KPMG Taseer Hadi & Co.
Chartered Accountants

MCB - Arif Habib Savings and Investments Limited

Financial Statements

For the year ended 30 June 2021

INDEPENDENT AUDITORS' REPORT

To the Members of MCB Arif Habib Savings and Investments Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **MCB Arif Habib Savings and Investments Limited** ("the Company"), which comprise the statement of financial position as at 30 June 2021, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of 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 30 June 2021 and of the profit and 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Following are the Key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
1	**Assessing potential impairment of goodwill and management rights**	
	Refer note 4.1.3 and 5.3 to the financial statements for the accounting policy and details of goodwill and management rights respectively. As mentioned in note 5.3 to the financial statements, carrying value of goodwill and management rights at 30 June 2021 amounted to Rs. 82.1 million and Rs. 192 million respectively. The Company annually tests the carrying values of Goodwill and management rights having indefinite useful lives for impairment. We identified impairment of goodwill and management rights as a key audit matter because of its significance to the financial statements, involvement of significant degree of judgment and estimation, particularly in forecasting future cash flows, the discount rate applied in calculating the present value of future cash flows and the expected terminal growth rate applied to the cash flows, all of which can be inherently uncertain.	Our audit procedures to test the potential impairment of goodwill and management rights included the following: • Involved our internal valuation specialist to assist in evaluating the appropriateness of assumptions applied to key inputs such as management remuneration, operating costs, discount rate and terminal growth rate, which included comparing these inputs with externally derived data as well as our knowledge of the client and the industry; and • Evaluated the adequacy of the financial statements disclosures, including disclosures of key assumptions, judgments and sensitivities.

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

Management is responsible for the other information. The other information comprises the information included in the Company's Annual Report for 2021, 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity 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) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

Date:

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

MCB - Arif Habib Savings and Investments Limited
Statement of Financial Position
As at 30 June 2021

	Note	2021	2020
		(Rupees)	
ASSETS			
Non-current assets			
Fixed assets	5	**358,789,899**	401,747,361
Long-term investments	6	**638,596,952**	533,563,426
Long-term loans and prepayments	7	**14,161,597**	7,062,588
Long-term deposits		**4,994,903**	5,289,229
		1,016,543,351	947,662,604
Current assets			
Receivable from related parties	8	**543,936,536**	537,446,025
Loans and advances	9	**2,377,576**	4,201,445
Deposits, prepayments and other receivables	10	**43,794,004**	30,508,123
Accrued mark-up	11	**22,487**	24,966
Short-term investments	13	**685,758,449**	661,620,881
Advance tax - net of provisions	14	**39,149,452**	64,293,766
Cash and bank balances	15	**43,929,106**	19,814,591
		1,358,967,610	1,317,909,797
Total assets		**2,375,510,961**	2,265,572,401
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
72,000,000 (2020: 72,000,000) ordinary shares of Rs. 10 each		**720,000,000**	720,000,000
Issued, subscribed and paid-up share capital	16	**720,000,000**	720,000,000
Reserves		**883,129,589**	830,695,426
Total equity		**1,603,129,589**	1,550,695,426
LIABILITIES			
Non-current liabilities			
Deferred tax liability - net	18	**67,176,622**	55,968,562
Lease liability against right-of-use assets	12	**18,001,467**	33,454,709
Current liabilities			
Unclaimed dividend		**4,672,994**	4,586,000
Current Portion of lease liability against right-of-use assets	12	**32,347,100**	27,191,338
Trade and other payables	19	**650,183,189**	593,676,366
Total liabilities		**772,381,372**	714,876,975
Total equity and liabilities		**2,375,510,961**	2,265,572,401
CONTINGENCIES AND COMMITMENTS	20		

The annexed notes 1 to 42 form an integral part of these financial statements.

Chief Executive Officer | **Chief Financial Officer** | **Director**

MCB - Arif Habib Savings and Investments Limited

Statement of Profit or Loss Account

For the year ended 30 June 2021

	Note	2021	2020
		(Rupees)	
Revenue			
Management fee / investment advisory fee	21	**752,077,846**	673,851,616
Processing and other related income		**52,056,974**	31,792,154
Profit on bank deposits under effective interest method	22	**1,366,115**	3,823,104
Dividend income		**19,588,106**	9,103,218
Realized gain on sale of investments - net	23	**49,793,111**	67,277,271
Unrealized gain on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net		**118,812,729**	49,672,898
		993,694,881	835,520,261
Expenses			
Administrative expenses	24	**(423,435,342)**	(415,166,101)
Selling and distribution expenses	25	**(71,651,600)**	(64,841,310)
Financial charges	26	**(7,443,547)**	(8,237,030)
Workers' welfare fund	27	**(9,900,000)**	(7,000,000)
		(512,430,489)	(495,244,441)
		481,264,392	340,275,820
Other income	28.1	**3,441,389**	4,929,289
Other expenses	28.2	**-**	(104,219)
Profit for the year before taxation		**484,705,781**	345,100,890
Taxation	29	**(108,271,618)**	(87,431,776)
Profit for the year		**376,434,163**	257,669,113
Earnings per share - basic and diluted	30	**5.23**	3.58

The annexed notes 1 to 42 form an integral part of these financial statements.

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Chief Executive Officer **Chief Financial Officer** **Director**

MCB - Arif Habib Savings and Investments Limited
Statement of Comprehensive Income
For the year ended 30 June 2021

	Note	**2021**	2020
		(Rupees)	
Profit for the year		**376,434,163**	257,669,113
Other comprehensive income for the year		-	-
		376,434,163	257,669,113

The annexed notes 1 to 42 form an integral part of these financial statements.

