(382,877)** | (1,744,549) |
| Gain on sale of investments at at fair value through profit or loss | **(5,816,672)** | (7,803,888) |
| Provision for Sindh Workers' Welfare Fund | **5,573,643** | 3,656,963 |
| Un-realised (gain) / loss on re-measurement of investments at fair value through profit or loss | **(8,410,245)** | 23,060,667 |
| **Operating profit before working capital changes** | **235,350,686** | 205,959,179 |
| **Changes in working capital** | | |
| (Increase) / decrease in current assets: | | |
| Receivable from funds under management | **(13,052,142)** | 3,199,270 |
| Investment advisory fee receivables | **202,978** | (148,773) |
| Loans and advances | **28,126** | 2,518,993 |
| Prepayments and other receivables | **(28,478,804)** | (5,837,810) |
| | **(41,299,842)** | (268,320) |
| (Decrease) / increase in current liabilities: | | |
| Trade and accrued liabilities | **(1,937,944)** | (57,839,427) |
| Other liabilities | **9,565,168** | 1,010,578 |
| | **7,627,224** | (56,828,849) |
| **Cash generated from operating activities** | **201,678,068** | 148,862,010 |
| Income taxes paid | **(76,777,055)** | (59,002,662) |
| Sindh Workers' Welfare Fund paid | **(4,309,441)** | (4,470,642) |
| Gratuity paid | **(5,320,866)** | (1,530,612) |
| Compensated absences paid | **(3,003,047)** | (663,022) |
| Long term advances - net | **91,322** | 1,009,503 |
| **Net cash generated from operating activities** -carried forward | **112,358,981** | 84,204,575 |

**ATLAS ASSET MANAGEMENT LIMITED**
**STATEMENT OF CASH FLOWS**
**FOR THE YEAR ENDED JUNE 30, 2023**

| | 2023 Rupees | 2022 Rupees |
|---|---|---|
| **Net cash generated from operating activities** -brought forward | **112,358,981** | 84,204,575 |
| **Cash flows from investing activities** | | |
| Long term loans - net | **113,077** | (143,772) |
| Long term advances and prepayments - net | **(3,054,213)** | 231,990 |
| Long term deposits | - | (6,400) |
| Acquisition of property and equipment | **(60,048,015)** | (79,176,664) |
| Sale proceeds of disposal of property and equipment | **22,696,708** | 16,369,921 |
| Acquisition of intangible assets | - | (6,452,800) |
| Redemption of held for trading investments | **2,624,035,767** | 988,831,142 |
| Purchase of held for trading investments | **(2,748,643,922)** | (964,015,092) |
| Investment in PIBs & T bills | - | (45,028,800) |
| Sale of PIBs & T bill's | **118,905,075** | 49,878,987 |
| Interest received | **8,003,929** | 13,793,450 |
| Dividend received | **41,543,578** | 9,733,206 |
| **Net cash generated from / (used in) investing activities** | **3,551,984** | (15,984,832) |
| **Cash flows from financing activity - dividend paid** | **(112,500,000)** | (75,000,000) |
| **Net increase / (decrease) in cash and cash equivalents** | **3,410,965** | (6,780,257) |
| Cash and cash equivalents at beginning of the year | **9,624,241** | 16,404,498 |
| **Cash and cash equivalents at end of the year** | **13,035,206** | 9,624,241 |

The annexed notes 1 to 34 form an integral part of these financial statements.

**Chief Financial Officer** **Chief Executive Officer** **Chairman**

**ATLAS ASSET MANAGEMENT LIMITED**
**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED JUNE 30, 2023**

## 1. LEGAL STATUS AND OPERATIONS

Atlas Asset Management Limited (the Company) was incorporated in Pakistan as a public limited Company on August 20, 2002 under the repealed Companies Ordinance, 1984 (the Ordinance) and obtained certificate of commencement of business on December 18, 2002. The Company is involved in the business of asset management, fund management, management of mutual funds & pension fund schemes and investment advisory services through portfolio management agreements. The Company has been issued license by the Securities and Exchange Commission of Pakistan (SECP) to carry on business of asset management services as a Non - Banking Finance Company (NBFC) under section 282C of the Ordinance and under the Non - Banking Finance Companies (Establishment & Regulation) Rules, 2003. On January 8, 2007, the SECP issued license to the Company to carry on business as Pension Fund Manager, under the Voluntary Pension System Rules, 2005 (VPS Rules, 2005). On November 14, 2018, the SECP issued license to the Company to carry out Investment Advisory Services, under rule 5 of the Non - Banking Finance Companies (Establishment & Regulation) Rules, 2003. Further, on application of the Company, the SECP issued licenses for real estate investment trust (REIT) and private equity and venture capital fund management services on March 9, 2021. The registered office of the Company is situated at Federation House, Shahrah-e-Firdousi, Clifton, Karachi. The Company has four branches in Karachi and one branch in Lahore, Islamabad, Rawalpindi and Peshawar.

The Company is a wholly owned subsidiary of Shirazi Investments (Private) Limited.

The Company is managing following open end funds and pension funds:

Atlas Income Fund - offered for public subscription from March 22, 2004

Atlas Stock Market Fund - offered for public subscription from November 23, 2004

Atlas Islamic Stock Fund - offered for public subscription from January 15, 2007

Atlas Pension Fund - offered for public subscription from June 28, 2007

Atlas Pension Islamic Fund - offered for public subscription from November 6, 2007

Atlas Islamic Income Fund - offered for public subscription from October 14, 2008

Atlas Money Market Fund - offered for public subscription from January 20, 2010

Atlas Sovereign Fund - offered for public subscription from December 1, 2014

Atlas Islamic Fund of Funds - offered for public subscription from January 07, 2019

Atlas Islamic Dedicated Stock Fund - offered for public subscription from January 10, 2019

Atlas Islamic Money Market Fund - offered for public subscription from January 7, 2021

Atlas Liquid Fund - Offered for public subscription from November 23, 2021

The Company has also launched following Administration Plans, which are a combination of Atlas Income Fund, Atlas Stock Market Fund, Atlas Islamic Income Fund and Atlas Islamic Stock Fund:

Income Multiplier Plan

Balanced Plan

Growth Plan

The Company has launched Atlas Mahana Halal Account in Atlas Islamic Income Fund with the options of Systematic Investment Plan, Systematic Pay-out Plan and Systematic Withdrawal Plan. The Company has also launched the Systematic Pay-out and Systematic Withdrawal Plan for Atlas Income Fund from January 2014.

The Company has also launched following plans under the Atlas Islamic Fund of Funds;

Atlas Aggressive Allocation Islamic Plan

Atlas Moderate Allocation Islamic Plan

Atlas Conservative Allocation Islamic Plan

Atlas Islamic Capital Preservation Plan

Atlas Islamic Dividend Plan

The Pakistan Credit Rating Agency Limited has maintained the Company's asset manager rating at AM2+ on December 23, 2022.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

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

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA 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 VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

SECP through a notification no. SRO 56(1) / 2016 dated 28 January 2016, has directed that the requirements of consolidation under section 228 of the Companies Act, 2017 and IFRS 10 'Consolidated Financial Statements' is not applicable in case of investment by companies in mutual funds established under Trust Structure. Accordingly, the aforesaid requirements have not been considered in the preparation of these financial statements.

### 2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain financial instruments, which are carried at their fair values and provision for gratuity which is carried at present value of defined benefit obligation net of fair value of plan assets.

### 2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the functional currency of the Company and figures are rounded off to the nearest Rupee.

**2.4 Use of estimates and judgements**

The preparation of financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make judgements, 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 judgements 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 on-going 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 in respect of the following:

(i) Estimate of useful life and rates of depreciation / amortisation of property & equipment and intangible assets [notes 4.1 and 4.3]

(ii) Classification and valuation of investments [note 4.4]

(iii) Estimate of payable and receivable in respect of staff retirement benefit - gratuity [note 4.8.2]

(iv) Estimation of current and deferred tax [note 4.9]

**3. NEW AND AMENDED STANDARDS AND INTREPRETATIONS**

**3.1 Standards, amendments to approved accounting standards effective in current year**

New and amended standards and interpretations mandatory for the first time for the financial year beginning July 1, 2022:

**(a)** Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' is applicable for accounting periods beginning on or after January 1, 2022. Under IAS 37, a contract is 'onerous' when the unavoidable costs of meeting the contractual obligations – i.e. the lower of the costs of fulfilling the contract and the costs of terminating it – outweigh the economic benefits. The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

**(b)** Annual improvements 2018 applicable for annual periods beginning on or after January 1, 2022. These amendments include changes from the 2018-2020 cycle of annual improvements project that mainly affect following standards:

**(i)** Amendments to IFRS 1 'First-time Adoption of International Financial Reporting Standards, simplifies the application of IFRS 1 for a subsidiary that becomes a first-time adopter of IFRS Standards later than its parent – i.e. if a subsidiary adopts IFRS Standards later than its parent and applies, then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to IFRS Standards.

**(ii)** Amendment to IFRS 9 'Financial Instruments', clarifies that – for the purpose of performing the '10 per cent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

**(iii)** Amendment to IFRS 16 'Leases' Illustrative Example 13, removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

**(iv)** Amendment to IAS 41 'Agriculture', removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13 Fair Value Measurement.

**(c)** Amendment to IAS 16 'Property, plant and Equipment' is applicable on accounting periods beginning on or after January 1, 2022. The amendments prohibit a Company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use. Instead, a Company will recognise such sales proceeds and related cost in profit or loss. The amendments apply retrospectively, but only to items of PPE made available for use on or after the beginning of the earliest period presented in the financial statements in which the Company first applies the amendments.

**3.2 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the Company**

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 1, 2022 and have not been early adopted by the Company:

**(a)** Amendments to IAS 1, 'Presentation of Financial Statements' is applicable on accounting periods beginning on or after January 1, 2023. The amendments includes 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 also clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

**(b)** Amendments to IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' will be applicable on accounting periods beginning on or after January 1, 2023. The International Accounting Standards Board (the Board) has issued amendments to end diversity in treatment of accounting estimates and clarified how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. Developing an accounting estimate includes both selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and – choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

**(c)** Amendments to IAS 12, 'Income taxes' will be applicable on accounting periods beginning on or after January 1, 2023. 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 recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

**(d)** Amendments to IAS 1, 'Presentation of Financial Statements' is applicable on accounting periods beginning on or after January 1, 2024. Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of this amendments, the requirement for a right to be unconditional has been removed and instead, the amendments requires that a right to defer settlement must have substance and exist at the end of the reporting period. This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement. At October 31, 2022, after reconsidering certain aspects of the amendments, the IASB reconfirmed that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liabilty's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.

**(e)** Amendments to IAS 16, 'Sale and leaseback transaction' is applicable on accounting periods beginning on or after January 1, 2024. Amendments impact how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered.

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation / disclosures. There are a number of other standards, amendments and interpretations to the published standards that are not yet effective and are also not relevant to the Company and, therefore, have not been presented here.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 4.1 Property and equipment

These, except for capital work-in-progress, are stated at cost less accumulated depreciation and impairment losses, if any.

**Subsequent cost**

The cost of replacing part of an item of property and equipment, or enhancement thereof, is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within that part will flow to the Company and its cost can be measured reliably. The carrying amount of the part so replaced is derecognised. Normal repairs and maintenance are charged to statement of profit or loss as and when incurred; also individual assets costing upto Rs.10,000, excluding furniture items, are charged to statement of profit or loss.

**Depreciation**

Depreciation is charged over the useful life of the asset on a systematic basis to statement of profit or loss applying the reducing balance method at the rates specified in note 5.1. Depreciation on additions is charged from the month the asset is available for use while no depreciation is charged in the month in which the asset is disposed-off.

The depreciation method and useful lives of items of property and equipment are reviewed periodically and altered if circumstances or expectations have changed significantly. Any change is accounted for as a change in accounting estimate by changing depreciation charge for the current and future periods.

**Disposal**

Gain or loss on disposal or retirement of property and equipment is determined as the difference between the sale proceed and the carrying amount of asset and is included in the statement of profit or loss.

