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, 2021 together with the Auditors' Report thereon.

I. Funds under Management

The aggregate Assets under Management (AUM) of Rs.30.61 billion as on June 30, 2020 closed at Rs.50.34 billion on June 30, 2021 which is an increase of 64.47%, against overall industry AUM (adjusted for Fund of Funds Schemes) increase of 37.02%, from Rs.772.23 billion as on June 30, 2020 to Rs.1,058.12 billion as on June 30, 2021. Investment advisory AUM as at June 30, 2021 stood at Rs. 4,528 million against Rs. 1,085 million as on June 30, 2020.

A comparison of AUM base of funds under AAML management as at June 2021 vs. June 2020 is given below:

S. No.	Fund	AUM as at 30.06.2021	AUM as at 30.06.2020	Inc./(Dec.) at 30.6.2021	Inc./(Dec) at 30.6.2021
		Rs.in million			%
1	Atlas Money Market Fund	24,229	10,031	14,197	141.53%
2	Atlas Sovereign Fund	2,225	2,083	142	6.81%
3	Atlas Income Fund	4,990	3,715	1,275	34.32%
4	Atlas Islamic Income Fund	2,157	2,135	22	1.05%
5	Atlas Stock Market Fund	9,862	6,842	3,021	44.15%
6	Atlas Islamic Stock Fund	2,707	1,823	883	48.45%
7	Atlas Islamic Dedicated Stock Fund	327	362	-35	-9.70%
8	Atlas Islamic Money Market Fund	637	0	637	100.00%
9	Atlas Aggressive Allocation Islamic Plan	128	100	28	28.26%
10	Atlas Moderate Allocation Islamic Plan	134	113	21	18.58%
11	Atlas Conservative Allocation Islamic Plan	138	127	12	9.20%
12	Atlas Islamic Capital Preservation Plan	496	456	40	8.71%
13	Atlas Islamic Dividend Plan	27	26	1	3.95%
14	Atlas Pension Fund	1,611	1,407	204	14.51%
15	Atlas Pension Islamic Fund	1,612	1,391	221	15.88%
	Total	***51,281**	***30,612**	**20,669**	**67.52%**

*Un-adjusted AUM for plans under Islamic Fund of Funds scheme Rs.933 million as compared to Rs.843 million as on June 30, 2020. Total adjusted AUM for the year ended June 30, 2021 stood at Rs.50,348 million as against Rs.30,612 million as on June 30, 2020.

II. Company Operations

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

Period ended June 30	2021 Rupees	2020 Rupees
Gross Revenue (including Investment Income)	516,234,594	396,446,204
Income from operations	159,186,780	86,243,882
Profit before taxation	237,567,783	170,238,677
Profit after taxation	169,616,251	123,655,635
Other Comprehensive Income including unrealized gain / (loss) on re-measurement of available-for-sale investment	76,764,663	32,624,062
Comprehensive Income	246,380,914	156,279,697
Earnings per share	6.78	4.95
Comprehensive Earning per share	9.86	6.25

Atlas Asset Management

Period ended June 30	Rupees	Rupees
Dividend per share - Interim	1.50	-
Dividend - Interim	37,500,000	-
Dividend per share - final	1.50	2.00
Dividend - final	37,500,000	50,000,000
Shareholders' Equity	1,041,361,568	832,480,654
Book value per share	41.65	35.30

AAML reported operating profit of Rs.159.19 million for the year ended June 30, 2021. The KSE 100-Index that stood at 34,421.92 points at June 30, 2020 increased to 47,356.02 points at June 30, 2021 reflecting an increase of 37.58% during the year under review. Total income include gains from Investment in Equity Funds Rs.110.85 million, gain from Investment in Fixed Income Funds/PIBs Rs.4.59 million and income from dividend/PIBs/bank deposits Rs.39.15 million.

III. Launch of Atlas Islamic Money Market Fund (AIMF)

AAML launched AIMF with one day IPO on January 7, 2021. It is a Shariah Compliant Money Market Fund and primarily aims to provide competitive return to its investors (with a periodic payout).

IV. Licenses to carry out 'Private Equity and Venture Capital Fund Management Services' and 'REIT Management Services'

AAML has obtained licenses to carry out Private Equity and Venture Capital Fund Management Services and REIT Management Services as a Non-Banking Finance Company as under Rule 5 of the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003.

V. Distributions:

a. **AAML**: An Appropriation of profit of the Company for the half year ended December 31, 2020, in terms of an interim cash dividend @ 15% on the face value of ordinary share of Rs.10 each, i.e. Rs.1.50 per share, aggregating to Rs.37,500,000/ to the shareholders. AAML in its 111th meeting held on September 6, 2021 recommended to the members of the Company for approval at the upcoming Annual General Meeting of the Company to be held on October 25, 2021 a final cash dividend @ 15% on the face value of ordinary share of Rs.10 each, i.e. Rs.1.50 per share, aggregating to Rs.37,500,000/-.

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

   AAML announced interim distributions, for AMF on July 24, 2020, August 28, 2020, September 25, 2020, October 23, 2020, November 27, 2020, December 24, 2020, January 29, 2021, February 26, 2021, March 26, 2021, April 23, 2021, May 21, 2021 and June 25, 2021, it was Nil for others. AAML also announced interim distributions for ASF, AIF and ASMF on June 25, 2021, whereas for AIIF, AISF and AIDSF on June 28, 2021 and for plans under AIFOF on June 29, 2021.

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

   AIDP under AIFOF and AIMF distributed profit on daily basis, where applicable.

AAML announced 'Nil' final distribution for all mutual funds under management on July 02, 2021.

VI. 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 for attending the Board and its Committee meetings.

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.

VII. Company Performance FY 2020-21:

The financial year 2020-21 was a successful year as compared to the previous years in many aspects, major events are as follows:

- AAML AUM crossed Rs.51.49 billion where the year closed with AUM at Rs. 50.34 billion;
- Addition of new licenses namely Private Equity & Venture Capital Fund Management and REIT Management Services;
- Took initiatives for opening of new Savings Center in North Nazimabad;
- Launch of new Shariah Compliant fund- Atlas Islamic Money Market Fund;
- Cost Control – the actual was lower than the budgeted;
- Launch of new digital services - new and subsequent investments via online portal;
- 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.

VIII. Challenges in FY 2020-21

AAML's performance may be altered due to:
- COVID -19 impact; and
- Overall level of economic activity;

IX. Tax Issues relating to Mutual Funds and Pension Funds during the year 2020-21:

1. Workers' Welfare Fund (WWF): The Honorable Supreme Court of Pakistan (SCP) decided on November 10, 2016 that the imposition of Workers Welfare Fund by the Federal Government on service sector through money bill was unlawful. FBR has filed review petition with SCP that is pending. Soon after the case was decided, MUFAP decided to add back the provision for WWF by the funds on January 12, 2017.

2. Federal Excise Duty (FED): The Honorable Sindh High Court decided that the imposition of FED on service sector was unconstitutional. Federal Government has filed appeal in SCP. As the decision is pending at SCP, mutual funds have retained the provision for FED. However, 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 has been withdrawn by the Finance Act, 2016.
3. Sindh Workers' Welfare Fund (SWWF): Levy of WWF has become provincial subject and as Sindh Government has imposed SWWF on industrial, service sectors and financial institutions. Sindh Revenue Board (SRB) has demanded SWWF from mutual funds claiming that these are "financial institutions". According to legal and tax advisors' interpretations, obtained by MUFAP, mutual funds do not fall under the definition of "financial institutions". The Companies Act 2017 has also excluded mutual funds from the definition of financial institutions. However, asset management companies are included in the definition of financial institutions. Nevertheless, as abundant precaution mutual funds made provision in respect of SWWF as recommended by MUFAP from the date of enactment (May 21, 2015) of Sindh Workers Welfare Fund Act, 2014.