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Chief Executive Officer **Chief Financial Officer** **Director**

MCB - Arif Habib Savings and Investments Limited

Statement of Cash Flows

For the year ended 30 June 2021

	Note	2021	2020
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year before taxation		**484,705,781**	345,100,890
Adjustments for non-cash and other items:			
Depreciation of property and equipment	5.1	**19,119,350**	34,225,470
Depreciation of right of use assets	5.2	**30,937,453**	25,298,120
Amortization	5.3	**11,779,098**	11,980,174
Write off / Impairment on leasehold improvement & furniture and fixtures	24	**4,768,237**	4,269,937
Financial charges	26	**7,443,547**	8,237,030
Unrealized gain on the re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net		**(118,812,729)**	(49,672,898)
Gain on sale of investments - net	23	**(49,793,111)**	(67,277,271)
Provision against advisory fee receivable	24	**-**	448,942
(Gain) / loss on disposal of fixed assets - net	28	**(2,461,340)**	104,219
		(97,019,495)	(32,386,277)
Operating cash flows before working capital changes		**387,686,286**	312,714,612
Movement in working capital			
Decrease / (Increase) in current assets			
Loans and advances		**1,823,869**	5,766,923
Deposits, prepayments and other receivables		**(13,285,881)**	24,294,456
Accrued mark-up on bank balances		**2,479**	156,246
Receivable from related parties		**(6,490,511)**	(37,792,684)
		(17,950,044)	(7,575,059)
Increase / (decrease) in current liabilities			
Unclaimed dividend		**86,994**	329,062
Trade and other payables		**56,506,823**	58,178,989
		426,330,059	363,647,605
Income taxes paid		**(71,919,244)**	(71,662,109)
Financial charges paid		**(442,031)**	(1,301,942)
		(72,361,275)	(72,964,051)
Net cash flows from operating activities		**353,968,784**	290,683,553
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		**(13,716,804)**	(9,364,152)
Long-term loans and prepayments		**(7,099,009)**	2,429,556
Long-term deposits		**294,326**	(802,041)
Proceeds from disposal of fixed assets		**9,602,625**	1,709,500
Proceeds from the redemption of investments / purchase of investments - net		**38,735,316**	(91,897,882)
Net cash flows from investing activities		**27,816,454**	(97,925,019)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		**(324,000,000)**	(168,870,938)
Payment of lease liability against right-of-use assets	12	**(33,670,723)**	(27,238,622)
Net cash flows from financing activities		**(357,670,723)**	(196,109,560)
Net increase in cash and cash equivalents		**24,114,515**	(3,351,026)
Cash and cash equivalents at the beginning of the year		**19,814,591**	23,165,617
Cash and cash equivalents at the end of the year	31	**43,929,106**	19,814,591

The annexed notes 1 to 42 form an integral part of these financial statements.

Chief Executive Officer **Chief Financial Officer** **Director**

MCB - Arif Habib Savings and Investments Limited

Statement of Changes in Equity

For the year ended 30 June 2021

	Issued, subscribed and paid-up capital	Reserves				Total
		Capital			Revenue	
		Share premium	Deficit arising on amalgamation	Sub-total	Unappropriated profit	
	---------- (Rupees) ----------					
Balance as at 01 July 2019	720,000,000	396,000,000	(60,000,000)	336,000,000	406,226,313	1,462,226,313
Transactions with owners recorded directly in equity						
Final dividend for the year ended 30 June 2019 at Rs. 1.35 per share	-	-	-	-	(97,200,000)	(97,200,000)
Interim dividend for the year ended 30 June 2020 at Rs. 1 per share	-	-	-	-	(72,000,000)	(72,000,000)
	-	-	-	-	(169,200,000)	(169,200,000)
Total comprehensive income for the year						
Profit after taxation for the year ended 30 June 2020	-	-	-	-	257,669,113	257,669,113
Other comprehensive income for the year ended 30 June 2020	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	257,669,113	257,669,113
Balance as at 30 June 2020	720,000,000	396,000,000	(60,000,000)	336,000,000	494,695,426	1,550,695,426
Balance as at 01 July 2020	**720,000,000**	**396,000,000**	**(60,000,000)**	**336,000,000**	**494,695,426**	**1,550,695,426**
Transactions with owners recorded directly in equity						
Final dividend for the year ended 30 June 2020 at Rs. 2.25 per share	-	-	-	-	(162,000,000)	(162,000,000)
Interim dividend for the year ended 30 June 2021 at Rs. 2.25 per share	-	-	-	-	(162,000,000)	(162,000,000)
	-	-	-	-	(324,000,000)	(324,000,000)
Total comprehensive income for the year						
Profit after taxation for the year ended 30 June 2021	-	-	-	-	376,434,163	376,434,163
Other comprehensive income for the year ended 30 June 2021	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	376,434,163	376,434,163
Balance as at 30 June 2021	**720,000,000**	**396,000,000**	**(60,000,000)**	**336,000,000**	**547,129,589**	**1,603,129,589**

The annexed notes 1 to 42 form an integral part of these financial statements.

Chief Executive Officer **Chief Financial Officer** **Director**

1 STATUS AND NATURE OF BUSINESS

1.1 MCB-Arif Habib Savings and Investments Limited ("the Company") was incorporated in the name of Arif Habib Investment Management Limited (AHIML) on 30 August 2000 as an unquoted public limited company under the requirements of the Companies Ordinance, 1984. During 2008, AHIML was listed on the Karachi Stock Exchange Limited (now integrated into the Pakistan Stock Exchange Limited) by way of offer for sale of shares by a few of its existing shareholders to the general public. In the same financial year, the name of AHIML was changed from "Arif Habib Investment Management Limited" to "Arif Habib Investments Limited" (AHIL). On 19 January 2011, a transfer agreement was signed between Arif Habib Corporation Limited (AHCL) [the then parent of AHIL] and MCB Bank Limited (MCB Bank) [the then parent of MCB Asset Management Company Limited (MCB AMC)] for transfer of the entire business of MCB AMC to AHIL to achieve synergies in business and to access a wider distribution network. The scheme of amalgamation ("the Scheme") was approved by the shareholders of AHIL and MCB AMC in their respective extraordinary general meetings held on 21 May 2011. The Scheme was also approved by the Securities and Exchange Commission of Pakistan (SECP) with the effective date of amalgamation being 27 June 2011 (the effective date). In accordance with the terms contained in the Scheme, the Company became a subsidiary of MCB Bank Limited from the end of the year ended 30 June 2011 which owns 51.33% ordinary shares in the Company till date. Pursuant to the merger of MCB AMC with and into AHIL, the name of AHIL has been changed to MCB - Arif Habib Savings and Investments Limited, effective from 23 May 2013.

1.2 The Company is registered as a Pension Fund Manager under the Voluntary Pension System Rules, 2005, as an Asset Management Company and an Investment Advisor under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.

1.3 The registered office of the Company is situated at 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi, Pakistan. The Company operates 16 (2020: 16) branches inside Pakistan.