**Impairment**

The Company assesses at each reporting date whether there is any indication that an asset may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment charge is recognised in statement of profit or loss.

**4.2 Capital work-in-progress**

Capital work-in-progress is stated at cost and represents expenditure incurred on property and equipment in the course of construction less any identified impairment losses. These expenditure are transferred to relevant category of property and equipment as and when the assets are available for use.

**4.3 Intangible assets**

An intangible asset is recognised only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any.

Cost associated with maintaining computer software are recognised as an expense as incurred. Cost of the intangible asset (i.e. computer software) includes purchase cost and directly attributable expense incidental to bring the asset for its intended use.

**Subsequent expenditure**

Expenditure which increases the future economic benefits is recognised as a capital improvement and added to the original cost of the software.

**Amortisation**

Intangible assets are amortised using the straight-line method over a period of three years. Amortisation on additions is charged from the month following in which an asset is put to use and on deletions upto the month immediately preceding the deletion.

**Impairment**

The Company assesses at each reporting date whether there is any indication that an intangible asset may be impaired. If such an indication exists the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the estimated recoverable amounts, assets are written down to the recoverable amounts.

**4.4 Fair value measurement principles and provision**

The fair value of financial instruments is determined as follows:

**Basis of valuation of units of mutual funds**

The investment of the Company in mutual funds is valued on the basis of closing Net Asset Value (NAV) of the underlying mutual funds at the reporting date.

Net gains and losses arising on changes in the fair value of short term investments carried at fair value through profit or loss are taken to the statement of profit or loss.

Net gains and losses arising from changes in the fair value of long term investments carried at fair value through other comprehensive income are taken to the statement of comprehensive income.

**Basis of valuation of government securities**

The investment of the Company in government securities are valued on the basis of PKRV rates published by Reuters in accordance with circular no. 33 of 2012 issued by SECP.

Net gains and losses arising on changes in the fair value of government securities carried at fair value through profit or loss are taken to the statement of profit or loss.

**4.5 Offsetting of financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

**4.6 Other receivables**

Other receivables are initially recognised at original invoice amount which is the fair value of consideration to be received in future and subsequently measured at amortised cost using effective interest rate method. A provision is made on the basis of lifetime ECLs that result from all possible default events over the expected life of other receivables. Bad debts are written off when considered irrecoverable.

**4.7 Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents consist of cash in hand and bank balances.

**4.8 Staff retirement benefits**

**4.8.1 Defined contribution plan**

For permanent employees becoming eligible for retirement benefits, the Company provides for their retirement benefit through the Voluntary Pension Schemes - Atlas Pension Fund (APF) or Atlas Pension Islamic Fund (APIF), managed by the Company as Pension Fund Manager, under the Voluntary Pension System Rules, 2005, as per the fund opted for by the eligible employee.

Equal monthly contributions are made to the APF or APIF, as the case may be, both by the Company and its employees, at the rate of 11% of basic salary. Both, the APF and APIF are managed by the Company under the VPS Rules, 2005, the assets of which are in the custody of the Trustee, i.e. Central Depository Company of Pakistan Limited.

**4.8.2 Defined benefit plan - gratuity**

The Company operates a funded gratuity scheme for its all permanent employees who complete qualifying period of seven years of service with the Company and are entitled to fifteen days last drawn basic salary for each completed year of such service.

The liability recognised in the statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated on the basis of actuarial valuation.

Actuarial gains or loss (re-measurements) are immediately recognised in other comprehensive income as they occur. Current service costs and any past service costs together with net interest costs are charged to statement of profit or loss.

### 4.8.3 Compensated absences

Employees' entitlements to annual leaves are recognised when they accrue to employees. A provision is made for the estimated liability for annual leaves as a result of services rendered by employees upto the reporting date.

## 4.9 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

**Current**

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in the previous years arising from assessments framed during the year for such years.

**Deferred**

Deferred tax is recognised using the statement of financial position method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and available tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

## 4.10 Provisions

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

## 4.11 Trade and accrued liabilities

Trade and accrued liabilities are stated at their amortised cost which is the present value of the consideration to be paid in future for goods and services, whether or not billed to the Company.

## 4.12 Foreign currency transactions and translation

The foreign currency transactions are translated into functional currency using the exchange rates prevailing on the dates of transactions. The closing balance of non-monetary items is included at the exchange rate prevailing on the date of transaction and monetary items are translated using the exchange rate prevailing on the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statement of profit or loss.

## 4.13 Revenue recognition

Revenue is recognised to the extent that it is probable that the Company will collect consideration in exchange for the services transferred to the customer and the amount of consideration can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable. Revenue from different sources is recognised on the following basis:

- remuneration for asset management and pension fund management services is calculated on Net Asset Value basis and is recognised on an accrual basis;
- dividend income is recognised on accrual basis when the Company's right to receive payment is established;
- commission income from funds is recognised at the time of sale of units;
- realised capital gains / (losses) arising on sale of long term investments are included in the other comprehensive income on the date at which the transaction takes place;
- realised capital gains / (losses) arising on sale of short term investments are included in the statement of profit or loss on the date at which the transaction takes place;
- unrealised gains / (losses) arising on re-measurement of long term investments classified as financial assets 'at fair value through other comprehensive income are included in the other comprehensive income in the period in which they arise;
- unrealised gains / (losses) arising on re-measurement of short term investments classified as financial assets 'at fair value through profit or loss' are included in the statement of profit or loss in the period in which they arise; and
- profit on bank deposits and income from government securities is recognised on a time apportionment basis using the effective interest method.

## 4.14 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalised as part of the cost of that asset.

## 4.15 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

## 4.16 Dividend and appropriation to reserves

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

## 4.17 Minimum equity requirement

The Non-Banking Finance Companies and Notified Entities Regulations, 2008 requires the Company to maintain the below mentioned equity levels for the license:

| **Particular of license** | **2023** | 2022 |
|---|---|---|
| | **Rupees** | Rupees |
| Asset Management Services | **200,000,000** | 200,000,000 |

The Company, with an issued, subscribed and paid-up capital of Rs.500,000,000 (2022: Rs.250,000,000) and net shareholders' equity of Rs.1,179,280,928 (2022: Rs.1,083,228,496), is compliant with this requirement.

## 5. PROPERTY AND EQUIPMENT

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| Operating fixed assets | 5.1 | **130,518,441** | 109,372,011 |
| Advances for capital expenditure | | | |
| - Motor vehicles | 5.2 | **6,551,999** | 17,360,467 |
| | | **137,070,440** | 126,732,478 |

### 5.1 Operating fixed assets

| | Furniture and fittings | Leasehold improvements | Motor vehicles | Office equipment | Computer equipment | Total |
|---|---|---|---|---|---|---|
| | ----- Rupees ----- | | | | | |
| **At June 30, 2021** | | | | | | |
| Cost | 5,317,242 | 4,350,276 | 81,545,440 | 17,684,651 | 18,940,952 | 127,838,561 |
| Less: accumulated depreciation | (3,092,440) | (2,720,726) | (26,043,904) | (7,187,635) | (11,153,238) | (50,197,943) |
| Net book value | **2,224,802** | **1,629,550** | **55,501,536** | **10,497,016** | **7,787,714** | **77,640,618** |
| **Year ended June 30, 2022** | | | | | | |
| Opening net book value | 2,224,802 | 1,629,550 | 55,501,536 | 10,497,016 | 7,787,714 | 77,640,618 |
| Additions | 2,182,248 | 11,976,610 | 37,341,388 | 13,375,969 | 1,737,644 | 66,613,859 |
| Disposal | | | | | | |
| - Cost | (185,425) | - | (26,682,395) | (213,680) | - | (27,081,500) |
| - Accumulated depreciation | 110,370 | - | 12,213,225 | 132,533 | - | 12,456,128 |
| | (75,055) | - | (14,469,170) | (81,147) | - | (14,625,372) |
| Less: depreciation charge for the year | (436,837) | (543,853) | (14,543,061) | (2,020,696) | (2,712,647) | (20,257,094) |
| Closing net book value | **3,895,158** | **13,062,307** | **63,830,693** | **21,771,142** | **6,812,711** | **109,372,011** |
| **At June 30, 2022** | | | | | | |
| Cost | 7,314,065 | 16,326,886 | 92,204,433 | 30,846,940 | 20,678,596 | 167,370,920 |
| Less: accumulated depreciation | (3,418,907) | (3,264,579) | (28,373,740) | (9,075,798) | (13,865,885) | (57,998,909) |
| Net book value | **3,895,158** | **13,062,307** | **63,830,693** | **21,771,142** | **6,812,711** | **109,372,011** |
| **Year ended June 30, 2023** | | | | | | |
| Opening net book value | 3,895,158 | 13,062,307 | 63,830,693 | 21,771,142 | 6,812,711 | 109,372,011 |
| Additions | - | - | 65,496,023 | 2,436,073 | 2,924,387 | 70,856,483 |
| Disposal | | | | | | |
| - cost | - | - | (35,408,169) | (1,299,900) | (2,067,592) | (38,775,661) |
| - accumulated depreciation | - | - | 13,487,054 | 946,363 | 2,028,413 | 16,461,830 |
| | - | - | (21,921,115) | (353,537) | (39,179) | (22,313,831) |
| Less: depreciation charge for the year | (584,340) | (1,959,348) | (19,337,101) | (2,871,810) | (2,643,623) | (27,396,222) |
| Closing net book value | **3,310,818** | **11,102,959** | **88,068,500** | **20,981,868** | **7,054,296** | **130,518,441** |
| **At June 30, 2023** | | | | | | |
| Cost | 7,314,065 | 16,326,886 | 122,292,287 | 31,983,113 | 21,535,391 | 199,451,742 |
| Less: accumulated depreciation | (4,003,247) | (5,223,927) | (34,223,787) | (11,001,245) | (14,481,095) | (68,933,301) |
| Net book value | **3,310,818** | **11,102,959** | **88,068,500** | **20,981,868** | **7,054,296** | **130,518,441** |
| **Depreciation rate** (% per annum) | **15** | **15** | **20** | **10 & 33.33** | **30 & 33.33** | |

## 5.1.1 Details of operating assets disposed off during the year :

| | Cost | Accumulated depriciation | Net book value | Security deposit | Sale proceeds | Gain | Method of disposal | Sold to |
|---|---|---|---|---|---|---|---|---|
| | ------ | ------ | ------ | Rupees | ------ | ------ | | |
| **Items with individual net book value exceeding Rs. 500,000** | | | | | | | | |
| **Motor vehicles** | | | | | | | | |
| | 2,834,031 | 377,872 | 2,456,159 | - | 2,870,000 | 413,841 | Negotiation | Auto Deals, Block C2, Gulberg III, Lahore |
| | | | | | | | | **Employees of the Company** |
| | 1,986,000 | 1,053,904 | 932,096 | 160,886 | 771,210 | - | Company policy | Zainab Hussain - Key management personnal |
| | 1,986,000 | 1,053,904 | 932,096 | 160,886 | 771,210 | - | Company policy | Muhammad Uzair uddin siddiqui - Key management personnal |
| | 1,340,000 | 796,853 | 543,147 | 137,513 | 405,634 | - | Company policy | Mohsin Ali Khan - Key management personnal |
| | 1,340,000 | 796,853 | 543,147 | 137,513 | 405,634 | - | Company policy | Qaiser Tanvir - Key management personnal |
| | 1,124,000 | 554,506 | 569,494 | 85,758 | 483,736 | - | Company policy | Syed Najmus Saqib - Employee |
| | 1,373,795 | 264,455 | 1,109,340 | 34,344 | 1,074,996 | - | Company policy | Hassan Askari - Employee |
| | 2,270,000 | 1,329,878 | 940,122 | 226,152 | 713,970 | - | Company policy | Tariq Ahmed Siddiqui - Key management personnal |
| | 1,860,000 | 1,091,001 | 768,999 | 184,767 | 584,232 | - | Company policy | Malik Asjad Ali - Employee |
| | 1,986,000 | 1,178,184 | 807,816 | 202,590 | 605,226 | - | Company policy | Farhan Ahmed - Employee |
| | | | | | | | | **Ex-Employees of the Company** |
| | 3,353,500 | 660,453 | 2,693,047 | 76,923 | 2,616,124 | - | Company policy | Ayesha Salahuddin |
| | 1,373,795 | 225,531 | 1,148,264 | 25,758 | 1,122,506 | - | Company policy | Zohaib Rajput |
| | 1,373,795 | 225,531 | 1,148,264 | 25,758 | 1,122,506 | - | Company policy | Abeera Saeed |
| | 1,474,643 | 372,267 | 1,102,376 | 47,714 | 1,054,662 | - | Company policy | Moin Ali Bilwani |
| | 1,124,000 | 614,452 | 509,548 | 81,706 | 427,842 | - | Company policy | Sohaib Malik Zameer |
| | 1,474,643 | 467,302 | 1,007,341 | 55,466 | 951,875 | - | Company policy | Taimoor Asif |
| | 2,787,000 | 532,628 | 2,254,372 | 65,776 | 2,188,596 | - | Company policy | Abdul Sattar Abro |
| | **31,061,202** | **11,595,574** | **19,465,628** | **1,709,510** | **18,169,959** | **413,841** | | |
| **Various assets having net book value upto Rs. 500,000 each** | **7,714,459** | **4,866,256** | **2,848,203** | **103,400** | **2,713,839** | **(30,964)** | | |
| **June 30, 2023** | **38,775,661** | **16,461,830** | **22,313,831** | **1,812,910** | **20,883,798** | **382,877** | | |
| June 30, 2022 | 27,081,500 | 12,456,128 | 14,625,372 | 1,334,009 | 15,035,912 | 1,744,549 | | |

**5.2** Including advances of Rs.4,926,501 (2022: Rs.13,321,409) paid to Honda Atlas Cars (Pakistan) Limited and advance of Rs.1,625,502 (2022: Rs.Nil) paid to Atlas Honda Limited for purchase of vehicles and motorcycles respectively.