   Subsequent to the year ended June 30, 2021, SRB through its letter dated August 12, 2021 has intimated MUFAP that the mutual funds and pension funds do not qualify as Financial Institutions/ Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and has also been taken up with the SECP and all the Asset Management Companies, in consultation with SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Funds, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP has given its concurrence for prospective reversal of provision for SWWF. Accordingly, going forward, no provision for SWWF would be recognised in the financial statements of the Funds.

X. Pattern of Shareholdings

There is no change in the authorized, as well as issued, subscribed and paid up share capital of AAML which continue to stand at Rs.500 million and Rs.250 million respectively. 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)	24,999,994
6	Directors of SIL as nominee holding	6
	Total	**25,000,000**

XI. Future Outlook

The focus of AAML in future will remain on the following: (1) Growth of Mutual Funds , Investment Advisory Business, Private Equity & Venture Capital Fund Management Services and Pension Funds; (2) Further increasing retail clients base in AUM; (3) Shariah Compliant Category – targeting clients to get higher share; (4) Launch of Atlas Liquid Fund; (5) Competitive Fund Performance in all categories – on year on year basis to achieve the target of strong long- term performance; (6) Focused Marketing activities; (7) Cost Control and fiscal discipline; (8) Opening of second Savings Center in Karachi; (9) IT & Customer Services; (10) Implementation of Alternate Delivery Channels including payment solutions like Quickpay and E.Wallet; (11) Regulatory Compliance; and (12) Training and development.

AAML shall continue its efforts towards professional development. Risk management, compliance and internal audit has been strengthened to successfully overcome the challenges of changes in regulatory regime.

XII. 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.

XIII. Appointment of Auditors

The Audit Committee of the Board of Directors, in their meeting held on September 01, 2021, 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, 2022. The re-appointment will be considered in the upcoming Annual General Meeting of the members scheduled in October 25, 2021.

XIV. 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 06, 2021

ATLAS ASSET MANAGEMENT LIMITED

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 30, 2021

ShineWing PAKISTAN
SHINEWING HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS

Karachi Chambers,
Hasrat Mohani Road, Karachi.
Tel: +92 21 32412754, 32411474
Fax: +92 21 32424835
Email: khi@hccpk.com

Principal Office:
HM House,
7-Bank Square, Lahore.
Tel: +92 42 37235084-87
Fax: +92 42 37235083
Email: lhr@hccpk.com
www.hccpk.com

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, 2021, 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, 2021 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. SHC

- 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 returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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; 06 SEP 2021

ATLAS ASSET MANAGEMENT LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	5	82,438,280	62,908,658
Intangible assets	6	920,122	768,437
Long-term investments	7	417,798,760	341,594,800
Long-term loans	8	641,789	437,825
Long-term advances and prepayments		444,444	83,334
Long-term deposits - considered goods		2,658,362	708,362
Deferred tax asset - net	9	7,387,500	-
		512,289,257	406,501,416
Current Assets			
Receivable from funds under management	10	40,798,588	28,941,283
Investment advisory fees receivables	11	2,074,433	1,010,898
Loans and advances	12	4,715,015	1,786,670
Prepayments and other receivables	13	11,900,453	6,317,761
Interest accrued		4,081,492	4,139,533
Short term investments	14	546,567,578	443,527,743
Taxation - net		592,208	4,256,562
Cash and bank balances	15	16,404,498	23,552,496
		627,134,265	513,532,946
Total Assets		1,139,423,522	920,034,362

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

ATLAS ASSET MANAGEMENT LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	16	250,000,000	250,000,000
Unappropriated profit		473,162,808	390,485,854
Un-realised gain on re-measurement of investments at fair value through other comprehensive income		318,198,760	241,994,800
		1,041,361,568	882,480,654
Non-current liabilities			
Long term advances	17	3,032,101	2,072,905
Provision for gratuity	18	1,530,612	1,810,087
Deferred tax liability - net	9	-	2,325,287
		4,562,713	6,208,279
Current liabilities			
Trade and accrued liabilities	19	87,244,259	23,683,052
Other liabilities	20	6,254,982	7,662,377
		93,499,241	31,345,429
Contingencies and commitments	21		
Total equity and liabilities		1,139,423,522	920,034,362

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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
Income			
Management fees	22	429,193,740	308,956,281
Sales load		10,170	-
Investment advisory fees		8,649,681	3,495,129
		437,853,591	312,451,410
Expenditures			
Distribution expenses		(13,846,187)	(10,631,734)
Administrative and operating expenses	23	(269,571,979)	(218,772,520)
		(283,418,166)	(229,404,254)
Profit from operation		154,435,425	83,047,156
Other income	24	17,458,600	22,543,388
Gain on sale of investments at fair value through profit or loss		20,321,096	29,613,316
Un-realised gain on re-measurement of investments at fair value through profit or loss		18,911,276	15,760,724
Dividend income	25	21,690,030	16,077,366
Profit before taxation		232,816,427	167,041,950
Taxation	26	(63,200,176)	(43,386,315)
Profit for the year		169,616,251	123,655,635
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Un-realised gain on re-measurement of investments at fair value through other comprehensive income		76,203,960	32,162,500
Re-measurement gain of provision for gratuity		789,722	650,088
Impact of deferred tax		(229,019)	(188,526)
Other comprehensive income for the year - net of tax		76,764,663	32,624,062
Total comprehensive income for the year		246,380,914	156,279,697
Earning per share - basic and diluted		6.78	4.95

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 CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2021

	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, 2019	250,000,000	266,368,657	209,832,300	726,200,957
Total comprehensive income for the year ended June 30, 2020				
Profit after taxation	-	123,655,635	-	123,655,635
Other comprehensive income	-	461,562	32,162,500	32,624,062
	-	124,117,197	32,162,500	156,279,697
Balance as at June 30, 2020	**250,000,000**	**390,485,854**	**241,994,800**	**882,480,654**
Transactions with owners, recognised directly in equity				
Final dividend for the year ended June 30, 2020 at the rate of Rs.2.0 per share	-	**(50,000,000)**	-	**(50,000,000)**
Interim dividend for the half year ended December 31, 2020 at the rate of Rs.1.5 per share	-	**(37,500,000)**	-	**(37,500,000)**
Total comprehensive income for the year ended June 30, 2021				
Profit after taxation	-	**169,616,251**	-	**169,616,251**
Other comprehensive income	-	**560,703**	**76,203,960**	**76,764,663**
	-	**170,176,954**	**76,203,960**	**246,380,914**
Balance as at June 30, 2021	**250,000,000**	**473,162,808**	**318,198,760**	**1,041,361,568**

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 CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	2021 Rupees	2020 Rupees
Cash flows from operating activities		
Profit before taxation	**232,816,427**	167,041,950
Adjustments for non-cash charges and other items:		
Depreciation	**16,097,593**	13,166,440
Amortisation	**583,516**	532,885
Provision for gratuity	**2,320,334**	2,460,175
Provision for compensated absences	**4,536,224**	3,240,559
Profit on bank deposits	**(1,827,017)**	(2,279,205)
Profit from Pakistan Investment Bonds (PIBs)	**(10,441,959)**	(13,115,013)
Amortisation of discount - T bills / PIBs	**(4,572,350)**	(7,178,929)
Dividend income	**(21,690,030)**	(16,077,366)
Loss on disposal of property and equipment	**107,955**	29,759
Gain on sale of investments at at fair value through profit or loss	**(20,321,096)**	(29,613,316)
Provision for Sindh Workers' Welfare Fund	**4,754,419**	3,196,726
Un-realised gain on re-measurement of investments at fair value through profit or loss	**(18,911,276)**	(15,760,724)
Operating profit before working capital changes	**183,452,740**	105,643,941
Changes in working capital		
(Increase) / decrease in current assets:		
Receivable from funds under management	**(11,857,305)**	(3,220,997)
Investment advisory fee receivables	**(1,063,535)**	(263,598)
Loans and advances	**(2,928,345)**	(122,439)
Prepayments and other receivables	**(5,582,692)**	(2,518,097)
	(21,431,877)	(6,125,131)
Increase / (decrease) in current liabilities:		
Trade and accrued liabilities	**59,623,177**	(5,562,508)
Other liabilities	**(2,962,025)**	4,306,795
	56,661,152	(1,255,713)
Cash generated from operating activities	**218,682,015**	98,263,097
Income taxes paid	**(69,477,628)**	(37,934,806)
Sindh Workers' Welfare Fund paid	**(3,199,789)**	(1,332,224)
Gratuity paid	**(1,810,087)**	(3,257,422)
Compensated absences paid	**(598,194)**	(458,302)
Long term advances - net	**959,196**	717,410
Net cash generated from operating activities -carried forward	**144,555,513**	55,997,753