1.4 The Company was assigned an Asset Manager rating of AM1 by Pakistan Credit Rating Agency Limited (PACRA). The rating was determined by PACRA on 6 October 2020. Currently, the Company is managing the following funds under its management:

	Net assets value as at	
	2021	2020
	(Rupees in million)	
Open-end Collective Investment Schemes (CISs)		
Pakistan Income Fund	**9,595**	2,076
MCB Pakistan Stock Market Fund	**12,397**	8,804
MCB Pakistan Sovereign Fund	**738**	1,816
Pakistan Capital Market Fund	**467**	415
Pakistan Cash Management Fund	**3,119**	3,693
Pakistan Income Enhancement Fund	**630**	707
MCB Pakistan Asset Allocation Fund	**912**	1,299
MCB DCF Income Fund	**3,646**	4,033
MCB Cash Management Optimizer	**34,030**	28,106
Alhamra Money Market Fund (Formerly: MCB Pakistan Frequent Payout Fund)	**15,258**	152
Alhamra Islamic Asset Allocation Fund	**2,335**	1,964
Alhamra Islamic Stock Fund	**3,410**	2,656
Alhamra Islamic Income Fund	**5,575**	4,442
Alhamra Islamic Active Asset Allocation Fund Plan - I	**-**	341
Alhamra Islamic Active Asset Allocation Fund Plan - II	**-**	177
Alhamra Daily Dividend Fund	**2,279**	3,237
Alhamra Smart Portfolio	**123**	-
Pension Funds		
Pakistan Pension Fund	**1,933**	642
Alhamra Islamic Pension Fund	**1,354**	540
Discretionary portfolio	**57,014**	42,550

The Company is also managing investments under discretionary and non discretionary portfolio management agreements, details of which are given below:

Number of clients	**37**	36
Total portfolio at cost (Rs. in millions)	**46,869**	36,853
Total portfolio at market value (Rs. in millions)	**47,074**	35,426
Fee earned (Rupees in million)	**54**	33

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1.5 In accordance with the requirements of Rule 9 of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, the Company has obtained insurance coverage from Jubilee General Insurance Company Limited against any loss that may be incurred as a result of employees' fraud or gross negligence. The insurance company has been assigned a credit rating of AA+ by the Pakistan Credit Rating Agency Limited (PACRA) (latest available rating).

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;

- 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.

2.2 Consolidation of mutual funds by the asset management company

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.

2.3 Basis of measurement

These financial statements have been prepared on the basis of historical cost convention, except that investments are carried at fair values in accordance with the requirement of International Financial Reporting Standard (IFRS) 9, 'Financial Instruments'.

2.4 Functional and presentation currency

These financial statements are presented in Pakistani Rupee, which is the Company's functional and presentation currency.

2.5 Critical accounting estimates and judgments

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

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of the accounting and reporting standards, as applicable in Pakistan, that have the most significant effect on the amount recognized in these financial statements and estimates with a significant risk of material adjustments to the carrying amount of assets and liabilities in the future years are as follows:

- Property and equipment (Note 4.1.1)
- Intangible assets (Note 4.1.3)
- Right-of-use asset and related liability (Note 4.1.4)
- Classification of investments (Note 4.2.1.1)
- Impairment (Note 4.2.1.3)
- Taxation (Note 4.3)
- Receivables (Note 4.6)
- Provisions (Note 4.10)

3 CHANGES IN ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

a) Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after 1 July 2020 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore are not detailed in these financial statements.

b) Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2021:

- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.

- COVID-19-Related Rent Concessions (Amendment to IFRS 16) – the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications.

  The practical expedient introduced in the 2020 amendments only applied to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021. In light of persistence of economic challenges posed by the COVID-19 pandemic, the Board has extended the practical expedient for COVID-19 related rent concessions by one year i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022.

  Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

  - the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
  - any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
  - there is no substantive change to the other terms and conditions of the lease

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

- **Annual Improvements to IFRS standards 2018-2020:**

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

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after 1 January 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3 . An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.

- Classification of liabilities as current or non-current (Amendments to IAS 1) amendments apply retrospectively for the annual periods beginning on or after 1 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

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

  - requiring companies to disclose their material accounting policies rather than their significant accounting policies;

  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

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

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

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

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

  The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

The above amendments are not likely to have any material effect on the Company's financial statements.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all the periods presented in these financial statements, except for the change mentioned in note 4 to these financial statements.

4.1 FIXED ASSETS

4.1.1 Property and equipment

Items of property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Subsequent costs are recognized as separate assets, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the items can be measured reliably. All other repair and maintenance costs are charged to statement of profit or loss account as and when incurred.

Depreciation is charged at the rates specified in note 5.1 using the straight line method on all items of property and equipment. Depreciation is charged from the month the asset is available for use while no depreciation is charged in the month of disposal.

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

4.1.2 Capital work-in-progress

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. Items included in capital work-in-progress are stated at cost less accumulated impairment losses, if any. These are transferred to the relevant category of property and equipment as and when these become available for use.

4.1.3 Intangible assets

Intangible assets acquired separately are initially recognized at cost. Intangible assets acquired in a business combination are recognized at fair values as at the acquisition date.

The useful lives of intangible assets are assessed as either finite or indefinite.

4.1.3.1 Intangible assets with finite useful lives

After initial recognition, an intangible asset with finite useful life is carried at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged at the rates specified in note 5.2 using the straight line method. Amortization begins from the month the asset is available for use and ceases in the month of disposal. The amortization period and amortization method are reviewed at each financial year-end and are adjusted, if appropriate, to reflect the current best estimate.

Subsequent costs are included in the asset's carrying amounts or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

4.1.3.2 Intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. After initial recognition, these are stated at cost less accumulated impairment losses, if any.

Goodwill

Goodwill acquired in a business combination is recognized as of the acquisition date at the excess of consideration transferred over the acquisition date fair value of identifiable assets acquired and liabilities assumed. It represents future economic benefits arising from other assets acquired in the business combination that are not individually identified and separately recognized.

For the purpose of impairment testing, goodwill is allocated from the acquisition date to each of the entity's cash-generating units or group of cash-generating units that is expected to benefit from the synergies of the combination. Each unit or group of units to which goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Management rights

Management rights represent the present value of future cash flows relating to the management fee that would be earned by the Company assuming growth factors, based on the necessary market assumptions, on Assets Under Management (AUMs) acquired by the Company. This benefit also considers the fact that the economic lifetime of these AUMs is unlimited. Based on this assumption, the intangible asset has been valued using certain valuation techniques.

At the time of initial recognition, the fair value of management rights had been determined by the management using the multiple-period excess earnings method. Under this method, the value of a specific intangible asset is estimated from the residual earnings after fair returns on all other assets (if any) employed have been deducted from the asset's after-tax operating earnings.

Impairment

Goodwill and management rights impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of cash generating unit to which goodwill and management rights is allocated is compared to the recoverable amount, which is higher of value in use and the fair value less cost to sell. Any impairment is recognized immediately as an expense in the statement of profit or loss account and is not subsequently reversed.