## 6. INTANGIBLE ASSETS

| | 2023 Rupees | 2022 Rupees |
|---|---|---|
| **Cost** | | |
| At beginning of the year | **27,067,796** | 23,644,152 |
| Additions | **523,212** | 6,452,800 |
| Written off | **(523,212)** | (3,029,156) |
| At end of the year | **27,067,796** | 27,067,796 |
| **Accumulated amortization** | | |
| At beginning of the year | **(20,566,729)** | (22,724,030) |
| Accumulated depreciation on written off | **-** | 3,029,156 |
| Amortization charge | **(2,338,680)** | (871,855) |
| At end of the year | **(22,905,409)** | (20,566,729) |
| **Net book value** | **4,162,387** | 6,501,067 |
| Amortization rate - % per annum | **33.33** | 33.33 |

**6.1** Intangible assets include items having aggregate cost of Rs.19,879,796 (2022: Rs.19,879,796) that have been fully amortised and are still in use of the Company.

## 7. LONG TERM INVESTMENTS

| At fair value through other - comprehensive income | Note | Rupees Cost | 2023 Rupees Market Value | 2022 Rupees Market Value |
|---|---|---|---|---|
| **Related parties** | | | | |
| Atlas Pension Fund | **7.1** | **49,800,000** | **224,837,040** | 205,989,400 |
| Atlas Pension Islamic Fund | **7.2** | **49,800,000** | **218,459,320** | 205,293,860 |
| | | **99,600,000** | **443,296,360** | 411,283,260 |

### 7.1 Atlas Pension Fund - Open end fund

| | No. of units | Cost per unit | Market value per unit | Cost | Market value |
|---|---|---|---|---|---|
| | | | ---------- Rupees | ---------- | |
| **June 30, 2023** | | | | | |
| APF - Equity Sub Fund | **166,000** | **100.00** | **549.01** | **16,600,000** | **91,135,660** |
| APF - Debt Sub Fund | **166,000** | **100.00** | **414.63** | **16,600,000** | **68,828,580** |
| APF - MM Sub Fund | **166,000** | **100.00** | **390.80** | **16,600,000** | **64,872,800** |
| | **498,000** | | | **49,800,000** | **224,837,040** |
| June 30, 2022 | | | | | |
| APF - Equity Sub Fund | 166,000 | 100.00 | 549.85 | 16,600,000 | 91,275,100 |
| APF - Debt Sub Fund | 166,000 | 100.00 | 358.30 | 16,600,000 | 59,477,800 |
| APF - MM Sub Fund | 166,000 | 100.00 | 332.75 | 16,600,000 | 55,236,500 |
| | 498,000 | | | 49,800,000 | 205,989,400 |

### 7.2 Atlas Pension Islamic Fund - Open end fund

| | No. of units | Cost per unit | Market value per unit | Cost | Market value |
|---|---|---|---|---|---|
| | | | ---------- Rupees | ---------- | |
| **June 30, 2023** | | | | | |
| APIF - Equity Sub Fund | **166,000** | **100.00** | **665.91** | **16,600,000** | **110,541,060** |
| APIF - Debt Sub Fund | **166,000** | **100.00** | **313.94** | **16,600,000** | **52,114,040** |
| APIF - MM Sub Fund | **166,000** | **100.00** | **336.17** | **16,600,000** | **55,804,220** |
| | **498,000** | | | **49,800,000** | **218,459,320** |
| June 30, 2022 | | | | | |
| APIF - Equity Sub Fund | 166,000 | 100.00 | 674.59 | 16,600,000 | 111,981,940 |
| APIF - Debt Sub Fund | 166,000 | 100.00 | 273.07 | 16,600,000 | 45,329,620 |
| APIF - MM Sub Fund | 166,000 | 100.00 | 289.05 | 16,600,000 | 47,982,300 |
| | 498,000 | | | 49,800,000 | 205,293,860 |

| 8. LONG TERM LOANS | Note | 2023 | 2022 |
|---|---|---|---|
| **Unsecured and considered good** | | **Rupees** | Rupees |
| **Personal loan to:** | | | |
| Related parties - Key Management personnel | | **1,154,252** | 1,119,031 |
| Other employees | | **1,541,128** | 1,701,052 |
| | | **2,695,380** | 2,820,083 |
| **Less: amounts due within one year and shown under current assets:** | | | |
| Related parties - Key Management personnel | | **846,753** | 947,271 |
| Other employees | | **1,176,143** | 1,087,251 |
| | 11 | **2,022,896** | 2,034,522 |
| | | **672,484** | 785,561 |

8.1 These represent interest free personal loans provided to employees as per the terms of employement and are repayable in twenty four equal monthly installments.

8.2 The maximum amount of loans to the key management personnel outstanding at the end of any month during the year ended June 30, 2023 was Rs.1,770,049 (2022: Rs.2,010,958).

8.3 The carrying values of these loans are neither past due nor impaired. The credit quality of these financial assets can be assessed with reference to negligible defaults in recent history.

| 9. RECEIVABLE FROM FUNDS UNDER MANAGEMENT | 2023 | 2022 |
|---|---|---|
| **- Related parties (Open end funds and pension funds managed by the Company)** | **Rupees** | Rupees |
| **Management fee receivable from;** | | |
| Atlas Income Fund | **3,607,030** | 1,822,252 |
| Atlas Money Market Fund | **14,600,112** | 2,789,932 |
| Atlas Islamic Income Fund | **756,738** | 562,196 |
| Atlas Stock Market Fund | **16,565,648** | 18,863,973 |
| Atlas Islamic Stock Fund | **6,742,574** | 7,958,097 |
| Atlas Sovereign Fund | **553,252** | 712,014 |
| Atlas Pension Fund | **1,077,309** | 1,212,695 |
| Atlas Pension Islamic Fund | **1,161,569** | 1,281,363 |
| Atlas Islamic Dedicated Stock Fund | **1,247,437** | 1,068,106 |
| Atlas Islamic Fund of Funds | **33,446** | 33,253 |
| Atlas Islamic Money Market Fund | **1,143,931** | 121,654 |
| Atlas Liquid Fund | **3,162,414** | 571,214 |
| | **50,651,460** | 36,996,749 |
| **Current portion of receivable in respect;** | | |
| Formation cost - Atlas Liquid Fund | - | 602,569 |
| | **50,651,460** | 37,599,318 |

9.1 The maximum aggregate amount of receivable from funds under management at the end of any month during the year was Rs.52,392,753 (2022: Rs.41,277,662).

9.2 These balances are recoverable within one month. As of date of the financial statements, these are neither past due nor impaired.

10. These include balance due from Atlas Group of Companies Management Staff Gratuity Fund, Shirazi Investments Limited Employee Provident Fund and Atlas Insurance Limited, related parties, amounting to Rs.211,354 (2022: Rs.326,202), Rs.841 (2022: Rs.9,302) and Rs.1,220,413 (2022: Rs.1,250,000) respectively.

## 11. LOANS AND ADVANCES

| - Unsecured and considered good | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| Current maturity of long term loans to key management personnel and other employees | 8 | **2,022,896** | 2,034,522 |
| Other advances | | **145,000** | 161,500 |
| | | **2,167,896** | 2,196,022 |

## 12. PREPAYMENTS AND OTHER RECEIVABLES

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| Short term prepayments | 12.1 | **3,032,649** | 4,706,220 |
| Receivable from funds | 12.2 | **41,014,094** | 9,035,035 |
| Sindh sales tax - input claim recoverable | | **1,555,658** | 2,715,730 |
| Other Receivables | 12.3 | **614,666** | 1,281,278 |
| | | **46,217,067** | 17,738,263 |

12.1 These include prepayments pertaining to Shirazi Trading (Private) Limited amounting Rs.1,833 (2022: Nil) and to Shirazi Investment (Private) Limited amounting Rs. 97,122 (2022: Nil).

12.2 Represents receivable against back office accounting services, administration, selling & marketing expenses and formation cost of the upcoming funds under management in accordance with Regulation 60 of the NBFC Regulations. These balances are recoverable within one month. As of date of the financial statements, these are neither past due nor impaired.

12.3 These include receivables from key management personnel amounting Rs.Nil (2022: Rs.956,284).

## 13. SHORT TERM INVESTMENTS
### At fair value through profit and loss

| Name of Mutual Fund | ---- Number of units ---- As at July 01, 2022 | Purchase during the year | Redemption during the year | As at June 30, 2023 | Market Value as on June 30, 2023 (Rupees) | Market Value as on June 30, 2022 (Rupees) |
|---|---|---|---|---|---|---|
| **Investments in own funds** | | | | | | |
| **Quoted - Related parties** | | | | | | |
| Atlas Money Market Fund | 42,082.1827 | 2,513,989.7047 | 2,556,071.8874 | - | - | 21,357,007 |
| Atlas Islamic Stock Fund | 102,635.4995 | 234,960.0000 | 212,299.8746 | **125,295.6249** | **59,886,655** | 50,743,792 |
| Atlas Islamic Money Market Fund | 370,950.3646 | 2,531,823.0490 | 2,170,542.6891 | **732,230.7245** | **367,100,799** | 185,475,182 |
| Atlas Stock Market Fund | 115,955.2475 | 124,246.7144 | 151,698.6757 | **88,503.2862** | **50,704,667** | 68,831,023 |
| Atlas Sovereign Fund | - | 246,210.5357 | 162,808.4089 | **83,402.1268** | **8,472,706** | - |
| **Atlas Islamic Funds of Funds** | | | | | | |
| Atlas Aggressive Allocation Islamic Plan | 15,309.0512 | 237.4200 | - | **15,546.4712** | **8,567,522** | 8,474,056 |
| Atlas Moderate Allocation Islamic Plan | 12,190.0527 | 601.3810 | - | **12,791.4337** | **7,225,349** | 6,909,164 |
| Atlas Conservative Allocation Islamic Plan | 44,997.7431 | 4,120.6447 | - | **49,118.3878** | **27,810,868** | 25,524,011 |
| Atlas Islamic Dividend Plan | 45,888.6239 | 603.8721 | 46,492.4960 | - | - | 22,944,312 |
| | | | | | **529,768,566** | 390,258,547 |
| **Investment in Government Securities** | | | | | | |
| Pakistan Investment Bond (5 Years) | | | | | - | 70,934,100 |
| Investment in T-bills (12 Months) | | | | | - | 45,494,300 |
| | | | | | **529,768,566** | 506,686,947 |

## 14. CASH AND BANK BALANCES

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| Cash at banks in PLS deposit accounts | 14.1 | **12,975,206** | 9,569,241 |
| Cash in hand | | **60,000** | 55,000 |
| | | **13,035,206** | 9,624,241 |

**14.1** These carry mark-up at the rates upto 19.5% (2022: 12.25%) per annum.

## 15. SHARE CAPITAL

| | 2023 Rupees | 2022 Rupees |
|---|---|---|
| **15.1 Authorised capital** | | |
| 50,000,000 (2022: 50,000,000) ordinary shares of Rs.10 each | **500,000,000** | 500,000,000 |
| **15.2 Issued, subscribed and paid-up capital** | | |
| 50,000,000 (2022: 25,000,000) ordinary shares of Rs.10 each issued as fully paid in cash | **500,000,000** | 250,000,000 |

**15.3 Movement in issued, subscribed and paid-up capital**

| 2023 Number of shares | 2022 Number of shares | | 2023 Rupees | 2022 Rupees |
|---|---|---|---|---|
| **25,000,000** | 25,000,000 | Balance at beginning of the year | **250,000,000** | 250,000,000 |
| **25,000,000** | - | Ordinary shares of Rs.10 each issued as fully paid bonus shares | **250,000,000** | - |
| **50,000,000** | 25,000,000 | Balance at end of the year | **500,000,000** | 250,000,000 |

**15.4** Shirazi Investments (Private) Limited - the Holding Company as at the reporting date held 50,000,000 (2022: 25,000,000) ordinary shares, including 12 shares held by the directors as nominees of the Holding Company.