ATLAS ASSET MANAGEMENT LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	2021 Rupees	2020 Rupees
Net cash generated from operating activities -brought forward	**144,555,513**	55,997,753
Cash flows from investing activities		
Long term loans - net	**(203,964)**	591,501
Long term advances and prepayments - net	**(361,110)**	750,000
Long term deposits	**(1,950,000)**	-
Acquisition of property and equipment	**(44,044,716)**	(22,268,400)
Sale proceeds of disposal of property and equipment	**8,309,546**	4,652,567
Acquisition of intangible assets	**(735,201)**	(449,403)
Redemption of held for trading investments	**337,000,000**	244,051,484
Purchase of held for trading investments	**(396,235,113)**	(352,199,914)
Investment in PIBs & T bills	-	(90,591,300)
Sale of PIBs & T bill's	-	143,064,130
Interest received	**12,327,017**	18,592,392
Dividend received	**21,690,030**	16,077,366
Net cash used in investing activities	**(64,203,511)**	(37,729,577)
Cash flows from financing activity - dividend paid	**(87,500,000)**	-
Net (decrease) / increase in cash and cash equivalents	**(7,147,998)**	18,268,176
Cash and cash equivalents at beginning of the year	**23,552,496**	5,284,320
Cash and cash equivalents at end of the year	**16,404,498**	23,552,496

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

SHC

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

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 three branches in Karachi and one branch in Hyderabad, Lahore, Faisalabad, Multan, Islamabad and Rawalpindi respectively.

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

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 24, 2020.

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, 2020:

(a) Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors is applicable on accounting periods beginning on or after January 1, 2020. The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards. Refined definition of materiality - Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

(b) Amendments to IFRS 16 'Leases' is applicable on accounting periods beginning on or after June 1, 2020. Under IFRS 16, rent concessions often met the definition of a lease modification, unless they were envisaged in the original lease agreement. The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to covid-19-related rent concessions that reduce lease payments due on or before June 30, 2021. This optional exemption gives timely relief to lessees and enables them to continue providing information about their leases that is useful to investors. The amendment does not affect lessors.

The other new standards, amendments to published accounting and reporting standards and interpretations that are mandatory in Pakistan for the financial year beginning on July 1, 2020 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

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, 2020 and have not been early adopted by the Company:

(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.

(d) Amendments to IAS 1 'Presentation of Financial Statements' is applicable on accounting periods beginning on or after January 1, 2023. 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.

(e) 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.

(f) 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.

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 ten 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	2021 Rupees	2020 Rupees
Asset Management Services	**200,000,000**	200,000,000

The Company, with an issued, subscribed and paid-up capital of Rs.250,000,000 (2020: Rs.250,000,000) and net shareholders' equity of Rs.1,041,361,568 (2020: Rs.882,480,654), is compliant with this requirement.

5. PROPERTY AND EQUIPMENT

	Note	2021 Rupees	2020 Rupees
Operating fixed assets	5.1	**77,640,618**	61,309,897
Advances for capital expenditure			
- Motor vehicle		**488,258**	1,598,761
- Computer software		**4,309,404**	-
		4,797,662	1,598,761
		82,438,280	62,908,658

5.1 Operating fixed assets

	Furniture and fittings	Leasehold improvements	Motor vehicles	Office equipment	Computer equipment	Total
	Rupees					
At June 30, 2019						
Cost	6,751,422	4,350,276	47,825,085	16,178,488	18,428,744	93,534,015
Less: accumulated depreciation	(3,692,615)	(2,094,843)	(11,650,509)	(5,178,637)	(12,962,256)	(35,578,860)
Net book value	**3,058,807**	**2,255,433**	**36,174,576**	**10,999,851**	**5,466,488**	**57,955,155**
Year ended June 30, 2020						
Opening net book value	3,058,807	2,255,433	36,174,576	10,999,851	5,466,488	57,955,155
Additions	108,407	-	19,307,678	1,082,724	704,699	21,203,508
Disposal						
- Cost	(1,672,912)	-	(5,436,428)	(371,570)	(2,035,964)	(9,516,874)
- Accumulated depreciation	1,228,466	-	1,812,346	230,631	1,563,105	4,834,548
	(444,446)	-	(3,624,082)	(140,939)	(472,859)	(4,682,326)
Less: depreciation charge for the year	(464,471)	(338,315)	(9,313,739)	(1,346,535)	(1,703,380)	(13,166,440)
Closing net book value	**2,258,297**	**1,917,118**	**42,544,433**	**10,595,101**	**3,994,948**	**61,309,897**
At June 30, 2020						
Cost	5,186,917	4,350,276	61,696,335	16,889,642	17,097,479	105,220,649
Less: accumulated depreciation	(2,928,620)	(2,433,158)	(19,151,902)	(6,294,541)	(13,102,531)	(43,910,752)
Net book value	**2,258,297**	**1,917,118**	**42,544,433**	**10,595,101**	**3,994,948**	**61,309,897**
Year ended June 30, 2021						
Opening net book value	2,258,297	1,917,118	42,544,433	10,595,101	3,994,948	61,309,897
Additions	365,490	-	31,849,107	1,456,001	7,175,217	40,845,815
Disposal						
- cost	(235,165)	-	(12,000,002)	(660,992)	(5,331,744)	(18,227,903)
- accumulated depreciation	189,933	-	4,431,131	466,080	4,723,258	9,810,402
	(45,232)	-	(7,568,871)	(194,912)	(608,486)	(8,417,501)
Less: depreciation charge for the year	(353,753)	(287,568)	(11,323,133)	(1,359,174)	(2,773,965)	(16,097,593)
Closing net book value	**2,224,802**	**1,629,550**	**55,501,536**	**10,497,016**	**7,787,714**	**77,640,618**
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**
Depreciation rate (% per annum)	**15**	**15**	**20**	**10 & 33.33**	**30**	

5.1.1 Details of operating assets disposed off during the year :

	Cost	Accumulated depricfation	Net book value	Security deposit	Sale proceeds	Loss	Method of disposal	Sold to
	Rupees							
Items with individual net book value exceeding Rs. 500,000								
Motor vehicles								
	1,715,000	689,716	1,025,284	84,355	940,929	-	Company policy	M Umar khan - Employee
	1,715,000	689,659	1,025,341	84,355	940,986	-	Company policy	Faran ul Haq - Employee
	1,715,000	671,671	1,043,329	84,355	958,974	-	Company policy	Fawad Javaid - Employee
	1,270,000	470,747	799,253	57,544	741,709	-	Company policy	M Noman - Employee
	1,641,000	1,097,303	543,697	164,954	378,743	-	Company policy	Ayesha Farooq - Employee
	1,438,626	71,931	1,366,695	7,194	1,359,501	-	Company policy	Bilal Farukh - Ex employee
	9,494,626	3,691,027	5,803,599	482,757	5,320,842	-		
Various assets having net book value upto Rs. 500,000 each	8,733,277	6,119,376	2,613,902	79,425	2,426,522	(107,955)		
June 30, 2021	18,227,903	9,810,402	8,417,501	562,182	7,747,364	(107,955)		
June 30, 2020	9,516,874	4,834,548	4,682,326	260,316	4,392,251	(29,759)		