4.1.4 Right-of-use assets and their related lease liability

Right of-use assets

On initial recognition, right-of-use assets are measured at an amount equal to initial lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

Right-of-use assets are subsequently stated at cost less any accumulated depreciation and accumulated impairment losses and are adjusted for any remeasurement of lease liability. The remeasurement of lease liability will only occur in cases where the terms of the lease are changed during the lease tenor.

Right-of-use assets are depreciated over their expected useful lives using the straight-line method. Depreciation on additions (new leases) is charged from the month in which the leases are entered into. No depreciation is charged in the month in which the leases mature or are terminated.

Lease liability against right-of-use assets

The lease liabilities are initially measured as the present value of the remaining lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Bank's incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or change in lease terms. These remeasurements of lease liabilities are recognised as adjustments to the carrying amount of related right-of-use assets after the date of initial recognition.

Each lease payment is allocated between a reduction of the liability and a finance cost. The finance cost is charged to the profit and loss account as markup expense over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

4.2 Financial instruments

4.2.1 Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost or fair value through profit or loss (FVTPL).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

4.2.1.1 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of profit or loss account.

4.2.1.2 Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any profit / markup or dividend income, are recognised in statement of profit or loss account.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Profit / markup income, foreign exchange gains and losses and impairment are recognised in profit or loss account.

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4.2.1.3 Impairment of financial assets

Financial assets at amortised cost

The Company applies simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all financial assets at amortized costs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

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

4.2.2 Financial liabilities

Financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. These are initially recognized at fair value and subsequently stated at amortized cost.

4.2.3 Derecognition

Financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized at the time when these are extinguished i.e. when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the statement of profit or loss account.

4.3 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, and taxes paid under the final tax regime. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from assessments framed / finalized during the year.

Deferred

Deferred taxation is recognized using the balance sheet liability method on all major temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are recognized for all taxable temporary differences. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantially enacted by the end of the reporting period.

4.4 Impairment of non-financial assets

The carrying amounts of the Company's assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment loss. If such an indication exists, the asset's recoverable amount is estimated in order to determine the extent of impairment loss, if any. The resulting impairment loss is taken to the statement of profit or loss account except for the impairment loss on revalued assets, which is adjusted against related revaluation surplus to the extent that the impairment loss does not exceed the surplus arising on revaluation of that asset.

4.5 Employee benefits - defined contribution plan

The Company and its employees have been contributing to the Alhamra Islamic Pension Fund or Pakistan Pension Fund at the rate of 8.33% of basic salary on employees' discretion. These pension funds were established under the Voluntary Pension Scheme Rules, 2005 and the Company has been licensed to act as a pension fund manager of these funds. The Company's contribution along with employees' contribution are paid to the above mentioned pension funds.

4.6 Receivables

These are initially measured at the fair value of the consideration receivable. Subsequently, these are valued at amortized cost. These assets are written off when there is no reasonable expectation of recovery. Credit loss is based on the expected credit loss.

4.7 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. These include cash in hand, balances with banks in current and savings accounts and short-term highly liquid investments that are readily convertible to known amounts of cash (i.e. in three month) and which are subject to an insignificant risk of changes in value.

4.8 Trade and other payables

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

4.9 Revenue recognition

4.9.1 Management fee / investment advisory fee

- Remuneration for investment advisory and asset management services are recognized on an accrual basis.
- Performance based remuneration for investment advisory services and management of discretionary portfolio are accrued once the terms of contract are honoured and the Company achieves the performance condition at the end of the period.

4.9.2 Processing fee and other related income

Processing fees is recognized once the services are provided to the unit holders in connection with their investments in collective investment schemes managed by the Company. Commission and related income are recognized on accural basis.

4.9.3 Profit on bank deposits and investments

Profit on bank deposits and on investments are recognized on an accrual basis at effective interest rates. Premium or discount on acquisition of investments is amortized through the statement of profit or loss account over the remaining period till maturity using the effective interest method.

4.9.4 Dividend income

Dividend income is recognized when the right to receive the dividend is established.

4.9.5 Gain / (loss) on sale of investments - net

Gains / (losses) arising on sale of investments are included in the statement of profit or loss account on the date at which the transaction takes place.

4.10 Provisions

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

4.11 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are only offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amount and the Company intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.12 Basic and diluted earnings per share

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

4.13 Proposed dividends and transfers between reserves

Dividends declared and transfers between reserves made subsequent to the reporting date are considered as non-adjusting events and are recognized in the financial statements in the period in which such dividends are declared / transfers are made.

4.14 Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of transactions. 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 recognized in the statement of profit or loss account.

4.15 Commitments

Commitments are disclosed in the financial statements at committed amounts. Commitments denominated in foreign currencies are expressed in Rupee terms at the rates of exchange prevailing at the reporting date.

4.16 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses that relates to transactions with any of the other components of the Company.

The Board of Directors and Chief Executive Officer have been identified as the chief operating decision-makers, who are responsible for allocating resources and assessing the performance of the operating segments. Currently, the Company is functioning as a single operating segment.

4.16.1 Geographical segment

The operations of the Company are currently based only in Pakistan.

5 FIXED ASSETS

	Note	2021	2020
		(Rupees)	
Property and equipment	5.1	**25,660,653**	45,363,804
Right-of-use assets	5.2	**47,018,584**	60,884,879
Intangible assets	5.3	**284,280,323**	295,498,678
Capital work in progress	5.4	**1,830,339**	-
		358,789,899	401,747,361