## 16. LONG TERM ADVANCES

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| Vehicle advances | 16.1 | **4,132,926** | 3,928,029 |
| Tablets advances | 16.1 | **-** | 113,575 |
| | | **4,132,926** | 4,041,604 |

**16.1** These represent 10% of cost of vehicle and tablets recoverable from employees in respect of vehicles provided to them by the Company. These are recoverable over a period of 5 years and adjustable against sale proceeds at the time of disposal.

**16.2** The amount owed by key management persons to Company in respect of these deposits is Rs.2,055,898 (2022: Rs.1,847,941).

## 17. PROVISION FOR GRATUITY

**17.1** In 2016, the Company established a gratuity fund - 'Atlas Asset Management Limited - Management Staff Gratuity Fund' through which benefits are paid on cessation of employment subject to a minimum eligibility period for gratuity of 7 years' service with the employer. This is a trustee-administered fund and is governed by local regulations which include Trust Act, 1882, Companies act, 2017, Income Tax Rules, 2002 and Rules under the Trust deed of the Scheme. Responsibility for governance of the Scheme, including investment decisions and contributions schedules lies with the board of trustees. The Company appoints the trustees and none of the trustee is an employee of the Company.

At November 24, 2017, the board of trustees of Atlas Asset Management Staff Gratuity Fund have decided to be merged with The Atlas Group of Companies Management Staff Gratuity Fund for the purpose of investment and administrative convenience. The merger of the above individual funds shall be for the aforementioned purpose. For other matters, the above mentioned funds shall maintain their separate independent identities and shall be governed by their own Trust Deed and Rules.

**17.2** The latest actuarial valuation of the Scheme as at June 30, 2023 was carried out by an independent valuer using the 'Projected Unit Credit Method'. Details of the Scheme as per the actuarial valuation are as follows:

| | | Note | 2023<br>Rupees | 2022<br>Rupees |
|---|---|---|---|---|
| **17.3** | **Statement of financial position reconciliation** | | | |
| | Present value of defined benefit obligation | 17.4 | **36,794,227** | 30,509,072 |
| | Fair value of plan assets | 17.5 | **(31,087,051)** | (25,188,206) |
| | Net liability at end of the year | | **5,707,176** | 5,320,866 |
| **17.4** | **Movement in the defined benefit obligation** | | | |
| | Balance at beginning of the year | | **30,509,072** | 24,553,907 |
| | Current service cost | 17.7 | **2,930,394** | 2,514,462 |
| | Interest cost | 17.7 | **4,217,980** | 2,584,030 |
| | Benefit paid during the year | | **(1,848,506)** | (85,839) |
| | Re-measurement loss on obligation | 17.8 | **985,287** | 942,512 |
| | Balance at end of the year | | **36,794,227** | 30,509,072 |
| **17.5** | **Movement in the fair value of plan assets** | | | |
| | Balance at beginning of the year | | **25,188,206** | 23,023,295 |
| | Actual contribution by employer | | **5,320,866** | 1,530,612 |
| | Benefit paid during the year | | **(1,848,506)** | (85,839) |
| | Interest income on plan assets | 17.7 | **3,543,734** | 2,434,613 |
| | Re-measurement loss on plan assets | 17.8 | **(1,117,249)** | (1,714,475) |
| | Balance at end of the year | | **31,087,051** | 25,188,206 |

| | | 2023<br>Rupees | 2022<br>Rupees |
|---|---|---|---|
| **17.6** | **Plan assets comprise of the following:** | | |
| | Mutual funds | **26,328,500** | 17,986,800 |
| | Pakistan investment bonds | **1,256,585** | 3,340,081 |
| | Treasury bills | **3,210,186** | 3,475,701 |
| | Term finance certificates | **267,874** | 238,539 |
| | Cash and cash equivalents | **23,906** | 147,085 |
| | | **31,087,051** | 25,188,206 |
| **17.7** | **Expense recognised in statement of profit or loss** | | |
| | Service cost | **2,930,394** | 2,514,462 |
| | Interest cost | **4,217,980** | 2,584,030 |
| | Interest income on plan assets | **(3,543,734)** | (2,434,613) |
| | | **3,604,640** | 2,663,879 |
| **17.8** | **Re-measurement loss recognised in other comprehensive income** | | |
| | Loss on obligation | **985,287** | 942,512 |
| | Loss on plan asset | **1,117,249** | 1,714,475 |
| | | **2,102,536** | 2,656,987 |
| **17.9** | **Actual return on plan assets** | **2,385,101** | 791,525 |
| **17.10** | **Movement in the net liability** | | |
| | Balance at beginning of the year | **5,320,866** | 1,530,612 |
| | Expense for the year | **3,604,640** | 2,663,879 |
| | Contributions by employer during the year | **(5,320,866)** | (1,530,612) |
| | Re-measurement recognised in other comprehensive income | **2,102,536** | 2,656,987 |
| | Balance at end of the year | **5,707,176** | 5,320,866 |
| **17.11** | **Significant actuarial assumptions** | | |
| | Discount rate | **16.25%** | 13.50% |
| | Expected rate of salary increase for: | | |
| | - first year | **11.00%** | 11.00% |
| | - in long term | **15.25%** | 12.50% |
| | Demographic assumptions | | |
| | - Mortality rates (for death in service) | **SLIC (2001-05)-1** | SLIC (2001-05)-1 |
| | - Rates of employee turnover | **Heavy** | Moderate |

**17.12** The sensitivity of the defined benefit obligation to changes in principal assumptions is:

| | Impact on net defined benefit obligation | | |
|---|---|---|---|
| **2023** | **Change in assumptions** | **Increase in assumptions** | **Decrease in assumptions** |
| | | **------------ Rupees ------------** | |
| Discount rate | **1%** | **34,102,499** | **39,840,301** |
| Increase in future salaries | **1%** | **39,668,574** | **34,206,946** |
| Withdrawal rates - light | | **29,885,508** | |
| Withdrawal rates - heavy | | **30,918,385** | |

| | Impact on net defined benefit obligation | | |
|---|---|---|---|
| 2022 | Change in assumptions | Increase in assumptions | Decrease in assumptions |
| | | ------------ Rupees ------------ | |
| Discount rate | 1% | 27,597,185 | 33,885,763 |
| Increase in future salaries | 1% | 33,736,157 | 27,671,974 |
| Withdrawal rates - light | | 29,885,508 | |
| Withdrawal rates - heavy | | 30,918,385 | |

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and change in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of reporting period) has been applied as when calculating the defined benefit liability recognised within the statement of financial position.

The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

**17.13** The weighted average duration of gratuity scheme is 7.77 years (2022: 10.25 years).

**17.14** Expected charge of gratuity for the year ending June 30, 2024 is Rs.4,154,975.

**17.15** Expected maturity analysis of undiscounted retirement benefit plan:

| | **Less than a year** | **Between 1 - 2 years** | **Between 2 - 5 years** | **Over 5 years** | **Total** |
|---|---|---|---|---|---|
| | | | **Rupees** | | |
| **As at June 30, 2023** | **2,908,973** | **3,400,424** | **13,846,372** | **773,707,217** | **793,862,986** |
| As at June 30, 2022 | 1,411,889 | 1,709,386 | 7,788,926 | 720,922,961 | 731,833,162 |

## 18. DEFERRED TAXATION

| | June 30, 2023 | | | June 30, 2022 | | |
|---|---|---|---|---|---|---|
| | Opening assets / (liabilities) | (Charged) /reversal | Closing assets / (liabilities) | Opening assets / (liabilities) | (Charged) /reversal | Closing assets / (liabilities) |
| | Rupees | | | | | |
| Credit balance arising in respect of: | | | | | | |
| - Accelerated tax depreciation allowances | **(4,416,325)** | **3,163,834** | **(1,252,491)** | (3,024,501) | (1,391,824) | (4,416,325) |
| Debit balances arising in respect of: | | | | | | |
| - Provision for deferred liability | **1,543,051** | **283,245** | **1,826,296** | 443,877 | 1,099,174 | 1,543,051 |
| - Provision for compensated absences | **693,688** | **277,071** | **970,759** | 1,142,029 | (448,341) | 693,688 |
| - Provision for bonus | **-** | **320,000** | **320,000** | 17,569,210 | (17,569,210) | - |
| - Tax amortisation | **35,588** | **(14,661)** | **20,927** | 13,266 | 22,322 | 35,588 |
| - Re-measurement of short term investments | **(3,459,629)** | **1,174,623** | **(2,285,006)** | (8,756,381) | 5,296,752 | (3,459,629) |
| | **(5,603,627)** | **5,204,112** | **(399,515)** | 7,387,500 | (12,991,127) | (5,603,627) |

**18.1** The net reversal includes Rs.672,812 (2022: Rs.770,526) being deferred tax impact on re-measurement loss on deferred liability recognised in other comprehensive income.

## 19. TRADE AND ACCRUED LIABILITIES

| | | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| Trade payables | | **2,459,081** | 2,324,685 |
| Accrued liabilities | | **2,918,721** | 4,232,251 |
| Provision for compensated absences | **19.1** | **27,514,737** | 24,481,115 |
| Sales incentive and provision for bonus | | **-** | 758,810 |
| | | **32,892,539** | 31,796,861 |

**19.1 Provision for compensated absences**

| | | | |
|---|---|---|---|
| Balance at beginning of the year | | **24,481,115** | 22,089,086 |
| Charge for the year | | **6,036,669** | 3,055,051 |
| | | **30,517,784** | 25,144,137 |
| Less: encashed during the year | | **(3,003,047)** | (663,022) |
| Balance at end of the year | **19.1.1** | **27,514,737** | 24,481,115 |

**19.1.1** Includes liability in respect of key management personnel aggregating to Rs.17,334,646 (2022: Rs.14,652,491).

## 20. OTHER LIABILITIES

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| Sindh Workers' Welfare Fund | **20.1** | **5,201,879** | 3,937,677 |
| Withholding tax liabilities | | **11,922,263** | 279,952 |
| Others | | **157,109** | 2,234,252 |
| | | **17,281,251** | 6,451,881 |

| 20.1 Sindh Workers' Welfare Fund | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| Balance at beginning of the year | | **3,937,677** | 4,751,356 |
| Charge for the year | 24 | **5,201,879** | 3,937,677 |
| Adjustment for prior year | | **371,764** | (280,714) |
| | | **5,573,643** | 3,656,963 |
| Payment made during the year | | **(4,309,441)** | (4,470,642) |
| Balance at end of the year | | **5,201,879** | 3,937,677 |

## 21. CONTINGENCIES AND COMMITMENTS

### 21.1 Contingencies

**21.1.1** The Finance Act, 2013 has enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from June 13, 2013. As the asset management services rendered by the Management Company to the Funds are already subject to provincial sales tax on services levied by the Sindh Revenue Board (SRB), which is being charged to the funds and the Management Company collects the same as withholding agent and deposits the same with the SRB, the Management Company is of the view that further levy of FED is not justified. However, as a matter of abundant caution, provision is being made in the books of account of the mutual funds and pension funds being managed by the Company, these funds being the recipient of the asset management services, and there is no impact on the financial statements of the Management Company.