6. INTANGIBLE ASSETS

	2021 Rupees	2020 Rupees
Cost		
At beginning of the year	**22,908,951**	22,459,548
Additions	**735,201**	449,403
At end of the year	**23,644,152**	22,908,951
Accumulated amortization		
At beginning of the year	**(22,140,514)**	(21,607,629)
Amortization charge	**(583,516)**	(532,885)
At end of the year	**(22,724,030)**	(22,140,514)
Net book value	**920,122**	768,437
Amortization rate - % per annum	**33.33**	33.33

6.1 Intangible assets include items having aggregate cost of Rs.21,334,549 (2020: Rs.21,334,549) 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	Cost	2021 Rupees Market Value	2020 Rupees Market Value
Related parties				
Atlas Pension Fund	7.1	**49,800,000**	**207,679,280**	171,630,720
Atlas Pension Islamic Fund	7.2	**49,800,000**	**210,119,480**	169,964,080
		99,600,000	**417,798,760**	341,594,800

7.1 Atlas Pension Fund - Open end fund

	No. of units	Cost per unit	Market value per unit	Cost	Market value
			---------- Rupees ----------		
June 30, 2021					
APF - Equity Sub Fund	**166,000**	**100.00**	**618.63**	**16,600,000**	**102,692,580**
APF - Debt Sub Fund	**166,000**	**100.00**	**329.96**	**16,600,000**	**54,773,360**
APF - MM Sub Fund	**166,000**	**100.00**	**302.49**	**16,600,000**	**50,213,340**
	498,000			**49,800,000**	**207,679,280**
June 30, 2020					
APF - Equity Sub Fund	166,000	100.00	438.49	16,600,000	72,789,340
APF - Debt Sub Fund	166,000	100.00	310.61	16,600,000	51,561,260
APF - MM Sub Fund	166,000	100.00	284.82	16,600,000	47,280,120
	498,000			49,800,000	171,630,720

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, 2021					
APIF - Equity Sub Fund	**166,000**	**100.00**	**748.80**	**16,600,000**	**124,300,800**
APIF - Debt Sub Fund	**166,000**	**100.00**	**251.66**	**16,600,000**	**41,775,560**
APIF - MM Sub Fund	**166,000**	**100.00**	**265.32**	**16,600,000**	**44,043,120**
	498,000			**49,800,000**	**210,119,480**
June 30, 2020					
APIF - Equity Sub Fund	166,000	100.00	534.01	16,600,000	88,645,660
APIF - Debt Sub Fund	166,000	100.00	238.04	16,600,000	39,514,640
APIF - MM Sub Fund	166,000	100.00	251.83	16,600,000	41,803,780
	498,000			49,800,000	169,964,080

8. LONG TERM LOANS

	Note	2021 Rupees	2020 Rupees
Unsecured and considered good			
Personal loan to:			
Related parties - Key Management personnel		**239,823**	1,548,609
Other employees		**2,087,120**	665,886
		2,326,943	2,214,495
Less: amounts due within one year and shown under current assets:	12.		
Related parties - Key Management personnel		**239,823**	1,308,782
Other employees		**1,445,331**	467,888
		1,685,154	1,776,670
		641,789	437,825

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, 2021 was Rs.1,421,720 (2020: Rs.2,561,920).

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. DEFERRED TAXATION

	June 30, 2021			June 30, 2020		
	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	(2,651,376)	(373,125)	(3,024,501)	(2,647,733)	(3,643)	(2,651,376)
Debit balances arising in respect of:						
- Provision for deferred liability	524,925	(81,048)	443,877	944,652	(419,727)	524,925
- Provision for compensated absences	5,263,806	(4,121,777)	1,142,029	4,456,952	806,854	5,263,806
- Provision for bonus	-	17,569,210	17,569,210	-	-	-
- Tax amortisation	10,625	2,641	13,266	7,090	3,535	10,625
- Re-measurement of short term investments	(5,473,267)	(3,283,114)	(8,756,381)	522,209	(5,995,476)	(5,473,267)
	(2,325,287)	9,712,787	7,387,500	3,283,170	(5,608,457)	(2,325,287)

9.1 The net charge includes Rs.229,019 (2020: Rs.188,526) being deferred tax impact on re-measurement gain on deferred liability recognised in other comprehensive income.

10. RECEIVABLE FROM FUNDS UNDER MANAGEMENT - Related parties (Open end funds and pension funds managed by the Company)	2021 Rupees	2020 Rupees
Management fee receivable from;		
Atlas Income Fund	**4,169,612**	3,123,029
Atlas Money Market Fund	**4,914,324**	3,030,437
Atlas Islamic Income Fund	**775,248**	702,479
Atlas Stock Market Fund	**20,250,329**	13,608,253
Atlas Islamic Stock Fund	**5,386,547**	3,625,897
Atlas Sovereign Fund	**1,248,121**	2,036,614
Atlas Pension Fund	**1,275,242**	1,072,801
Atlas Pension Islamic Fund	**1,228,812**	1,010,111
Atlas Islamic Dedicated Stock Fund	**678,938**	723,020
Atlas Islamic Fund of Funds	**12,644**	8,642
Atlas Islamic Money Market Fund	**24,987**	-
	39,964,804	28,941,283
Current portion of receivable in respect of formation cost - Atlas Islamic Money Market Fund	**833,784**	-
	40,798,588	28,941,283

10.1 The maximum aggregate amount of receivable from funds under management at the end of any month during the year was Rs.39,964,804 (2020: Rs.31,600,348).

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

11. 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.185,203 (2020: Rs.509,307), Rs.51,691 (2020: Rs.211,260) and 1,171,525 (2020: Nil) respectively.

12. LOANS AND ADVANCES - Unsecured and considered good	Note	2021 Rupees	2020 Rupees
Current maturity of long term loans to key management personnel and other employees	8	**1,685,154**	1,776,670
Other advances		**3,029,861**	10,000
		4,715,015	1,786,670

13. PREPAYMENTS AND OTHER RECEIVABLES			
Short term prepayments	13.1	**2,717,955**	1,385,813
Receivable from funds against back office accounting services	13.2 & 13.3	**6,076,831**	4,014,750
Sindh sales tax - input claim recoverable		**2,238,594**	917,198
Insurance claims receivable		**183,400**	-
Other Receiables		**683,673**	-
		11,900,453	6,317,761

13.1 These include prepayments pertaining to Shirazi Trading (Private) Limited amounting Rs.3,025 (2020: Rs.2,200).

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

14. SHORT TERM INVESTMENTS
At fair value through profit and loss

Name of Mutual Fund	Number of units				Market Value as on June 30, 2021	Market Value as on June 30, 2020
	As at July 01, 2020	Purchase during the year	Redemption during the year	As at June 30, 2021	Rupees	
Investments in own funds						
Quoted - Related parties						
Atlas Income Fund	100,334.6524	-	-	100,334.6524	52,430,926	52,126,862
Atlas Money Market Fund	176,261.8403	520,913.8878	419,219.9171	277,955.8110	140,611,452	89,057,319
Atlas Islamic Stock Fund	36,845.8617	21,776.8114	-	58,622.6731	33,598,630	16,789,185
Atlas Islamic Money Market Fund	-	204,205.5113	53,000.0000	151,205.5113	75,602,756	-
Atlas Stock Market Fund	206,560.6093	36,032.9885	151,059.2719	91,534.3259	62,982,893	106,731,932
Atlas Islamic Funds of Funds						
Atlas Aggressive Allocation Islamic Plan	10,328.9723	-	-	10,328.9723	6,140,364	4,936,732
Atlas Moderate Allocation Islamic Plan	10,491.9358	-	-	10,491.9358	6,120,757	5,197,180
Atlas Conservative Allocation Islamic Plan	42,153.8947	-	-	42,153.8947	23,905,318	21,826,444
Atlas Islamic Dividend Plan (AIDP)	40,717.9131	1,924.3510	-	42,642.2641	21,321,132	20,358,957
					422,714,228	317,024,611
Investment in Government Securities						
Pakistan Investment Bond (5 Years)					73,643,700	75,036,082
Pakistan Investment Bond (3 Years)					50,209,650	51,467,050
					123,853,350	126,503,132
					546,567,578	443,527,743

15. CASH AND BANK BALANCES

	Note	2021 Rupees	2020 Rupees
Cash at banks in PLS deposit accounts	15.1	16,349,498	23,497,496
Cash in hand		55,000	55,000
		16,404,498	23,552,496

15.1 These carry mark-up at the rates upto 7.75% (2020: 5%) per annum.

		2021 Rupees	2020 Rupees
16.	**SHARE CAPITAL**		
16.1	**Authorised capital**		
	50,000,000 (2020: 50,000,000) ordinary shares of Rs.10 each	**500,000,000**	500,000,000
16.2	**Issued, subscribed and paid-up capital**		
	25,000,000 (2020: 25,000,000) ordinary shares of Rs.10 each issued as fully paid in cash	**250,000,000**	250,000,000

16.3 Shirazi Investments (Private) Limited - the Holding Company as at the reporting date held 25,000,000 (2020: 25,000,000) ordinary shares, including 6 shares held by the directors as nominees of the Holding Company.