5.1 Property and equipment

	Note	**2021**					
		Computers	**Office equipments**	**Furniture and fixtures**	**Leasehold improvements**	**Vehicles**	**Total**
		(Rupees)					
As at 1 July 2020							
Cost		**55,234,935**	**28,793,272**	**17,221,864**	**45,978,793**	**4,237,270**	**151,466,134**
Accumulated depreciation		**(35,925,068)**	**(21,960,664)**	**(9,542,085)**	**(24,138,932)**	**(1,328,060)**	**(92,894,809)**
Accumulated impairment losses		**-**	**(561,390)**	**(3,248,387)**	**(9,397,744)**	**-**	**(13,207,521)**
Net book value		**19,309,867**	**6,271,218**	**4,431,392**	**12,442,117**	**2,909,210**	**45,363,804**
Year ended 30 June 2021							
Opening net book value		**19,309,867**	**6,271,218**	**4,431,392**	**12,442,117**	**2,909,210**	**45,363,804**
Additions during the year		**7,118,523**	**1,637,661**	**1,675,844**	**893,694**	**-**	**11,325,722**
Disposals during the year							
Cost		**(951,394)**	**(11,178,668)**	**(10,715,340)**	**(13,002,140)**	**-**	**(35,847,542)**
Accumulated depreciation		**948,407**	**8,741,313**	**5,964,183**	**7,130,213**	**-**	**22,784,116**
Accumulated impairment losses			**561,390**	**2,522,470**	**2,838,280**	**-**	**5,922,140**
		(2,987)	**(1,875,965)**	**(2,228,687)**	**(3,033,647)**	**-**	**(7,141,286)**
Write offs during the year							
Cost		**-**	**-**	**-**	**(20,481,412)**	**-**	**(20,481,412)**
Accumulated depreciation		**-**	**-**	**-**	**15,713,175**	**-**	**15,713,175**
	5.1.1	**-**	**-**	**-**	**(4,768,237)**	**-**	**(4,768,237)**
Depreciation for the year		**(9,390,637)**	**(2,454,893)**	**(1,713,821)**	**(4,502,520)**	**(1,057,479)**	**(19,119,350)**
Closing net book value		**17,034,766**	**3,578,021**	**2,164,728**	**1,031,407**	**1,851,731**	**25,660,653**
As at 30 June 2021							
Cost		**61,402,064**	**19,252,265**	**8,182,368**	**13,388,935**	**4,237,270**	**106,462,902**
Accumulated depreciation		**(44,367,298)**	**(15,674,244)**	**(5,291,723)**	**(5,798,064)**	**(2,385,539)**	**(73,516,868)**
Accumulated impairment losses		**-**	**-**	**(725,917)**	**(6,559,464)**	**-**	**(7,285,381)**
Net book value		**17,034,766**	**3,578,021**	**2,164,728**	**1,031,407**	**1,851,731**	**25,660,653**
Depreciation rates (% per annum)		**25%**	**20% - 50%**	**10%**	**10%**	**25%**	

	2020					
	Computers	Office equipments	Furniture and fixtures	Leasehold improvements	Vehicles	Total
	(Rupees)					
As at 1 July 2019						
Cost	50,316,668	28,800,538	18,742,110	77,725,699	1,794,000	177,379,015
Accumulated depreciation	(28,563,408)	(17,892,956)	(5,263,945)	(18,215,474)	(523,250)	(70,459,033)
Accumulated impairment losses	-	-	(3,008,277)	(27,237,796)	-	(30,246,073)
Net book value	21,753,260	10,907,582	10,469,888	32,272,429	1,270,750	76,673,909
Year ended 30 June 2020						
Opening net book value	21,753,260	10,907,582	10,469,888	32,272,429	1,270,750	76,673,909
Additions during the year	5,996,985	13,000	-	532,868	2,443,270	8,986,123
Disposals during the year						
Cost	(1,078,718)	(20,266)	(1,520,246)	(32,279,774)	-	(34,899,004)
Accumulated depreciation	1,061,888	20,266	406,097	10,301,442	-	11,789,693
Accumulated impairment losses	-	-	630,158	20,678,332	-	21,308,490
	(16,830)	-	(483,991)	(1,300,000)	-	(1,800,821)
Impairment during the year	-	(561,390)	(870,267)	(2,838,280)	-	(4,269,937)
Depreciation for the year	(8,423,548)	(4,087,974)	(4,684,238)	(16,224,900)	(804,810)	(34,225,470)
Closing net book value	19,309,867	6,271,218	4,431,392	12,442,117	2,909,210	45,363,804
As at 30 June 2020						
Cost	55,234,935	28,793,272	17,221,864	45,978,793	4,237,270	151,466,134
Accumulated depreciation	(35,925,068)	(21,960,664)	(9,542,085)	(24,138,932)	(1,328,060)	(92,894,810)
Accumulated impairment losses	-	(561,390)	(3,248,387)	(9,397,744)	-	(13,207,521)
Net book value	19,309,867	6,271,218	4,431,392	12,442,117	2,909,210	45,363,804
Depreciation rates (% per annum)	25%	20% - 50%	10%	10%	25%	

5.1.1 The Company had closed its Lahore branch during the year; accordingly leasehold improvements at the branch having carrying value of Rs. 4.768 million have been written off.

5.1.2 There were no disposal of fixed asset which has a book value of five hundred thousand rupees or more.

5.1.3 Included in the cost of property and equipment (including computer softwares) are fully depreciated assets which are still in use aggregating to Rs. 91.70 million (2020: Rs. 66.39 million).

5.2 Right of use assets

	Note	2021	2020
		(Rupees)	
Opening balance		**60,884,879**	-
Effect of initial adoption of IFRS 16 as at 01 July 2019		-	30,513,482
Additions during the year		**22,768,921**	57,445,375
Amortization cost charged to profit and loss account	*5.2.1*	**(30,937,453)**	(27,073,978)
Effect of modification		**(1,825,359)**	-
Effect of termination		**(3,872,404)**	-
Closing balance	*5.2.2*	**47,018,584**	60,884,879

5.2.1 Allocation of amortization of right of use asset:

	Note	2021	2020
Administrative expenses	*24*	**17,783,772**	10,348,204
Selling and distribution expenses	*25*	**13,153,681**	16,725,774
		30,937,453	27,073,978

5.2.2 These are being amoritsed upto 31 March 2024.

5.3 Intangible assets

	2021			
	Computer software	**Goodwill (note 5.3.1)**	**Management rights (note 5.3.1)**	**Total**
	(Rupees)			
As at 1 July 2020				
Cost	**82,473,074**	**82,126,933**	**192,000,000**	**356,600,007**
Accumulated amortization	**(61,101,329)**	**-**	**-**	**(61,101,329)**
Net book value	**21,371,745**	**82,126,933**	**192,000,000**	**295,498,678**
Year ended 30 June 2021				
Opening net book value	**21,371,745**	**82,126,933**	**192,000,000**	**295,498,678**
Additions during the year	**560,743**	**-**	**-**	**560,743**
Amortization for the year	**(11,779,098)**	**-**	**-**	**(11,779,098)**
Closing net book value	**10,153,390**	**82,126,933**	**192,000,000**	**284,280,323**
As at 30 June 2021				
Cost	**83,033,817**	**82,126,933**	**192,000,000**	**357,160,750**
Accumulated amortization	**(72,880,427)**	**-**	**-**	**(72,880,427)**
Net book value	**10,153,390**	**82,126,933**	**192,000,000**	**284,280,323**
Amortization rates (% per annum)	**25% - 33%**			

	2020			
	Computer software	Goodwill	Management rights	Total
	(Rupees)			
As at 1 July 2019				
Cost	82,095,045	82,126,933	192,000,000	356.221,978
Accumulated amortization	(47,937,250)	-	-	(47,937,250)
Net book value	34,157,795	82,126,933	192,000,000	308,284,728
Year ended 30 June 2020				
Opening net book value	34,157,795	82,126,933	192,000,000	308,284,728
Additions during the year	378,029	-	-	378,029
Amortization for the year	(13,164,079)	-	-	(13,164,079)
Closing net book value	21,371,745	82,126,933	192,000,000	295,498,678
As at 30 June 2020				
Cost	82,473,074	82,126,933	192,000,000	356,600,007
Accumulated amortization	(61,101,329)	-	-	(61,101,329)
Net book value	21,371,745	82,126,933	192,000,000	295,498,678
Amortization rates (% per annum)	25%			

5.3.1 Goodwill and management rights amounting to Rs. 274.13 million arised pursuant to the merger of MCB AMC with and into Arif Habib Investments Limited in 2011.