Various asset management companies including the Company, together with their representative Collective Investment Schemes through their trustees, have filed a petition in the High Court of Sindh (SHC), challenging the levy of FED. In this respect, SHC has issued a stay order against recovery proceedings. SHC, through its order dated June 30, 2016, stated that any notices issued, proceedings taken or pending, orders made, duty recovered or action taken under the Federal Act 2005 in respect of rendering of services are to be quashed and set aside. Thereafter Deputy Commissioner Inland Revenue appealed in the Supreme Court against SHC order which is still a pending adjudication.

Further, the Finance Act 2016, also introduced an amendment to the Federal Excise Act, 2005 whereby FED was withdrawn on services of different industries including Non-Banking Financial Institutions, which are already subject to provisional sales tax.

**21.1.2** With effect from July 1, 2011, the asset management services rendered by the Company to the mutual funds and pension funds under its management fall within the scope of taxable services under Sindh Sales Tax Act, chargeable at the rate of 16% on the asset management services rendered, which the Company collects from the mutual funds / pension funds as a collecting agent and thereafter deposits the same with the SRB. The Company, being registered in the province of Sindh, is registered with the SRB as a service provider.

During year ended June 30, 2014, the Company as well as various other AMCs registered in the province of Sindh received notices from the Punjab Revenue Authority (PRA), requiring the Company / other AMCs to register with the PRA for the asset management services rendered in the Punjab through the offices of the Company in the Punjab.

During the proceedings, it was explained to the PRA that the Company's offices in the Punjab only relate to sales offices, and no asset management services are rendered from such offices. All asset management services are rendered by the Company directly from its Head Office located in Karachi. Further, the full amount of provincial tax liability was being duly discharged to the SRB, hence, without prejudice to the main contention, the question, if any, related to apportionment between the two provinces and not double taxation. During the proceedings, meetings have been held with the officials of both, SRB and PRA at the collective forum of the Mutual Funds Association of Pakistan (MUFAP) together with the tax consultants, to work out any suitable basis of apportionment of the tax already being paid by the Company and other AMCs.

Despite the detailed explanations furnished and the meetings held with the officials of the SRB and PRA as stated above, on June 26, 2014, the Company received a show cause notice from the PRA, requiring payment of Rs.7,660,000 as alleged Punjab Sales Tax on services for the period July 1, 2013 to December 31, 2013, and requiring the Company to explain why penalty proceedings should not be initiated there against such alleged amount is in addition to the Sindh Sales Tax on services already paid to the SRB for the period. Similar show cause notices have been received by other AMCs.

On July 8, 2014, the Company and other AMCs, have filed a petition in the SHC against both, SRB and PRA, challenging the issuance of such show cause notice by PRA and the alleged levy of Punjab Sales Tax on services therein, as well the non-resolution of issue of apportionment of the total 16% tax on asset management services, which is already being paid to the SRB. In the initial hearing, the SHC has suspended the operation of the notice. The case is still pending adjudication. No provision has been made in these financial statements for the alleged tax liability of Rs.7,660,000, as the management is confident that the ultimate outcome will be in the Company's favour.

**21.2 Commitments**

There were no commitments outstanding as at June 30, 2023 and June 30, 2022.

**22. MANAGEMENT FEE**

| - Related parties | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| Atlas Income Fund | 22.1 | **46,418,651** | 29,543,059 |
| Atlas Money Market Fund | 22.1 | **128,218,567** | 30,174,043 |
| Atlas Islamic Income Fund | 22.1 | **11,124,178** | 8,531,272 |
| Atlas Stock Market Fund | 22.1 | **240,705,002** | 280,771,615 |
| Atlas Islamic Stock Fund | 22.1 | **103,054,359** | 104,333,903 |
| Atlas Sovereign Fund | 22.1 | **10,732,767** | 11,819,031 |
| Atlas Pension Fund | 22.1 | **15,336,447** | 17,206,659 |
| Atlas Pension Islamic Fund | 22.1 | **16,054,480** | 17,448,561 |
| Atlas Islamic Dedicated Stock Fund | 22.1 | **15,534,899** | 13,025,836 |
| Atlas Islamic Fund of Funds | 22.1 | **484,806** | 340,210 |
| Atlas Islamic Money Market Fund | 22.1 | **8,674,770** | 1,079,851 |
| Atlas Liquid Fund | 22.1 | **27,561,398** | 2,653,531 |
| | | **623,900,324** | 516,927,571 |
| Less: sales tax on services | | **71,776,143** | 59,469,544 |
| Net revenue | | **552,124,181** | 457,458,027 |

**22.1** In accordance with the provisions of the Non-Banking Finance Companies & Notified Entities Regulations, 2008, the Management Company of the funds is entitled a management fee that has been verified by the trustee and is paid in arrears on monthly basis. The maximum rate of management fee chargeable to Funds is required to be disclosed in the offering documents within allowed expense ratio limit i.e. upto 4.5% for equity, balanced, asset allocation and protected schemes, 2% for money market scheme, 2.5% for income, aggressive income, capital protected, index and commodity schemes, 3% for commodity schemes and 2.5% for fund of fund schemes. During the year, the Company has charged its management fee at the following rates:

| **Funds under the management of the Company** | **2023** | | 2022 | |
|---|---|---|---|---|
| | **Maximum** | **Minimum** | Maximum | Minimum |
| Atlas Income Fund | **1.25%** | **0.75%** | 0.75% | 0.50% |
| Atlas Money Market Fund | **0.90%** | **0.10%** | 0.20% | 0.10% |
| Atlas Islamic Income Fund | **0.55%** | **0.50%** | 0.35% | 0.35% |
| Atlas Stock Market Fund | **2.50%** | **2.50%** | 2.50% | 2.40% |
| Atlas Islamic Stock Fund | **2.50%** | **2.50%** | 2.50% | 2.40% |
| Atlas Sovereign Fund | **1.25%** | **0.75%** | 0.70% | 0.40% |
| Atlas Liquid Fund | **1.00%** | **0.25%** | 0.20% | 0.16% |
| Atlas Islamic Dedicated Stock Fund | **3.00%** | **2.75%** | 2.75% | 2.40% |
| Atlas Islamic Money Market Fund | **0.43%** | **0.15%** | 0.10% | 0.05% |
| Atlas Pension Fund and Atlas Pension Islamic Fund | | | | |
| - Equity Sub Fund | **1.50%** | **1.50%** | 1.50% | 1.50% |
| - Debt Sub Fund | **0.75%** | **0.50%** | 0.75% | 0.75% |
| - Money Market Sub Fund | **0.50%** | **0.30%** | 0.50% | 0.50% |
| Atlas Islamic Fund of Funds | | | | |
| - Atlas Aggressive Allocation Islamic Plan | **1.00%** | **1.00%** | 1.00% | 1.00% |
| - Atlas Moderate Allocation Islamic Plan | **1.00%** | **1.00%** | 1.00% | 1.00% |
| - Atlas Conservative Allocation Islamic Plan | **1.00%** | **1.00%** | 1.00% | 1.00% |
| - Atlas Islamic Capital Preservation Plan | **1.00%** | **1.00%** | 1.00% | 1.00% |
| - Atlas Islamic Dividend Plan | **1.00%** | **1.00%** | 1.00% | 1.00% |

## 23. SELLING AND MARKETING EXPENSES

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| Salaries and allowances | 24.1 | **47,159,207** | 32,646,701 |
| Rent, rates and taxes | | **8,871,894** | 8,521,700 |
| Depreciation | | **7,787,442** | 5,091,346 |
| Repair and maintenance | | **4,378,091** | 2,413,909 |
| Fee and subscription | | **15,857** | 13,028 |
| Insurance | 23.1 | **1,481,849** | 1,588,064 |
| Travelling and conveyance | | **6,250,933** | 4,028,211 |
| Utilities | | **2,878,415** | 1,712,999 |
| Vehicle running expenses | | **4,212,291** | 3,108,380 |
| Communication | | **2,334,330** | 1,757,344 |
| Staff training and development | | **77,500** | 44,140 |
| Entertainment | | **888,252** | 654,466 |
| Printing and stationery | | **259,847** | 137,944 |
| Amortisation | | **148,720** | 171,594 |
| Books and periodicals | | **445,411** | 184,718 |
| Marketing expenses | | **12,517,491** | 6,980,000 |
| Commission to distributors | | **2,676,115** | 4,925,772 |
| Sales incentives to sales staff | | **14,600,519** | 10,893,077 |
| | | **116,984,164** | 84,873,393 |
| Less: Expenses reimbursed from funds | | **(14,264,306)** | - |
| | | **102,719,858** | 84,873,393 |

**23.1** This includes sufficient insurance coverage that the Company has obtained from Atlas Insurance Limited (an Associated Company having rating AA+) against any losses that may be incurred as a result of its employee's act of forgery or embezzlement, larceny or fraudulent conversion.

**23.2** The SECP had allowed asset management companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) subject to a maximum limit for charging of such expenses to funds as approved by the Board as part of an annual plan.

The Board of Directors of the Company had approved the annual plan for charging of selling and marketing expenses to the funds under the management of the Company and has given a discretion for charging of selling and marketing expenses directly to the Fund as proposed by the management as per the requirement of SECP circular 11 dated July 05, 2019. The Company is charging the selling and marketing expenses variably keeping in view the overall return of the Fund and subject to the total expense ratio of funds as defined under the NBFC Regulation.

The rates of selling and marketing expenses charged by the Company during the year as a percentage of net assets range between the following:

| Funds under the management of the Company | 2023 | | 2022 | |
|---|---|---|---|---|
| | Maximum | Minimum | Maximum | Minimum |
| Atlas Income Fund | 0.15% | - | - | - |
| Atlas Money Market Fund | 0.05% | - | - | - |
| Atlas Islamic Income Fund | 0.10% | - | - | - |
| Atlas Stock Market Fund | 0.50% | - | - | - |
| Atlas Islamic Stock Fund | 0.50% | - | - | - |
| Atlas Sovereign Fund | 0.10% | - | - | - |
| Atlas Liquid Fund | 0.10% | - | - | - |
| Atlas Islamic Dedicated Stock Fund | - | - | - | - |
| Atlas Islamic Money Market Fund | 0.03% | - | - | - |
| Atlas Pension Fund and Atlas Pension Islamic Fund | | | | |
| - Equity Sub Fund | - | - | - | - |
| - Debt Sub Fund | - | - | - | - |
| - Money Market Sub Fund | - | - | - | - |

## 24. ADMINISTRATIVE AND OPERATING EXPENSES

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| Salaries and allowances | 24.1 | 201,934,701 | 154,792,791 |
| Rent, rates and taxes | | 18,305,109 | 15,531,159 |
| Depreciation | | 19,608,780 | 15,165,748 |
| Repair and maintenance | | 19,037,536 | 16,234,615 |
| Fee and subscription | | 7,664,422 | 4,721,386 |
| Insurance | 23.1 | 12,470,865 | 11,118,864 |
| Travelling and conveyance | | 2,281,703 | 1,584,345 |
| Utilities | | 5,442,172 | 4,612,581 |
| Vehicle running expenses | | 14,168,065 | 10,074,602 |
| Legal and professional charges | | 3,461,481 | 3,231,966 |
| Communication | | 3,145,562 | 2,922,877 |
| Back office accounting services charges | 24.2 | 40,565,377 | 37,569,827 |
| Staff training and development | | 2,352,945 | 698,200 |
| Sindh Workers' Welfare Fund | 20.1 | 5,573,643 | 3,656,963 |
| Entertainment | | 1,741,860 | 844,292 |
| Printing and stationery | | 685,890 | 939,257 |
| Directors' meeting fee | 29.2 | 2,200,000 | 1,000,000 |
| Amortisation | | 2,189,960 | 700,260 |
| Auditors' remuneration | 24.3 | 1,176,890 | 1,149,562 |
| Books and periodicals | | 67,010 | 27,040 |
| Postage and courier | | 1,793,825 | 1,572,916 |
| License fee | | 333,336 | 666,666 |
| Donation | 24.4 | 11,149,471 | 2,463,809 |
| SECP monitoring fee - Pension Funds | | 99,996 | 99,995 |
| Bank charges | | 118,029 | 126,304 |
| Other expenses | | 2,286,612 | 3,202,797 |
| | | 379,855,240 | 294,708,822 |
| Less: Expenses reimbursed from funds | 24.2 & 24.5 | (112,456,826) | (84,024,632) |
| | | 267,398,414 | 210,684,190 |

**24.1** Salaries and allowances include charge of Rs.6,036,669 (2022: Rs.3,055,051) and Rs.3,604,640 (2022: Rs.2,663,879) in respect of compensated absences and provision for gratuity respectively.