17.	**LONG TERM ADVANCES**	Note	2021 Rupees	2020 Rupees
	Vehicle advances	**17.1**	**2,945,751**	2,017,905
	Tablets advances	**17.1**	**86,350**	55,000
			3,032,101	2,072,905

17.1 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.

17.2 The amount owed by chief executive officer and other key management persons to Company in respect of these deposits are Rs.191,614 and Rs.1,177,261 (2020: Rs.136,162 and Rs.963,344) respectively.

18. PROVISION FOR GRATUITY

18.1 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.

18.2 The latest actuarial valuation of the Scheme as at June 30, 2021 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	2021 Rupees	2020 Rupees
18.3	**Statement of financial position reconciliation**			
	Present value of defined benefit obligation	**18.4**	**24,553,907**	19,798,713
	Fair value of plan assets	**18.5**	**(23,023,295)**	(17,988,626)
	Net liability at end of the year		**1,530,612**	1,810,087

18.4 Movement in the defined benefit obligation

	Note	2021 Rupees	2020 Rupees
Balance at beginning of the year		**19,798,713**	16,144,381
Current service cost	**18.7**	**2,160,146**	2,018,768
Interest cost	**18.7**	**1,885,393**	2,423,623
Benefit paid during the year		**-**	(147,182)
Re-measurement loss / (gain) on obligation	**18.8**	**709,655**	(640,877)
Balance at end of the year		**24,553,907**	19,798,713

18.5 Movement in the fair value of plan assets

	Note	2021 Rupees	2020 Rupees
Balance at beginning of the year		**17,988,626**	12,886,959
Actual contribution by employer		**1,810,087**	3,257,422
Benefit paid during the year		**-**	(147,182)
Interest income on plan assets	**18.7**	**1,725,205**	1,982,216
Re-measurement gain on plan assets	**18.8**	**1,499,377**	9,211
Balance at end of the year		**23,023,295**	17,988,626

18.6 Plan assets comprise of the following:

	2021 Rupees	2020 Rupees
Mutual funds	**12,169,943**	8,284,437
Pakistan investment bonds	**5,010,402**	3,857,980
Treasury bills	**5,508,593**	5,489,971
Term finance certificates	**226,707**	229,970
Cash and cash equivalents	**107,650**	126,268
	23,023,295	17,988,626

18.7 Expense recognised in statement of profit or loss

	2021 Rupees	2020 Rupees
Service cost	**2,160,146**	2,018,768
Interest cost	**1,885,393**	2,423,623
Interest income on plan assets	**(1,725,205)**	(1,982,216)
	2,320,334	2,460,175

18.8 Re-measurement (gain) / loss recognised in other comprehensive income

	2021 Rupees	2020 Rupees
Loss / (gain) on obligation	**709,655**	(640,877)
Gain on asset	**(1,499,377)**	(9,211)
	(789,722)	(650,088)

		2021 Rupees	2020 Rupees
18.9	**Actual return on plan assets**	**3,094,273**	1,991,427
18.10	**Movement in the net liability**		
	Balance at beginning of the year	**1,810,087**	3,257,422
	Expense for the year	**2,320,334**	2,460,175
	Contributions by employer during the year	**(1,810,087)**	(3,257,422)
	Re-measurement recognised in other comprehensive income	**(789,722)**	(650,088)
	Balance at end of the year	**1,530,612**	1,810,087
18.11	**Significant actuarial assumptions**		
	Discount rate	**10.25%**	9.25%
	Expected rate of salary increase for:		
	- first year	**10.00%**	10.00%
	- in long term	**9.25%**	8.25%
	Demographic assumptions		
	- Mortality rates (for death in service)	**SLIC (2001-05)-1**	SLIC (2001-05)-1
	- Rates of employee turnover	**Moderate**	Moderate

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

	Impact on net defined benefit obligation		
	Change in assumptions	**Increase in assumptions**	**Decrease in assumptions**
2021		**------------ Rupees ------------**	
Discount rate	**1%**	**22,017,509**	**27,458,950**
Increase in future salaries	**1%**	**27,334,136**	**22,130,661**
Withdrawal rates - light		**23,998,898**	
Withdrawal rates - heavy		**24,896,317**	

	Impact on net defined benefit obligation		
	Change in assumptions	Increase in assumptions	Decrease in assumptions
2020		------------ Rupees ------------	
Discount rate	1%	17,730,887	22,231,359
Increase in future salaries	1%	22,129,380	17,777,668
Withdrawal rates - light		19,327,792	
Withdrawal rates - heavy		20,075,278	

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.

18.13 The weighted average duration of gratuity scheme is 10.91 years (2020: 10.44 years).

18.14 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, 2021	**1,169,368**	**1,306,832**	**6,130,065**	**353,638,561**	**362,244,826**
As at June 30, 2020	965,901	1,079,150	4,459,021	256,637,791	263,141,863

19. TRADE AND ACCRUED LIABILITIES

		2021 Rupees	2020 Rupees
Trade payables		**2,428,902**	1,766,122
Accrued liabilities		**2,142,787**	2,914,610
Provision for compensated absences	**19.1**	**22,089,086**	18,151,056
Provision for bonus and sales incentive		**60,583,484**	830,000
Sales tax payable		-	21,264
		87,244,259	23,683,052

19.1 Provision for compensated absences

		2021	2020
Balance at beginning of the year		**18,151,056**	15,368,799
Charge for the year	**19.1.1**	**4,536,224**	3,240,559
		22,687,280	18,609,358
Less: encashed during the year		**(598,194)**	(458,302)
Balance at end of the year		**22,089,086**	18,151,056

19.1.1 Includes liability in respect of key management personnel aggregating to Rs.11,969,840 (2020: Rs.9,213,515).

20. OTHER LIABILITIES

	Note	2021 Rupees	2020 Rupees
Sindh Workers' Welfare Fund	**20.1**	**4,751,356**	3,196,726
Withholding tax liabilities		**1,165,651**	4,231,428
Others		**337,975**	234,223
		6,254,982	7,662,377

20.1 Sindh Workers' Welfare Fund

	Note	2021 Rupees	2020 Rupees
Balance at beginning of the year		**3,196,726**	1,332,224
Charge for the year	23	**4,751,356**	3,196,726
Adjustment for prior year		**3,063**	-
		4,754,419	3,196,726
Payment made during the year		**(3,199,789)**	(1,332,224)
Balance at end of the year		**4,751,356**	3,196,726

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. However, such meetings remained inconclusive.

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

Commitments outstanding for capital expenditure as at June 30, 2021 aggregated to Rs.5,201,904 (2020: Nil).