5.3.2 In accordance with the requirements of IFRS 3: 'Business combinations', an acquiree shall measure goodwill acquired in a business combination, subsequent to initial recognition at cost less accumulated impairment losses, if any. Goodwill acquired in a business combination and intangible assets having indefinite useful life shall not be amortized, instead, they shall be tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired, in accordance with International Accounting Standard (IAS) 36: 'Impairment of Assets'. In addition, goodwill acquired in a business combination and intangible assets having indefinite useful lives shall be allocated to each of the acquirer's cash-generating unit (CGU) or a group of cash-generating units if they can be attributed directly, or allocated on a reasonable and consistent basis.

5.3.3 The recoverable amount for the purpose of assessing impairment of goodwill and management rights allocated to CGU is based on value in use. The calculations performed by the Company, are based on a five year plan approved for its business unit. Value in use is determined by discounting the estimated future cash flows to be generated from the continuing use of CGU, using a discount rate of 13.7% (2020: 17%) that reflects current market assessment of the time value of money and the risk specific to the asset. The management believes this to be a suitable time scale over which to review and consider annual performance before applying a fixed terminal value multiple of 6% (2020: 6%) to the final year cash flow of the detailed projections. Based on this exercise at 30 June 2021, the recoverable amount of CGU exceeded the carrying amount.

5.3.4 Key assumptions used to determine the recoverable amounts

The calculation of recoverable amounts of Goodiwll and Management rights for the purpose of impairment testing was based on value in use, estimated using discounted cash flows. Key assumptions used in determining the value in use calculation were as follows:

Assumptions	How Determined
Budgeted Cash flows	Estimated cash flows were based on past experience.
Growth rates of assets under management	Growth forecast is based on management's best estimates and also takes into account past trends.
Cost to income ratio	Cost to income ratio for asset management business is based on management's best estimate and also takes into account past trends.
Discount Rate	Discount rate of 13.7% was used in the calculation. This discount rate represents cost of capital determined using the Capital Asset Pricing Model (CAPM) approach.
Long Term Growth Rate	Discounted cash flow projections for five years have been used and long term growth rate of 6% in perpetuity has been assumed on the basis of the growth rate of cash flows during the explicit forecast period.

As part of impairment testing, the management has assured reasonably that impact of possible changes in any of the aforementioned key assumptions would not cause the carrying value amount to exceed its recoverable amount.

5.4 This represents renovation work in progress at the branches.

6 LONG-TERM INVESTMENTS

	Note	2021	2020
		(Rupees)	
Investments in units of pension schemes - related parties			
Financial assets at fair value through profit or loss	*6.1*	**638,596,952**	533,563,426

6.1 Financial assets at fair value through profit or loss

Name of the Investee fund	As at 01 July 2020	Purchase / Redemption	As at 30 June 2021	As at 30 June 2021: Carrying amount (before revaluation)	Market value	Unrealized gain	As at 30 June 2020: Carrying amount (before revaluation)	Market value	Unrealized gain
	----------- (Number of units) -----------			------------------------------- (Rupees) -------------------------------					
Pakistan Pension Fund	**805,305**	-	**805,305**	**266,239,774**	**311,872,289**	**45,632,515**	245,136,795	266,239,774	21,102,979
Alhamra Islamic Pension Fund	**876,129**	-	**876,129**	**267,323,652**	**326,724,663**	**59,401,011**	241,679,389	267,323,652	25,644,263
				533,563,426	**638,596,952**	**105,033,526**	486,816,184	533,563,426	46,747,242

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7 LONG-TERM LOANS AND PREPAYMENTS

	Note	2021	2020
		(Rupees)	
Loans			
Secured - Considered good			
- to executives	7.1	4,306,289	4,376,577
Unsecured - Considered good			
- to executives	7.2	5,875,024	2,562,374
- to other employees		-	2,111
	7.3	10,181,313	6,941,062
Less: current portion of loans	9	(1,869,422)	(1,176,024)
		8,311,891	5,765,038
Prepayments			
Prepaid commission	7.4	16,847,454	5,234,305
Less: current portion	10	(10,997,748)	(3,936,755)
		5,849,706	1,297,550
		14,161,597	7,062,588

7.1 This represents interest based housing finance loan amounting to Rs. 4.306 million (2020: 4.377) given to executives at the rate of 4.5% per annum for a period of 20 years secured against the mortgage of house.

7.2 This represents interest-free loans amounting to Rs. 5.875 million (2020: 2.562 million) for a period of 5 years given to executives as per the terms of employment for the purchase of motor vehicles.

7.3 Based on month end balances, the maximum aggregate balance of loans to executives outstanding at any time during the year was Rs. 10.55 million (2020: Rs. 7.82 million).

7.3.1 Reconciliation of carrying amount of loans to executives is as follows:

	2021	2020
	(Rupees)	
Opening balance	6,938,951	7,848,761
Disbursements during the year	5,006,400	349,000
Repayments made during the year	(2,301,090)	(1,867,568)
Interest income on loan	537,052	608,758
Closing balance	10,181,313	6,938,951

7.4 This represents commission paid on the issuance of bachat units of different funds under the management of the Company. The commission amount is amortized over the period of the contract, unless redeemed earlier, in which case it is charged off immediately. However, in this case certain amount is also recovered from the investor.