**24.2** The Company, on March 11, 2015, entered into 'Back Office Accounting Service Agreement' with IT Minds Limited (the Service provider). Through this service level agreement, the Company, in line with the SECP Circular No. 24/2013 dated December 6, 2013, has delegated back office accounting functions of all open end mutual funds and pension funds managed by the Company to the Service Provider after due assessment of its capacity which includes availability of relevant IT infrastructure and systems along with human resources to undertake the back office function. The delegated functions include accounting functions, unit management services, maintenance of financial records and all other general back office services.

| | | 2023 | 2022 |
|---|---|---|---|
| **24.3** | **Auditors' remuneration** | **Rupees** | Rupees |
| | Audit fee | **299,200** | 242,000 |
| | Certification fee | **190,575** | 230,000 |
| | Sindh sales tax | **42,730** | 40,709 |
| | Out-of-pocket expenses | **44,385** | 36,853 |
| | Other services | **600,000** | 600,000 |
| | | **1,176,890** | 1,149,562 |

**24.4** Donation of Rs.6,168,669 (2022: Rs.2,463,809) is paid to Atlas Foundation (the Foundation). Four directors of the Foundation are the same as of the Company. Donation of Rs.4,980,802 (2022: Rs.Nil) is paid as a flood releif fund for flood victims.

**24.5** In accordance with regulation 60 of the NBFC Regulations, the Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a collective investment scheme.

The Board of Directors of the Company had given a discretion for charging of allocated expenses directly to the funds as proposed by the management. Therefore, the Company is charging the allocated expenses variably keeping in view the overall return of the Fund and subject to the total expense ratio of the Fund as defined under the NBFC Regulations.

The rates of allocated expenses charged by the Company during the year as a percentage of net assets range between the following:

| Funds under the management of the Company | 2023 | | 2022 | |
|---|---|---|---|---|
| | **Maximum** | **Minimum** | Maximum | Minimum |
| Atlas Income Fund | **0.15%** | **0.10%** | 0.20% | 0.12% |
| Atlas Money Market Fund | **0.15%** | **-** | - | - |
| Atlas Islamic Income Fund | **0.15%** | **0.10%** | 0.12% | 0.12% |
| Atlas Stock Market Fund | **1.90%** | **0.50%** | 0.50% | 0.40% |
| Atlas Islamic Stock Fund | **1.90%** | **0.50%** | 0.50% | 0.40% |
| Atlas Sovereign Fund | **0.15%** | **0.10%** | 0.20% | 0.12% |
| Atlas Liquid Fund | **0.15%** | **0.10%** | - | - |
| Atlas Islamic Dedicated Stock Fund | **0.65%** | **0.50%** | 0.50% | 0.40% |
| Atlas Islamic Money Market Fund | **0.15%** | **0.05%** | 0.05% | 0.02% |
| Atlas Pension Fund and Atlas Pension Islamic Fund | | | | |
| - Equity Sub Fund | **0.20%** | **-** | - | - |
| - Debt Sub Fund | **0.08%** | **-** | - | - |
| - Money Market Sub Fund | **0.08%** | **-** | - | - |
| Atlas Islamic Fund of Funds | | | | |
| - Atlas Aggressive Allocation Islamic Plan | **1.50%** | **0.17%** | 0.17% | 0.17% |
| - Atlas Moderate Allocation Islamic Plan | **1.50%** | **0.17%** | 0.17% | 0.17% |
| - Atlas Conservative Allocation Islamic Plan | **1.50%** | **0.17%** | 0.17% | 0.17% |
| - Atlas Islamic Capital Preservation Plan | **1.50%** | **0.17%** | 0.17% | 0.17% |
| - Atlas Islamic Dividend Plan | **-** | **-** | 0.17% | 0.17% |

| | | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| **25.** | **OTHER INCOME** | | |
| | **Income from financial assets** | | |
| | Income from PLS deposit accounts | **3,275,668** | 2,498,613 |
| | Income from Pakistan Investment Bonds | **1,910,581** | 10,031,025 |
| | PIB discount amortization | **3,151,622** | 4,342,469 |
| | Amortisation of discount - T bills | **-** | 699,916 |
| | **Income from other than financial assets** | | |
| | Gain on disposal of property and equipment | **382,877** | 1,744,549 |
| | Other income | **17,005** | 4,039,739 |
| | | **8,737,753** | 23,356,311 |

| | | | |
|---|---|---|---|
| **26.** | **DIVIDEND INCOME** | | |
| | Dividend income from Funds managed by the Company: | | |
| | - Atlas Money Market Fund | **6,626,314** | 425,170 |
| | - Atlas Sovereign Fund | **371,432** | - |
| | - Atlas Islamic Dividend Plan | **355,216** | 1,909,610 |
| | - Atlas Moderate Allocation Islamic Plan | **401,049** | - |
| | - Atlas Conservative Allocation Islamic Plan | **2,749,930** | 693,432 |
| | - Atlas Aggressive Allocation Islamic Plan | **154,621** | - |
| | - Atlas Islamic Money Market Fund | **30,885,016** | 5,326,505 |
| | - Atlas Liquid Fund | **-** | 1,378,489 |
| | | **41,543,578** | 9,733,206 |

| | | | |
|---|---|---|---|
| **27.** | **TAXATION** | | |
| | **Current tax** | | |
| | Current tax on profit for the year | **80,246,164** | 62,925,760 |
| | Adjustments in respect of prior years | **1,208,155** | (12,708,966) |
| | | **81,454,319** | 50,216,794 |
| | **Deferred tax** | | |
| | Origination and reversal of temporary differences | **(5,269,742)** | 13,761,653 |
| | Impact of change in tax rate | **738,442** | - |
| | | **(4,531,300)** | 13,761,653 |
| | | **76,923,019** | 63,978,447 |

**27.1** The returns of the Company is filed under group taxation in term of section 59AA of the Income Tax Ordinance, 2001. Further separate returns of the Company also filed in compliance with the provision of Rule 231D for record purposes only. Relationship between tax expense and accounting profit for the year is as follows:

| | 2023<br>Rupees | 2022<br>Rupees |
|---|---|---|
| Profit before taxation | **254,892,075** | 189,247,336 |
| Tax at the applicable rate of 29% | **73,918,702** | 54,881,727 |
| Tax effect of: | | |
| - amount not deductible for tax purposes | **16,922,190** | 9,258,045 |
| - amount deductible for tax purposes but not taken to the statement of profit or loss | **(9,558,969)** | (7,422,987) |
| - income not subject to tax / income subject to final tax regime | **(9,180,440)** | 6,208,975 |
| Prior years' tax charge | **1,208,155** | (12,708,966) |
| Deferred taxation | **(4,531,300)** | 13,761,653 |
| Super tax on high earning person | **8,144,681** | - |
| | **76,923,019** | 63,978,447 |

Tax year 2007 was selected for tax audit and finalized thereafter by the Officer Inland Revenue (OIR), wherein the OIR allocated statement of profit or loss expenses against dividend income / exempt capital gains, and also disallowed statement of profit or loss expenses against profit on bank deposits earned by the Company. The Company filed an appeal before the Commissioner of Inland Revenue (Appeals) [CIR(A)] contesting issue. The CIR(A) decided the appeal vide appellate order no. 68 under section 129 of the Income Tax Ordinance, 2001 dated May 25, 2011. The CIR(A) had allocated certain expenses and prorated against dividend income earned by the Company instead of the entire allowable statement of profit or loss expenses as done by OIR. However, regarding profit on bank deposits the CIR(A) has confirmed the action of the OIR. The ATIR vide an order dated March 3, 2012 has remanded back the impugned order to the extent of the issue of allocation of expenses against dividend income for fresh consideration to Taxation Officer and no fresh assessment order has been yet issued.

**27.2** For the tax year 2011, the ACIR issued show cause notice under section 122(9) to amend the assessment of the company under section 122(5A) of the Ordinance on the issue of chargeability of Workers' Welfare Fund (WWF). The company duly submitted a reply to the above notice and pursuant to the reply, the ACIR has charged WWF amounting to Rs.265,550 for the tax year 2011 and has adjusted the WWF liability against the refund available to the company for the tax year 2012. The company filed an appeal before the CIR(A) against the above order, which is pending adjudication.

## 28. EARNINGS PER SHARE

### 28.1 Basic earnings per share

| | 2023 Rupees | 2022 Rupees |
|---|---|---|
| Profit for the year | **177,969,056** | 125,268,889 |
| | -- Number of shares -- | Re-stated |
| Weighted average ordinary shares in issue | **50,000,000** | 50,000,000 |
| | -------- Rupees -------- | Re-stated |
| Basic and diluted earnings per share | **3.56** | 2.51 |

**28.2** During the year, the Company has issued 100% bonus shares (i.e. one for every one ordinary shares held) which has resulted in restatement of basic and diluted earnings per share.

## 29. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

| | Chief Executive Officer | | Independent Directors | | Other Executives | | Total | |
|---|---|---|---|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 |
| | ---- Rupees ---- | | | | | | | |
| Managerial remuneration | **16,800,000** | 13,800,000 | - | - | **65,870,076** | 58,439,844 | **82,670,076** | 72,239,844 |
| Meeting fee (29.2) | - | - | **2,200,000** | 1,000,000 | - | - | **2,200,000** | 1,000,000 |
| Bonus | **7,000,000** | 3,450,000 | - | - | **27,445,865** | 14,946,744 | **34,445,865** | 18,396,744 |
| Reimbursable expenses | **1,476,394** | 936,870 | - | - | **9,680,479** | 7,101,848 | **11,156,873** | 8,038,718 |
| Retirement benefits | **1,087,059** | 892,942 | - | - | **4,262,180** | 3,734,796 | **5,349,239** | 4,627,738 |
| | **26,363,453** | 19,079,812 | **2,200,000** | 1,000,000 | **107,258,600** | 84,223,232 | **135,822,053** | 104,303,044 |
| Number of persons | **1** | 1 | **2** | 2 | **16** | 16 | **19** | 19 |

**29.1** The Chief Executive Officer is also provided with the free use of a Company maintained car and a Company policy car, as per rules of service.

**29.2** This represents meeting fee paid to Independent Directors i.e. Rs.1,200,000 to Mr. Tariq Amin and Rs.1,000,000 to M/s. Zehra Naqvi for attending Board of Directors meetings and its committees during the year.

### 29.3 Alignment of Interest Policy

As required under S.R.O. 592(I)/2023 dated 17th May, 2023, the Company have developed a policy (without any exemption) to align the interests of its key employees i.e. (Chief Executive Officer and Chief Investment Officer) with those of the unit holders of the Collective Investment Schemes (CIS) managed by the Company. Accordingly, twenty percent of bonus of these employees are retained and invested in CIS managed by the Company.