22. MANAGEMENT FEE

- Related parties	Note	2021 Rupees	2020 Rupees
Atlas Income Fund	22.1	**48,212,304**	34,513,269
Atlas Money Market Fund	22.1	**58,693,420**	54,780,471
Atlas Islamic Income Fund	22.1	**9,668,322**	7,658,678
Atlas Stock Market Fund	22.1	**244,689,381**	156,161,528
Atlas Islamic Stock Fund	22.1	**64,655,431**	36,324,232
Atlas Sovereign Fund	22.1	**15,977,477**	25,147,784
Atlas Pension Fund	22.1	**16,563,067**	12,993,282
Atlas Pension Islamic Fund	22.1	**16,058,396**	13,050,680
Atlas Islamic Dedicated Stock Fund	22.1	**10,197,776**	8,351,210
Atlas Islamic Fund of Funds	22.1	**122,011**	139,464
Atlas Islamic Money Market Fund	22.1	**151,339**	-
		484,988,924	349,120,598
Less: sales tax on services		**55,795,184**	40,164,317
Net revenue		**429,193,740**	308,956,281

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:

	2021				2020		
	Maximum rate as per offering document	From	To	Rate per annum of the average annual net assets	From	To	Rate per annum of the average annual net assets
Atlas Income Fund	1.50%	July 1, 2020	June 30, 2021	1.00%	July 1, 2019 December 10, 2019	December 9, 2019 June 30, 2020	0.80% 1.00%
Atlas Money Market Fund	1.00%	July 1, 2020 December 3, 2020	December 2, 2020 June 30, 2021	0.35% 0.25%	July 1, 2019 April 4, 2020	April 3, 2020 June 30, 2020	0.45% 0.35%
Atlas Islamic Income Fund	1.50%	July 1, 2020	June 30, 2021	0.40%	July 1, 2019 December 10, 2019	December 9, 2019 June 30, 2020	0.30% 0.40%
Atlas Stock Market Fund	2.50%	July 1, 2020	June 30, 2021	2.40%	July 1, 2019 January 1, 2020	December 31, 2019 June 30, 2020	2.00% 2.40%
Atlas Islamic Stock Fund	2.50%	July 1, 2020	June 30, 2021	2.40%	July 1, 2019 January 1, 2020	December 31, 2019 June 30, 2020	2.00% 2.40%
Atlas Sovereign Fund	1.50%	July 1, 2020	June 30, 2021	0.67%	July 1, 2019 February 10, 2020	February 9, 2020 June 30, 2020	0.45% 0.60%
Atlas Islamic Dedicated Stock Fund	2.50%	July 1, 2020	June 30, 2021	2.40%	July 1, 2019 March 1, 2020	February 29, 2020 June 30, 2020	2.00% 2.40%
Atlas Islamic Money Market Fund	1.00%	January 7, 2021	June 30, 2021	0.05%	-		-
Atlas Pension Fund and Atlas Pension Islamic Fund							
- Equity Sub Fund	1.50%	July 1, 2020	June 30, 2021	1.50%	July 1, 2019	June 30, 2020	1.50%
- Debt Sub Fund	0.75%	July 1, 2020	June 30, 2021	0.75%	July 1, 2019	June 30, 2020	0.75%
- Money Market Sub Fund	0.50%	July 1, 2020	June 30, 2021	0.50%	July 1, 2019	June 30, 2020	0.50%
Atlas Islamic Fund of Funds							
- Atlas Aggressive Allocation Islamic Plan	1.00%	July 1, 2020	June 30, 2021	1.00%	July 1, 2019	June 30, 2020	1.00%
- Atlas Moderate Allocation Islamic Plan	1.00%	July 1, 2020	June 30, 2021	1.00%	July 1, 2019	June 30, 2020	1.00%
- Atlas Conservative Allocation Islamic Plan	1.00%	July 1, 2020	June 30, 2021	1.00%	July 1, 2019	June 30, 2020	1.00%
- Atlas Islamic Capital Preservation Plan	1.00%	July 1, 2020	June 30, 2021	1.00%	July 1, 2019	June 30, 2020	1.00%
- Atlas Islamic Dividend Plan	1.00%	July 1, 2020	June 30, 2021	1.00%	July 1, 2019	June 30, 2020	1.00%

23. ADMINISTRATIVE AND OPERATING EXPENSES

	Note	2021 Rupees	2020 Rupees
Salaries and allowances	23.1	**188,639,474**	151,546,794
Advertising		**8,263,023**	4,421,793
Rent, rates and taxes		**17,222,166**	16,766,207
Depreciation	5.1	**16,097,593**	13,166,440
Repair and maintenance		**18,899,025**	9,746,703
Fee and subscription		**3,257,235**	1,941,548
Insurance	23.2	**8,700,485**	7,141,476
Travelling and conveyance		**2,294,371**	2,909,845
Utilities		**3,729,044**	3,704,580
Vehicle running expenses		**7,777,460**	6,394,663
Legal and professional charges		**2,505,567**	2,075,178
Communication		**4,182,034**	3,105,415
Back office accounting services charges	23.3	**32,995,438**	26,360,448
Staff training and development		**812,150**	348,065
Sindh Workers' Welfare Fund	20.1	**4,751,356**	3,196,726
Entertainment		**1,660,555**	1,975,373
Printing and stationery		**1,039,375**	822,564
Directors' meeting fee		**1,000,000**	900,000
Amortisation	6.	**583,516**	532,885
Auditors' remuneration	23.4	**994,178**	897,000
Books and periodicals		**185,765**	188,619
Postage and courier		**677,816**	136,611
License fee		**722,230**	500,000
Donation	23.5	**1,562,797**	102,739
SECP monitoring fee - Pension Funds		**100,000**	100,000
Bank charges		**60,002**	72,046
Brokerage commission		**350,000**	-
Other expenses		**1,472,370**	639,975
		330,535,025	259,693,693
Less: Expenses reimbursed from funds		**(60,963,046)**	(40,921,173)
		269,571,979	218,772,520

23.1 Salaries and allowances include charge of Rs.4,536,224 (2020: Rs.3,240,559) and Rs.2,320,334 (2020: Rs.2,460,175) in respect of compensated absences and provision for gratuity respectively.

23.2 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.

23.3 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.

23.4 Auditors' remuneration	**2021 Rupees**	2020 Rupees
Audit fee	**207,179**	200,000
Certification fee	**122,800**	50,000
Sindh sales tax	**27,349**	22,000
Out-of-pocket expenses	**36,850**	25,000
Other services	**600,000**	600,000
	994,178	897,000

23.5 Donation of Rs.1,562,797 (2020: Rs.102,739) is paid to Atlas Foundation (the Foundation). Four directors of the Foundation are the same as of the Company.

24. OTHER INCOME	**2021 Rupees**	2020 Rupees
Income from financial assets		
Income from PLS deposit accounts	**1,827,017**	2,279,205
Income from Pakistan Investment Bonds	**10,441,959**	13,115,013
PIB discount amortization	**4,572,350**	5,266,030
Amortisation of discount - T bills	**-**	1,912,899
Income from other than financial assets		
Loss on disposal of property and equipment	**(107,955)**	(29,759)
Other income	**725,229**	-
	17,458,600	22,543,388

25. DIVIDEND INCOME

Dividend income from Funds managed by the Company:		
- Atlas Money Market Fund	**7,380,679**	4,998,118
- Atlas Income Fund	**3,336,127**	6,899,984
- Atlas Islamic Dividend Plan	**1,132,006**	422,304
- Atlas Moderate Allocation Islamic Plan	**195,150**	212,654
- Atlas Conservative Allocation Islamic Plan	**1,007,478**	1,470,262
- Atlas Aggressive Allocation Islamic Plan	**181,790**	106,462
- Atlas Stock Market Fund	**3,392,770**	1,730,960
- Atlas Islamic Stock Fund	**2,590,241**	236,622
- Atlas Islamic Money Market Fund	**2,473,789**	-
	21,690,030	16,077,366

26. TAXATION

	2021 Rupees	2020 Rupees
Current tax		
Current tax on profit for the year	**74,708,936**	39,867,209
Adjustments in respect of prior years	**(1,566,954)**	(1,900,825)
	73,141,982	37,966,384
Deferred tax	**(9,941,806)**	5,419,931
	63,200,176	43,386,315

26.1 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. No numerical tax reconciliation for the preceding current year is given in the financial statements as provision made during that year mainly represented minimum tax deducted under section 153 of Income Tax Ordinance, 2001 (the Ordinance). Relationship between tax expense and accounting profit for the year is as follows:

	2021 Rupees
Profit before taxation	**232,816,427**
Tax at the applicable rate of 29%	**67,516,764**
Tax effect of:	
- amount not deductible for tax purposes	**26,257,545**
- amount deductible for tax purposes but not taken to the statement of profit or loss	**(6,511,386)**
- income not subject to tax / income subject to final tax regime	**(12,553,987)**
Prior years' tax charge	**(1,566,954)**
Deferred taxation	**(9,941,806)**
	63,200,176

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.