8 RECEIVABLE FROM RELATED PARTIES

	Note	2021	2020
		(Rupees)	
Unsecured - considered good			
Pakistan Income Fund		18,431,896	12,485,626
MCB Pakistan Stock Market Fund		122,311,547	103,862,961
MCB Pakistan Sovereign Fund		34,215,894	35,992,189
Pakistan Capital Market Fund		7,643,048	8,529,951
Pakistan Pension Fund		8,524,272	8,593,459
Alhamra Islamic Pension Fund		5,176,771	4,634,002
Pakistan Cash Management Fund		12,243,674	12,610,282
Pakistan Income Enhancement Fund		22,733,982	22,110,177
Pakistan Sarmaya Mehfooz Fund		4,267,360	4,267,360
MCB Pakistan Asset Allocation Fund		37,456,312	41,939,488
MCB Cash Management Optimizer		64,482,664	71,598,618
MCB DCF Income Fund		137,055,740	138,483,978
Alhamra Islamic Money Market Fund (Formerly: MCB Pakistan Frequent Payout Fund)		4,532,405	5,003,898
Alhamra Islamic Stock Fund		23,772,572	19,117,825
Alhamra Islamic Asset Allocation Fund		15,909,125	17,380,198
Alhamra Islamic Income Fund		14,454,260	16,092,180
Alhamra Islamic Active Asset Allocation Fund - Plan I		-	39,275
Alhamra Islamic Active Asset Allocation Fund - Plan II		-	19,979
Alhamra Daily Dividend Fund		435,889	3,280,594
Al-Hamra Smart Portfolio		9,888	-
Other proposed fund		-	1,000,000
		533,657,299	527,042,040
Advisory fee on account of discretionary portfolio management			
Adamjee Life Assurance Company Limited		10,279,237	10,403,985
	8.1 & 8.2	543,936,536	537,446,025

8.1 The above amounts represents receivable on account of management fee, federal excise duty, sales tax on management fee, sales load, conversion cost, reimbursement of expenses, selling and marketing expenses and other expenses paid on behalf of the related parties. This includes Federal Excise Duty (FED) amounting to Rs. 407.16 million (2020: Rs. 407.16 million) which are receivable from the funds / portfolios under its management. The matter is further explained in note 19.2 to the financial statements.

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8.2 Above balances are mark-up free and unsecured. These are not past due not impaired, except for the FED balances mentioned in note 8.1.

8.3 The related parties from whom the maximum aggregate amount outstanding at any time during the year (month-end balance) are as under:

	Note	2021	2020
		(Rupees)	
Pakistan Income Fund		**19,131,574**	12,485,626
MCB Pakistan Stock Market Fund		**122,311,547**	103,862,961
MCB Pakistan Sovereign Fund		**35,066,803**	35,992,189
Pakistan Capital Market Fund		**8,808,028**	8,529,951
Pakistan Pension Fund		**8,733,457**	8,593,459
Alhamra Islamic Pension Fund		**5,202,290**	4,634,002
Pakistan Cash Management Fund		**12,510,670**	12,610,282
Pakistan Income Enhancement Fund		**23,574,569**	22,110,177
Pakistan Sarmaya Mehfooz Fund		**4,267,360**	4,267,360
MCB Pakistan Asset allocation Fund		**42,848,019**	41,939,488
MCB Cash Management Optimizer		**67,133,009**	71,598,618
MCB DCF Income Fund		**138,344,648**	138,483,978
Alhamra Islamic Money Markery (Formerly: MCB Pakistan Frequent Payout Fund)		**5,414,394**	5,003,898
Alhamra Islamic Stock Fund		**25,530,153**	19,117,825
Alhamra Islamic Asset Allocation Fund		**21,506,032**	17,380,198
Alhamra Islamic Income Fund		**18,426,787**	16,092,180
Alhamra Islamic Active Asset Allocation Fund - Plan I		**31,332**	39,275
Alhamra Islamic Active Asset Allocation Fund - Plan II		**18,888**	19,979
Alhamra Daily Dividend Fund		**3,544,122**	3,280,594
Al-Hamra Smart Portfolio		**9,888**	-
Other proposed fund		**1,000,000**	1,000,000
Adamjee Life Assurance Company Limited		**15,233,390**	10,403,985

9 LOANS AND ADVANCES

	Note	2021	2020
Secured - Considered good			
Current portion of loans to employees	7	**1,869,422**	1,176,024
Advances - Considered good			
Advances to employees		**-**	561,930
Advances to suppliers and contractors		**508,154**	2,463,491
		508,154	3,025,421
		2,377,576	4,201,445

10 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2021	2020
Security Deposits		**75,000**	1,776,960
Prepayments			
Current portion of prepaid commission against bachat unit	7	**10,997,748**	3,936,755
Insurance		**11,101,389**	7,059,970
Maintenance		**533,132**	1,840,236
Service level agreement		**5,180,110**	2,355,162
Software license		**179,374**	611,252
Registration fee		**534,556**	1,000,000
Others		**174,000**	203,920
		28,700,309	17,007,295
Other receivables			
Advisory fee receivable on account of portfolio management	10.1	**23,005,861**	23,720,613
Commission receivable		**4,217,311**	-
Others		**197,640**	405,372
		27,420,812	24,125,985
Provision against advisory fee receivable	10.2	**(12,402,117)**	(12,402,117)
		43,794,004	30,508,123

10.1 The above amounts represents receivable on account of portfolio management fee, federal excise duty and sales tax. This includes Federal Excise Duty (FED) amounting to Rs. 5.72 million (2020: Rs. 5.72 million) which are receivable from the portfolios under its management. The matter is further explained in note 19.2 to the financial statements.

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10.2 Movement in provision against advisory fee receivable

	Note	2021	2020
		(Rupees)	
Opening balance		**12,402,117**	11,953,175
Provision made during the year	24	**-**	448,942
Closing balance		**12,402,117**	12,402,117

11 ACCRUED MARK-UP

This represents mark-up receivable on bank deposits.

12 LEASE LIABILITY AGAINST RIGHT-OF-USE ASSETS

	Note	2021	2020
Lease Liabilities as on 01 July		**60,646,047**	-
Recognised on initial adoption of IFRS 16		**-**	80,949,581
Addition during the year		**22,508,885**	-
Interest expense	26	**7,001,516**	6,935,088
Rental payments		**(33,670,723)**	(27,238,622)
Effect of modification		**(1,598,704)**	
Effect of termination		**(4,538,454)**	-
Lease liabilities as on 30 June		**50,348,567**	60,646,047
Less: Current portion of lease liabilities		**(32,347,100)**	(27,191,338)
Non Current portion of lease liabilities		**18,001,467**	33,454,709

12.1 Lease liabilities are payable as follows.

	2021		
	Minimum Lease Payments	**Future Finance Cost**	**Present value of Minimum**
Not later than one year	**36,357,777**	**4,010,677**	**32,347,100**
Later than one year and not later than five years	**18,814,995**	**813,528**	**18,001,467**
	55,172,772	**4,824,205**	**50,348,567**
Less: Current portion			**(32,347,100)**
			18,001,467