Details of bonuses paid to the Chief Executive Officer (CEO) and Chief Investments Officer (CIO) in the form of units of each scheme in aggregate along with the scheme return are as follows:

| Funds under the management of the Company | Units held by CEO | Units held by CIO | Scheme return |
|---|---|---|---|
| Atlas Income Fund | 139.9406 | 74.9682 | 15.08% |
| Atlas Money Market Fund | 162.8319 | 87.2314 | 17.67% |
| Atlas Islamic Income Fund | 165.2702 | 88.5376 | 15.76% |
| Atlas Stock Market Fund | 152.2949 | 81.5866 | -3.52% |
| Atlas Islamic Stock Fund | 181.1031 | 97.0195 | -3.36% |
| Atlas Sovereign Fund | 829.3077 | 444.2720 | 13.93% |
| Atlas Liquid Fund | 168.0000 | 90.0000 | 17.29% |
| Atlas Islamic Money Market Fund | 165.5639 | 88.6950 | 16.75% |
| Atlas Islamic Fund of Funds: | | | |
| - Atlas Aggressive Allocation Islamic Plan | 152.9829 | 81.9551 | 1.38% |
| - Atlas Moderate Allocation Islamic Plan | 142.9914 | 76.6026 | 5.50% |
| - Atlas Conservative Allocation Islamic Plan | 135.2662 | 72.4640 | 10.70% |

## 30. TRANSACTIONS AND OUTSTANDING BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

30.1 The related parties comprise directors, spouses of directors, children, close relatives, key management personnel (members of management committee of the Company), funds under management, subsidiaries and associated companies of the holding Company. The Company in the normal course of business carries out transactions with various related parties. The details of transactions and balances with connected persons / related parties are as follows:

| | 2023 Rupees | 2022 Rupees |
|---|---|---|
| **Shirazi Investments (Private) Limited - the Holding Company** | | |
| Rent paid | **530,891** | 482,628 |
| Payment against IT service agreement | **2,973,216** | 2,825,556 |
| Payment against IT related services | **5,774,884** | 4,523,943 |
| Dividend paid | **112,500,000** | 75,000,000 |
| Tax refund 2019-2020 | - | 4,033,684 |
| Tax refund 2020-2021 | - | 8,675,281 |
| Tax refund 2021-2022 | **2,114,091** | - |

| | 2023<br>Rupees | 2022<br>Rupees |
|---|---|---|
| **Shirazi Investments (Private) Limited Employees' Provident Fund - Associated Company** | | |
| Investment advisory fee (employees provident fund) | **19,881** | 257,581 |
| Investment advisory fee received | **28,420** | 299,892 |
| Investment advisory fee receivable | **841** | 9,380 |
| **Atlas Foundation - Associated Company** | | |
| Rent paid | **-** | 263,070 |
| Donation | **6,168,669** | 2,463,809 |
| Sale of operating fixed assets | **-** | 27,500 |
| **Atlas Honda Limited - Associated Company** | | |
| Vehicles purchased | **6,841,861** | 2,663,918 |
| Advance for vehicle | **1,625,502** | - |
| **Honda Atlas Cars (Pakistan) Limited - Associated Company** | | |
| Vehicles purchased | **18,086,345** | 24,466,000 |
| Advance for vehicle | **4,926,501** | 13,321,409 |
| Interest on late delivery of vehicles | **-** | 14,168 |
| Received against refund of excess payment | **62,415** | - |
| **Atlas Insurance Limited - Associated Company** | | |
| Insurance premium paid | **13,702,744** | 12,685,785 |
| Insurance claims - received | **50,345** | 643,048 |
| Insurance claims - receivable | **-** | - |
| Advisory fee | **4,930,240** | 4,959,239 |
| Advisory fee received | **4,946,240** | 4,894,351 |
| Advisory fee receivable | **1,220,413** | 1,236,413 |
| **Shirazi Trading Company (Private) Limited - Associated Company** | | |
| Purchase of goods and services | **11,000** | 2,761,416 |
| **Atlas Group of Companies Management Staff Gratuity Fund (Retirement benefit plan of a Group Company)** | | |
| Advisory fee | **1,055,395** | 1,606,732 |
| Advisory fee received | **1,173,855** | 1,462,121 |
| Advisory fee receivable | **211,354** | 329,814 |

| | **2023 Rupees** | 2022 Rupees |
|---|---|---|
| **Khawar S. Shirazi (Close member of a person's family - Individual)** | | |
| Advisory fee | **1,140,080** | 1,339,722 |
| Advisory fee received | **1,174,890** | 1,364,212 |
| Advisory fee receivable | **282,658** | 317,468 |
| **Atlas Income Fund - open end fund managed by the Company** | | |
| Management fee receivable | **3,607,030** | 1,822,252 |
| Management fee - excluding SST | **41,078,452** | 26,144,300 |
| Management fee received | **39,293,674** | 28,491,660 |
| Purchase of 462 units (2022: 119,698 units) | **249,671** | 65,702,337 |
| Redemption of 462 units (2022: 220,033 units) | **250,349** | 119,676,020 |
| Cash dividend | **-** | - |
| Reimbursement from the Fund | **5,397,021** | 8,019,101 |
| **Atlas Money Market Fund - open end fund managed by the Company** | | |
| Investments in Nil units (2022: 42,082 units) | **-** | 21,357,007 |
| Management fee receivable | **14,600,112** | 2,789,932 |
| Management fee - excluding SST | **113,467,758** | 26,702,693 |
| Management fee received | **101,657,578** | 28,827,085 |
| Purchase of 2,513,990 units (2022: 304,416 units) | **1,277,814,957** | 154,152,325 |
| Redemption of 2,556,071 units (2022: 540,290 units) | **1,310,503,751** | 274,870,564 |
| Cash dividend | **6,626,314** | 425,170 |
| Reimbursement from the Fund | **18,883,218** | - |
| **Atlas Islamic Income Fund - open end fund managed by the Company** | | |
| Management fee receivable | **756,738** | 562,196 |
| Management fee - excluding SST | **9,844,405** | 7,549,798 |
| Management fee received | **9,649,863** | 7,762,850 |
| Purchase of 4,514 units (2022: 448,022 units) | **2,356,290** | 231,177,923 |
| Redemption of 4,514 units (2022: 448,022 units) | **2,358,910** | 240,874,733 |
| Reimbursement from the Fund | **2,527,552** | 2,588,511 |
| **Atlas Stock Market Fund - open end fund managed by the Company** | | |
| Investments in 88,503 units (2022: 115,955 units) | **50,704,667** | 68,831,023 |
| Management fee receivable | **16,565,648** | 18,863,973 |
| Management fee - excluding SST | **213,013,276** | 248,470,456 |
| Management fee received | **215,311,601** | 249,856,812 |
| Purchase of 124,247 units (2022: 80,548 units) | **65,513,534** | 51,531,696 |
| Redemption of 151,699 units (2022: 56,127 units) | **81,788,931** | 35,000,000 |
| Reimbursement from the Fund | **60,541,509** | 48,070,601 |

| | **2023** | 2022 |
|---|---|---|
| | **Rupees** | Rupees |
| **Atlas Islamic Money Market Fund - open end fund managed by the Company** | | |
| Investments in 732,231 units (2022: 370,950 units) | **367,100,799** | 185,475,182 |
| Management fee receivable | **1,143,931** | 121,654 |
| Management fee - excluding SST | **7,676,788** | 955,620 |
| Management fee received | **6,654,511** | 858,953 |
| Purchase of 2,521,823 units (2022: 657,921 units) | **1,267,414,962** | 328,960,706 |
| Redemption of 2,170,543 units (2022: 438,177 units) | **1,096,141,957** | 219,088,279 |
| Cash Dividend | **30,885,016** | 5,326,505 |
| Reimbursement from the Fund | **2,204,292** | 298,387 |
| **Atlas Islamic Stock Fund - open end fund managed by the Company** | | |
| Investments in 102,635 units (2022: 102,635 units) | **59,886,655** | 50,743,792 |
| Management fee receivable | **6,742,574** | 7,958,097 |
| Management fee - excluding SST | **91,198,548** | 92,330,888 |
| Management fee received | **92,414,071** | 89,759,338 |
| Purchase of 234,960 units (2022: 44,013 units) | **105,867,086** | 24,998,765 |
| Redemption of 212,299 units (2022: Nil units) | **96,244,990** | - |
| Reimbursement from the Fund | **25,578,678** | 18,022,483 |
| **Atlas Sovereign Fund - open end fund managed by the Company** | | |
| Investments in 83,402 units (2022: Nil units) | **8,472,706** | - |
| Management fee receivable | **553,252** | 712,014 |
| Management fee - excluding SST | **9,498,024** | 10,459,319 |
| Management fee received | **9,656,786** | 10,995,426 |
| Purchase of 246,211 units (2022: Nil units) | **26,315,717** | - |
| Redemption of 162,808 units (2022: Nil units) | **18,000,000** | - |
| Cash Dividend | **371,432** | - |
| Reimbursement from the Fund | **1,175,182** | 3,644,784 |

| | 2023<br>Rupees | 2022<br>Rupees |
|---|---|---|
| **Atlas Liquid Fund**<br>**- open end fund managed by the Company** | | |
| Management fee receivable | **3,162,414** | 571,214 |
| Management fee - excluding SST | **24,390,618** | 2,348,258 |
| Management fee received | **21,799,418** | 1,777,044 |
| Purchase of Nil units (2022: 200,214 units) | - | 100,106,835 |
| Redemption of Nil units (2022: 200,214 units) | - | 100,106,835 |
| Cash Dividend | - | 1,378,489 |
| Reimbursement from the fund | **4,189,639** | - |
| Formation cost receivable | - | 602,569 |
| **Atlas Pension Fund**<br>**- pension fund managed by the Company** | | |
| Investments in 498,000 units (2022: 498,000 units) | **224,837,040** | 205,989,400 |
| Management fee receivable | **1,077,309** | 1,212,695 |
| Management fee - excluding SST | **13,572,077** | 15,227,132 |
| Management fee received | **13,707,463** | 15,289,679 |
| Reimbursement from the fund | **225,548** | - |
| **Atlas Pension Islamic Fund**<br>**- pension fund managed by the Company** | | |
| Investments in 498,000 units (2022: 498,000 units) | **218,459,320** | 205,293,860 |
| Management fee receivable | **1,161,569** | 1,281,363 |
| Management fee - excluding SST | **14,207,504** | 15,441,204 |
| Management fee received | **14,327,298** | 15,388,653 |
| Reimbursement from the fund | **228,703** | - |
| **Atlas Islamic Dedicated Stock Fund**<br>**- open end fund managed by the Company** | | |
| Management fee receivable | **1,247,437** | 1,068,106 |
| Management fee - excluding SST | **13,747,698** | 11,527,288 |
| Management fee received | **13,568,367** | 11,138,120 |
| Reimbursement from the Fund | **2,597,482** | 2,135,096 |
| **Atlas Islamic Fund of Funds**<br>**- open end 4 plans managed by the Company** | | |
| Management fee receivable | **33,446** | 33,253 |
| Management fee - excluding SST | **429,032** | 301,071 |
| Management fee received | **428,839** | 280,462 |

| | 2023<br>Rupees | 2022<br>Rupees |
|---|---|---|
| **Atlas Aggressive Allocation Islamic Plan** | | |
| Investments in 15,546 units (2022: 15,309 units) | **8,567,522** | 8,474,056 |
| Purchase of 237 units (2022: 4,980 units) | **131,428** | 3,000,000 |
| Cash dividend | **154,621** | - |
| Reimbursement from the Fund | **528,177** | 222,863 |
| **Atlas Moderate Allocation Islamic Plan** | | |
| Investments in 12,791 units (2022: 12,190 units) | **7,225,349** | 6,909,164 |
| Purchase of 601 units (2022: 1,698 units) | **340,892** | 1,000,000 |
| Cash dividend | **401,049** | - |
| Reimbursement from the Fund | **609,361** | 231,042 |
| **Atlas Conservative Allocation Islamic Plan** | | |
| Investments in 49,118 units (2022: 44,998 units) | **27,810,868** | 25,524,011 |
| Purchase of 4,121 units (2022: 2,844 units) | **2,337,440** | 1,589,417 |
| Cash dividend | **2,749,930** | 693,432 |
| Reimbursement from the Fund | **658,437** | 244,277 |
| **Atlas Islamic Capital Preservation Plan** | | |
| Reimbursement from the Fund | **1,370,843** | 820,783 |
| **Atlas Islamic Dividend Plan** | | |
| Investments in Nil units (2022: 45,889 units) | **-** | 22,944,312 |
| Purchase of 604 units (2022: 3,246 units) | **301,939** | 1,623,180 |
| Redemption of 46,492 units (2022: 200,214 units) | **23,246,248** | - |
| Cash dividend | **355,216** | 1,909,610 |
| Reimbursement from the Fund | **5,502** | 47,876 |
| **Atlas Private Equity Fund** | | |
| Formation cost receivable | **1,667,435** | - |
| **Atlas KPK Fund** | | |
| Formation cost receivable | **20,500** | - |
| **Mutual Funds Association of Pakistan - Common Directorship** | | |
| Annual subscription | **4,435,190** | 3,285,326 |
| **Key management personnel** | | |
| Salaries and other short term employment benefits to key management personnel | **82,670,076** | 99,675,306 |
| Sale of operating fixed asset under Company policy | **3,890,608** | 8,197,288 |

## 31. FINANCIAL RISK MANAGEMENT

### 31.1 Financial risk factors

The Company has set up objectives and policies to manage risks that arise in connection with financial instruments. The risk management framework and policies of the Company are guided by specific objectives to ensure that comprehensive and adequate risk management policies are established to mitigate salient risk elements in operations of the Company. The establishment of overall financial risk management objectives is consistent and in tandem with the strategy to create and enhance shareholders' value, whilst guided by a prudent and robust framework of risk management policies.