26.2 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.

27. EARNINGS PER SHARE

	2021 Rupees	2020 Rupees
27.1 Basic earnings per share		
Profit for the year	**169,616,251**	123,655,635
	-- Number of shares --	
Weighted average ordinary shares in issue	**25,000,000**	25,000,000
	-------- Rupees --------	
Basic and diluted earnings per share	**6.78**	4.95

28. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	Chief Executive Officer		Directors		Other Executives		Total	
	2021	2020	2021	2020	2021	2020	2021	2020

Managerial remuneration	**11,425,788**	10,111,308	-	-	**46,545,252**	37,114,728	**57,971,040**	47,226,036
Meeting fee	-	-	**1,000,000**	900,000	-	-	**1,000,000**	900,000
Bonus	**5,712,894**	3,791,741	-	-	**24,187,285**	15,054,652	**29,900,179**	18,846,393
Reimbursable expenses	**610,673**	530,965	-	-	**4,230,718**	3,056,355	**4,841,391**	3,587,320
Retirement benefits	**739,316**	654,262	-	-	**3,011,750**	2,401,542	**3,751,066**	3,055,804
	18,488,671	15,088,276	**1,000,000**	900,000	**77,975,005**	57,627,277	**97,463,676**	73,615,553
Number of persons	**1**	1	**2**	2	**13**	11	**16**	14

28.1 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. TRANSACTIONS AND OUTSTANDING BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

29.1 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:

	2021 Rupees	2020 Rupees
Shirazi Investments (Private) Limited - the Holding Company		
Rent paid	**438,761**	2,146,757
Payment against IT service agreement	**2,100,240**	-
Payment against IT related services	**4,761,877**	-
Received against transfer of HP Server	**650,000**	-
Investment advisory fee (employees provident fund)	**553,077**	211,260
Investment advisory fee receivable	**51,691**	211,260
Dividend paid	**87,500,000**	-
Atlas Foundation - Associated Company		
Rent paid	**478,296**	434,808
Donation	**1,562,797**	102,739
Atlas Honda Limited - Associated Company		
Vehicles purchased	**945,528**	3,427,570
Advance for vehicle	**488,258**	-
Honda Atlas Cars (Pakistan) Limited - Associated Company		
Vehicles purchased	**15,336,500**	9,077,000
Interest on late delivery of vehicles	**16,200**	9,000
Atlas Insurance Limited - Associated Company		
Insurance premium paid	**8,419,658**	7,141,476
Insurance claims - received	**-**	271,925
Insurance claims - receivable	**183,400**	-
Advisory fee	**4,338,463**	-
Advisory fee receivable	**1,171,525**	-
Shirazi Trading Company (Private) Limited - Associated Company		
Purchase of goods and services	**128,674**	38,760
Atlas Group of Companies Management Staff Gratuity Fund (Retirement benefit plan of a Group Company)		
Advisory fee	**2,164,214**	2,111,365
Advisory fee received	**185,203**	2,054,789
Khawar S. Shirazi (Close member of a person's family - Individual)		
Advisory fee	**341,958**	-
Advisory fee receivable	**341,958**	-

	2021 Rupees	2020 Rupees
Atlas Income Fund - open end fund managed by the Company		
Investments in 100,335 units (2020: 100,335 units)	**52,430,926**	52,126,862
Management fee receivable	**4,169,612**	3,123,029
Management fee - including SST	**42,665,756**	30,542,716
Management fee received	**41,619,173**	29,502,356
Purchase of Nil units (2020: 11,303 units)	-	5,865,290
Cash dividend	**3,336,127**	6,899,984
Payments made on behalf of the Fund	**3,223,858**	2,225,119
Reimbursement from the Fund	**7,253,176**	4,851,023
Atlas Money Market Fund - open end fund managed by the Company		
Investments in 277,956 units (2020: 176,262 unit)	**140,611,452**	89,057,319
Management fee receivable	**4,914,324**	3,030,437
Management fee - including SST	**51,941,080**	48,478,293
Management fee received	**50,057,193**	49,750,172
Purchase of 520,914 units (2020: 451,125 units)	**263,195,858**	227,934,907
Redemption of 419,220 units (2020: 276,931 units)	**212,500,000**	140,000,304
Cash dividend	**7,380,679**	4,998,118
Payments made on behalf of the Fund	**10,969,525**	8,927,193
Reimbursement from the Fund	**15,456,627**	16,763,421
Atlas Islamic Income Fund - open end fund managed by the Company		
Management fee receivable	**775,248**	702,479
Management fee - including SST	**8,556,037**	6,777,591
Management fee received	**8,483,268**	6,392,091
Payments made on behalf of the Fund	**2,263,997**	1,927,285
Reimbursement from the Fund	**3,635,769**	2,762,875
Atlas Stock Market Fund - open end fund managed by the Company		
Investments in 91,534 units (2020: 206,561 units)	**62,982,893**	106,731,932
Management fee receivable	**20,250,329**	13,608,253
Management fee - including SST	**216,539,275**	138,196,042
Management fee received	**209,897,199**	133,527,832
Sales load	**10,170**	-
Purchase of 36,033 units (2020: 150,582 units)	**19,984,586**	81,271,196
Redemption of 151,059 units (2020: 93,695 units)	**98,000,000**	60,000,000
Cash Dividend	**3,392,770**	1,730,962
Payments made on behalf of the Fund	**7,146,210**	5,174,911
Reimbursement from the Fund	**22,415,408**	9,161,323

	2021 Rupees	2020 Rupees
Atlas Islamic Money Market Fund - open end fund managed by the Company		
Investments in 151,206 units (2020: Nil units)	**75,602,756**	-
Management fee receivable	**24,987**	-
Management fee - including SST	**133,928**	-
Management fee received	**108,941**	-
Formation cost receivable	**833,784**	-
Purchase of 204,206 units (2020: Nil units)	**102,102,752**	-
Redemption of 53,000 units (2020: Nil units)	**26,500,000**	-
Cash Dividend	**2,473,789**	-
Reimbursement from the Fund	**149,958**	-
Atlas Islamic Stock Fund - open end fund managed by the Company		
Investments in 58,623 units (2020: 36,846 units)	**33,598,630**	16,789,185
Management fee receivable	**5,386,547**	3,625,897
Management fee - including SST	**57,217,196**	32,145,338
Management fee received	**55,456,546**	30,951,530
Purchase of 21,777 units (2020: 36,766 units)	**9,989,724**	15,240,853
Cash dividend	**2,590,241**	236,622
Payments made on behalf of the Fund	**2,403,838**	1,516,040
Reimbursement from the Fund	**5,945,855**	2,134,885
Atlas Sovereign Fund - open end fund managed by the Company		
Management fee receivable	**1,248,121**	2,036,614
Management fee - including SST	**14,139,360**	22,254,676
Management fee received	**14,927,853**	20,548,866
Redemption of Nil units (2020: 416,133 units)	-	44,051,581
Payments made on behalf of the Fund	**1,849,828**	2,403,223
Reimbursement from the Fund	**3,661,979**	3,543,685