In achieving the objective of maximizing returns to shareholders, the Board of Directors takes cognizance of the risk elements that the Company is confronted within its operations. In view of the multi-faceted risks inherent in the financial sector, the Company places great emphasis on importance of risk management and has put in place clear and comprehensive risk management mechanisms and strategies to identify, monitor, manage and control the relevant risk factors.

The Company has exposure to the following risks from its use of financial instruments:

- credit risk;

- liquidity risk; and

- market risk (including foreign exchange risk, interest rate risk and price risk).

### (a) Credit risk

Credit risk represents the financial loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted / fail to discharge an obligation / commitment that they have entered into with the Company. Credit risk arises principally from long term and short term investments (excluding investment in government securities), loans and receivables (long term and short term), deposits, receivable from funds under management, other receivables, and bank balances. Management believes that the Company is not exposed to any significant credit risk from investments in or receivables from funds which are managed by the Company itself. The risk of default is considered minimal due to inherent systematic measures taken therein.

The carrying amounts of financial assets that represent Company's maximum credit exposure as at the reporting date are as follows:

| | **2023 Rupees** | 2022 Rupees |
|---|---|---|
| Long term investments | **443,296,360** | 411,283,260 |
| Long term loans | **2,695,380** | 2,820,083 |
| Long term deposits | **2,664,762** | 2,664,762 |
| Receivable from funds under management | **50,651,460** | 37,599,318 |
| Investment advisory fee receivable | **2,020,228** | 2,223,206 |
| Other receivables | **41,014,094** | 9,035,035 |
| Interest accrued | - | 2,817,680 |
| Short term investments | **529,768,566** | 390,258,547 |
| Cash and bank balances | **12,975,206** | 9,569,241 |
| | **1,085,086,056** | 868,271,132 |

**Bank balances by rating category**

| Bank | Rating | | | 2023 | 2022 |
|---|---|---|---|---|---|
| | Short term | Long term | Agency | Rupees | Rupees |
| Bank Alfalah Limited | A-1+ | AA+ | PACRA | **12,468,913** | 8,531,825 |
| Albaraka Islamic Bank Limited | A-1 | A+ | JIS-VIS | **2,387** | 147,967 |
| Sindh Bank Limited | A-1 | A+ | JIS-VIS | **211,635** | 500,992 |
| Standard Chartered Bank Limited | A-1+ | AAA | PACRA | **292,271** | 388,458 |

**(b) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and readily marketable securities. The maturity profile is monitored to ensure adequate liquidity is maintained.

The Company is not materially exposed to liquidity risk as all material obligations / commitments of the Company are short term in nature.

Financial liabilities in accordance with their contractual maturities are presented below:

| | Carrying amount | Contractual cash flows | Maturity upto one year |
|---|---|---|---|
| | ---------- Rupees ---------- | | |
| **June 30, 2023** | | | |
| Trade and accrued liabilities | **32,892,539** | **32,892,539** | **32,892,539** |
| Other liabilities | **157,109** | **157,109** | **157,109** |
| | **33,049,648** | **33,049,648** | **33,049,648** |
| June 30, 2022 | | | |
| Trade and accrued liabilities | 31,796,861 | 31,796,861 | 31,796,861 |
| Other liabilities | 2,234,252 | 2,234,252 | 2,234,252 |
| | 34,031,113 | 34,031,113 | 34,031,113 |

**(c) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

**Foreign exchange risk**

Foreign exchange risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates.

The Company is not exposed to any significant foreign exchange risk as its operations are geographically restricted to Pakistan and all material transactions are carried-out in Pak Rupees.

**Interest rate risk**

Interest rate risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of change in market interest rates.

As the Company has no significant interest bearing assets and liabilities except for balances held in PLS deposit accounts and investment in government securities, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

| | Mark-up / profit bearing having maturity upto one year | Non mark-up / profit bearing | Total |
|---|---|---|---|
| **June 30, 2023** | ----------------- Rupees ----------------- | | |
| **Financial assets** | | | |
| **At fair value through other comprehensive income** | | | |
| Long term investments | - | 443,296,360 | 443,296,360 |
| **At fair value through profit or loss** | | | |
| Short term investments | - | 529,768,566 | 529,768,566 |
| **At amortised cost** | | | |
| Long term loans | - | 2,695,380 | 2,695,380 |
| Long term deposits | - | 2,664,762 | 2,664,762 |
| Receivable from funds under management | - | 50,651,460 | 50,651,460 |
| Investment advisory fee receivable | - | 2,020,228 | 2,020,228 |
| Other receivables | - | 41,014,094 | 41,014,094 |
| Cash and bank balances | 12,975,206 | 60,000 | 13,035,206 |
| **Sub-total** | 12,975,206 | 1,072,170,850 | 1,085,146,056 |
| **Financial liabilities - At amortised cost** | | | |
| Trade and accrued liabilities | - | 32,892,539 | 32,892,539 |
| Other liabilities | - | 157,109 | 157,109 |
| **Sub-total** | - | 33,049,648 | 33,049,648 |
| **Onstatement of financial position surplus** | 12,975,206 | 1,039,121,202 | 1,052,096,408 |

| June 30, 2022 | Mark-up / profit bearing having maturity upto one year | Non mark-up / profit bearing | Total |
|---|---|---|---|
| | ---------------- | Rupees | ---------------- |
| **Financial assets** | | | |
| **At fair value through other comprehensive income** | | | |
| Long term investments | - | 411,283,260 | 411,283,260 |
| **At fair value through profit or loss** | | | |
| Short term investments | 70,934,100 | 435,752,847 | 506,686,947 |
| **At amortised cost** | | | |
| Long term loans | - | 2,820,083 | 2,820,083 |
| Long term deposits | - | 2,664,762 | 2,664,762 |
| Receivable from funds under management | - | 37,599,318 | 37,599,318 |
| Investment advisory fees receivable | - | 2,223,206 | 2,223,206 |
| Other receivables | - | 9,035,035 | 9,035,035 |
| Interest accrued | - | 2,817,680 | 2,817,680 |
| Cash and bank balances | 9,569,241 | 55,000 | 9,624,241 |
| **Sub-total** | 80,503,341 | 904,251,191 | 984,754,532 |
| **Financial liabilities - At amortised cost** | | | |
| Trade and accrued liabilities | - | 31,796,861 | 31,796,861 |
| Other liabilities | - | 2,234,252 | 2,234,252 |
| **Sub-total** | - | 34,031,113 | 34,031,113 |
| **Onstatement of financial position surplus** | 80,503,341 | 870,220,078 | 950,723,419 |

**Price risk**

Price risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from foreign exchange risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors effecting all similar financial instruments traded in the market. The Company's investments in mutual funds and pension funds units aggregating Rs.973,064,926 (2022: Rs.801,541,807) are exposed to price risk due to changes in Net Asset Value (NAV) of such funds.

A change of 1% in NAV of mutual funds and pension funds at the reporting date would have increased / (decreased) profit before taxation and other comprehensive income by the amounts shown below.

| | **2023 Rupees** | 2022 Rupees |
|---|---|---|
| Effect on profit before taxation | **5,297,686** | 3,902,585 |
| Effect on other comprehensive income | **4,432,964** | 4,112,833 |
| Effect on investments | **9,730,649** | 8,015,418 |

**31.2 Fair value measurement of financial instruments**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is going concern and there is no intention or requirement to curtail materially the scale of its operation or to undertake a transaction on adverse terms.

The carrying values of all financial assets and liabilities reflected in the financial statements are a reasonable approximation of their fair values.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities [Level 1].

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) [Level 2].

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) [Level 3].

The following table presents the Company's financial assets that are measured at fair value at June 30, 2023 and June 30, 2022.

| | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| | ---------- | **Rupees** | ---------- | |
| **June 30, 2023** | | | | |
| **Financial asset at fair value** | | | | |
| Investment at fair value through Other comprehensive income | - | **443,296,360** | - | **443,296,360** |
| Investment at fair value through Profit or loss | - | **529,768,566** | - | **529,768,566** |
| | - | **973,064,926** | - | **973,064,926** |
| June 30, 2022 | | | | |
| **Financial asset at fair value** | | | | |
| Investment at fair value through Other comprehensive income | - | 411,283,260 | - | 411,283,260 |
| Investment at fair value through Profit or loss | - | 506,686,947 | - | 506,686,947 |
| | - | 917,970,207 | - | 917,970,207 |

There were no transfers amongst the levels during the current and preceding year. The Company's policy is to recognise transfer into and transfers out of fair value hierarchy levels at the end of the reporting periods.

Refer note 4.4 for valuation techniques used to determine fair values of the financial assets.

The Company has not disclosed the fair values of other financial assets and financial liabilities as these are either short term in nature or re-priced periodically. Therefore, there carrying amounts are reasonable approximation of fair value.

| 31.3 Financial instruments by category | **2023 Rupees** | 2022 Rupees |
|---|---|---|
| **Financial assets as per statement of financial position** | | |
| **At fair value through other comprehensive income** | | |
| Long term investments | **443,296,360** | 411,283,260 |
| **At fair value through profit or loss** | | |
| Short term investments | **529,768,566** | 506,686,947 |
| **At amortised cost** | | |
| Long term loans | **2,695,380** | 2,820,083 |
| Long term deposits | **2,664,762** | 2,664,762 |
| Receivable from funds under management | **50,651,460** | 37,599,318 |
| Investment advisory fee receivable | **2,020,228** | 2,223,206 |
| Other receivables | **41,014,094** | 9,035,035 |
| Interest accrued | **-** | 2,817,680 |
| Cash and bank balances | **13,035,206** | 9,624,241 |
| | **112,081,130** | 66,784,325 |
| | **1,085,146,056** | 984,754,532 |
| **Financial liabilities as per statement of financial position** | | |
| **At amortised cost** | | |
| Trade and accrued liabilities | **32,892,539** | 31,796,861 |
| Other liabilities | **157,109** | 2,234,252 |
| | **33,049,648** | 34,031,113 |

## 31.4 Capital risk management

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and / or issue new shares.

There was no change to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements except for the maintenance of minimum equity under the Non-Banking Finance Companies and Notified Entities Regulations, 2008 which has been already complied with.

| 32. NUMBER OF EMPLOYEES | **2023** | 2022 |
|---|---|---|
| Total number of employees as at June 30, | **106** | 97 |
| Average number of employees during the year | **99** | 95 |

## 33. CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified, where necessary, for the purpose of better presentation. This did not affect profit, net assets or equity.

| Reclassified from | Reclassified to | Rupees |
|---|---|---|
| Administrative and operating expenses | Selling and marketing expenses | 69,054,544 |

## 34. DATE OF AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 11 SEP 2023 by the Board of Directors of the Company.

**Chief Financial Officer** **Chief Executive Officer** **Chairman**