	2021 Rupees	2020 Rupees
Atlas Aggressive Allocation Islamic Plan		
Investments in 10,329 units (2020: 10,329 units)	**6,140,364**	4,936,732
Cash dividend	**181,790**	106,462
Purchase of Nil units (2020: 199 units)	-	94,539
Payments made on behalf of the Fund	**99,194**	81,078
Reimbursement from the Fund	**198,640**	143,719
Atlas Moderate Allocation Islamic Plan		
Investments in 10,492 units (2020: 10,492 units)	**6,120,757**	5,197,180
Cash dividend	**195,150**	212,654
Purchase of Nil units (2020: 374 units)	-	184,451
Payments made on behalf of the Fund	**103,461**	91,027
Reimbursement from the Fund	**220,544**	161,579
Atlas Conservative Allocation Islamic Plan		
Investments in 42,153 units (2020: 42,153 units)	**23,905,318**	21,826,444
Cash dividend	**1,007,478**	1,470,262
Purchase of Nil units (2020: 2,417 units)	-	1,249,723
Payments made on behalf of the Fund	**113,215**	111,618
Reimbursement from the Fund	**235,079**	186,507
Atlas Islamic Capital Preservation Plan		
Payments made on behalf of the Fund	**391,350**	369,078
Reimbursement from the Fund	**833,169**	661,779
Atlas Islamic Dividend Plan		
Investments in 42,642 units (2020: 40,718 units)	**21,321,132**	20,358,957
Purchase of 1,924 units (2020: 718 units)	**962,175**	358,959
Cash dividend	**1,132,006**	422,304
Payments made on behalf of the Fund	**31,352**	15,416
Reimbursement from the Fund	**46,059**	40,177
Mutual Funds Association of Pakistan - Common Directorship		
Annual subscription	**1,336,719**	1,006,325
Other Services	**853,601**	-
Key management personnel		
Salaries and other short term employment benefits to key management personnel	**63,812,431**	57,493,310

30. FINANCIAL RISK MANAGEMENT

30.1 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:

	2021 **Rupees**	2020 Rupees
Long term investments	**417,798,760**	341,594,800
Long term loans	**2,326,943**	2,214,495
Long term deposits	**2,658,362**	708,362
Receivable from funds under management	**40,798,588**	28,941,283
Investment advisory fee receivable	**2,074,433**	1,010,898
Other receivables	**6,076,831**	4,014,750
Interest accrued	**4,081,492**	4,139,533
Short term investments	**422,714,228**	317,024,611
Cash and bank balances	**16,349,498**	23,497,496
	914,879,135	723,146,228

Bank balances by rating category

Bank	Rating			2021	2020
	Short term	Long term	Agency	Rupees	Rupees
Bank Alfalah Limited	A-1+	AA+	PACRA	**15,336,662**	18,412,750
Albaraka Islamic Bank Limited	A-1	A	PACRA	**171,972**	172,050
Sindh Bank Limited	A-1	A+	JIS-VIS	**650,698**	92,106
Standard Chartered Bank Limited	A-1+	AAA	PACRA	**873,839**	4,808,692
Allied Bank Limited	A-1+	AAA	PACRA	-	11,898

(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, 2021			
Trade and accrued liabilities	**87,244,259**	**87,244,259**	**87,244,259**
Other liabilities	**337,975**	**337,975**	**337,975**
	87,582,234	**87,582,234**	**87,582,234**
June 30, 2020			
Trade and accrued liabilities	23,661,788	23,661,788	23,661,788
Other liabilities	234,223	234,223	234,223
	23,896,011	23,896,011	23,896,011

(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, 2021		------------------ Rupees ------------------	
Financial assets			
At fair value through other comprehensive income			
Long term investments	-	417,798,760	417,798,760
At fair value through profit or loss			
Short term investments	123,853,350	422,714,228	546,567,578
At amortised cost			
Long term loans	-	2,326,943	2,326,943
Long term deposits	-	2,658,362	2,658,362
Receivable from funds under management	-	40,798,588	40,798,588
Investment advisory fee receivable	-	2,074,433	2,074,433
Other receivables	-	6,076,831	6,076,831
Interest accrued	-	4,081,492	4,081,492
Cash and bank balances	16,349,498	55,000	16,404,498
Sub-total	140,202,848	898,584,637	1,038,787,485
Financial liabilities - At amortised cost			
Trade and accrued liabilities	-	87,244,259	87,244,259
Other liabilities	-	337,975	337,975
Sub-total	-	87,582,234	87,582,234
Onstatement of financial position surplus	140,202,848	811,002,403	951,205,251

	Mark-up / profit bearing having maturity upto one year	Non mark-up / profit bearing	Total
June 30, 2020	------------------ Rupees ------------------		
Financial assets			
At fair value through other comprehensive income			
Long term investments	-	341,594,800	341,594,800
At fair value through profit or loss			
Short term investments	126,503,132	317,024,611	443,527,743
At amortised cost			
Long term loans	-	2,214,495	2,214,495
Long term deposits	-	708,362	708,362
Receivable from funds under management	-	28,941,283	28,941,283
Investment advisory fees receivable	-	1,010,898	1,010,898
Other receivables	-	4,014,750	4,014,750
Interest accrued	-	4,139,533	4,139,533
Cash and bank balances	23,497,496	55,000	23,552,496
Sub-total	150,000,628	699,703,732	849,704,360
Financial liabilities - At amortised cost			
Trade and accrued liabilities	-	23,661,788	23,661,788
Other liabilities	-	234,223	234,223
Sub-total	-	23,896,011	23,896,011
Onstatement of financial position surplus	150,000,628	675,807,721	825,808,349

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.840,512,988 (2020: Rs.658,619,411) 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.

	2021 Rupees	2020 Rupees
Effect on profit before taxation	**4,227,142**	3,170,246
Effect on other comprehensive income	**4,177,988**	3,415,948
Effect on investments	**8,405,130**	6,586,194

30.2 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, 2021 and June 30, 2020.

	Level 1	Level 2	Level 3	Total
	----------	Rupees	----------	
June 30, 2021				
Financial asset at fair value				
Investment at fair value through Other comprehensive income	-	**417,798,760**	-	**417,798,760**
Investment at fair value through Profit or loss	-	**546,567,578**	-	**546,567,578**
	-	**964,366,338**	**-**	**964,366,338**
June 30, 2020				
Financial asset at fair value				
Investment at fair value through Other comprehensive income	-	341,594,800	-	341,594,800
Investment at fair value through Profit or loss	-	443,527,743	-	443,527,743
	-	785,122,543	-	785,122,543

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.

	2021 Rupees	2020 Rupees
30.3 Financial instruments by category		
Financial assets as per statement of financial position		
At fair value through other comprehensive income		
Long term investments	**417,798,760**	341,594,800
At fair value through profit or loss		
Short term investments	**546,567,578**	443,527,743
At amortised cost		
Long term loans	**2,326,943**	2,214,495
Long term deposits	**2,658,362**	708,362
Receivable from funds under management	**40,798,588**	28,941,283
Investment advisory fee receivable	**2,074,433**	1,010,898
Other receivables	**6,076,831**	4,014,750
Interest accrued	**4,081,492**	4,139,533
Cash and bank balances	**16,404,498**	23,552,496
	74,421,147	64,581,817
	1,038,787,485	849,704,360
Financial liabilities as per statement of financial position		
At amortised cost		
Trade and accrued liabilities	**87,244,259**	23,661,788
Other liabilities	**337,975**	234,223
	87,582,234	23,896,011

30.4 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.

31. NUMBER OF EMPLOYEES

	2021	2020
Total number of employees as at June 30,	**94**	89
Average number of employees during the year	**90**	90

32. CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified, where necessary, for the purpose of better presentation. No significant rearrangement or reclassification was made in these financial statements during the current year.

33. EVENT AFTER REPORTING PERIOD

The Board of Directors, in their meeting held on September 6, 2021, recommended a final cash dividend of Rs.1.5 (2020: Rs.2.0) per share amounting to Rs.37,500,000 (2020: Rs.50,000,000) for approval of the members at the Annual General Meeting to be held on October 25, 2021.

34. DATE OF AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on September 6, 2021 by the Board of Directors of the Company.

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