12.2 Above balances have been discounted at the rates ranging between 8.01% to 14.95% per annum.

13 SHORT-TERM INVESTMENTS - related parties	Note	2021	2020
		(Rupees)	
Financial assets at fair value through profit or loss	13.1	**685,758,449**	661,620,881

13.1 Financial assets at fair value through profit or loss

Name of the Investee Fund	**As at 01 July 2020**	**Purchases / dividend reinvested**	**Redemptions**	**As at 30 June 2021**	**As at 30 June 2021**			As at 30 June 2020		
					Carrying value (before revaluation)	**Market value**	**Unrealized gain / (loss)**	Carrying value (before revaluation)	Market value	Unrealized gain
	(Number of units / deals)				**(Rupees)**					
MCB Cash Management Optimizer	**5,469,446**	**42,456,645**	**(47,861,324)**	**64,767**	**6,528,287**	**6,538,775**	**10,488**	550,457,568	551,483,644	1,026,076
MCB Pakistan Stock Market Fund	**1,422,539**	**4,693,951**	**(4,701,100)**	**1,415,390**	**134,192,866**	**146,676,096**	**12,483,230**	108,237,657	110,137,237	1,899,580
Alhamra Islamic Stock Fund	**-**	**2,164,502**	**-**	**2,164,502**	**25,000,000**	**24,437,229**	**(562,771)**	-	-	-
Pakistan Income Fund	**-**	**16,123,878**	**(8,971,450)**	**7,152,428**	**386,258,093**	**388,253,829**	**1,995,736**	-	-	-
Alhamra Smart Portfolio	**-**	**1,200,000**	**-**	**1,200,000**	**120,000,000**	**119,852,520**	**(147,480)**	-	-	-
MCB DCF Income Fund	**-**	**9,344**	**(9,344)**	**-**	**-**	**-**	**-**	-	-	-
MCB Pakistan Soverign Fund	**-**	**10,956**	**(10,956)**	**-**	**-**	**-**	**-**	-	-	-
Pakistan Cash Management Fund	**-**	**2**	**(2)**	**-**	**-**	**-**	**-**	-	-	-
Alhamra Islamic Money Market Fund	**-**	**18,763,729**	**(18,763,729)**	**-**	**-**	**-**	**-**	-	-	-
Alhamra Daily Dividend Fund	**-**	**3,502,354**	**(3,502,354)**	**-**	**-**	**-**	**-**	-	-	-
					671,979,246	**685,758,449**	**13,779,203**	658,695,225	661,620,881	2,925,656

14 ADVANCE TAX - NET OF PROVISIONS

	Note	2021	2020
		(Rupees)	
Advance tax		**85,489,067**	87,376,718
Income tax refundable	14.1	**50,723,943**	50,723,944
		136,213,010	138,099,662
Provision for taxation for the year	29	**(97,063,558)**	(73,805,896)
		39,149,452	64,293,766

14.1 Represents Income tax refundable as per the returns filed by the Company, except for the tax years 2010, 2011, 2017 and 2018, amounting to Rs. 27.9 million which is based on the assessment orders.

15 CASH AND BANK BALANCES

	Note	2021	2020
		(Rupees)	
Balances with banks in			
- profit and loss sharing accounts	15.1	**10,156,387**	10,172,752
- current accounts	15.2	**33,767,897**	9,636,339
		43,924,284	19,809,091
Cash in hand		**4,822**	5,500
		43,929,106	19,814,591

15.1 These represent deposits made with various commercial banks carrying profit rates ranging between 6.52% to 6.9% (2020: 6.5% to 12.5%) per annum. These also include balances in accounts maintained with related parties; MCB Bank Limited amounting to Rs. 5.453 million (2020: Rs. 5.701 million) which carries mark-up at the rate of 5.5% (2020: 10%) per annum and MCB Islamic Bank Limited amounting to Rs. 0.340 million (2020: Rs. 0.327 million) which carries mark-up at the rate of 6.8% (2020: 10.38%) per annum.

15.2 These represent balances in accounts maintained with conventional banks and include amounts placed with MCB Bank Limited (a related party) amounting to Rs. 6.455 million (2020: Rs. 4.366 million).

15.3 During the year ended 30 June 2015, the Company had obtained a short-term running finance facility under mark up arrangement with MCB Bank Limited (a related party) amounting to Rs. 500 million. The facility carried mark-up at one month KIBOR+0.5% (2020: KIBOR+0.5%) per annum. The facility when availed will have to be secured against the pledge of government securities i.e. PIBs and T-Bills and will expire on 31 August 2021. However, the facility was unutilized as at 30 June 2021 (none was utlised duriing the year).

16 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2021	2020		Note	2021	2020
(Number of shares)				(Rupees)	
		Ordinary shares of Rs.10 each			
5,000,000	5,000,000	- Fully paid in cash		**50,000,000**	50,000,000
31,000,000	31,000,000	- Allotted as bonus shares		**310,000,000**	310,000,000
36,000,000	36,000,000	- Issued for consideration other	*17.1*	**360,000,000**	360,000,000
72,000,000	72,000,000			**720,000,000**	720,000,000

16.1 Shares held by the related parties of the Company

Particulars of the shareholders	2021	2020
	(Number of shares)	
MCB Bank Limited - percentage of holding 51.33% (2020: 51.33%)	**36,956,768**	36,956,768
Arif Habib Corporation Limited - percentage of holding 30.09% (2020: 30.09%)	**21,664,167**	21,664,167
Adamjee Insurance Company Limited - percentage of holding 7.59% (2020: 7.59%)	**5,462,000**	5,462,000
Directors, spouses and their minor children - percentage of holding 0.04% (2020: 0.04%)	**29,326**	29,326
Others	**1,200**	1,200

17 DEFICIT ARISING ON AMALGAMATION

	Note	2021	2020
		(Rupees)	
Deficit arising on amalgamation	*17.1*	**60,000,000**	60,000,000

17.1 In accordance with the scheme of amalgamation of MCB Asset Management Company Limited (MCB AMC) and Arif Habib Investments Limited (AHIL), the entire undertaking of MCB AMC including all properties, assets, liabilities, receivables, payables and all other rights and obligations were transferred into and vested in the Company as on the effective date. As part of the Scheme, the Company issued and allotted 36 million ordinary shares of Rs. 10 each, as fully paid shares, to the registered ordinary shareholders of MCB AMC in the ratio of 1.2 ordinary shares of the Company for each share of Rs. 10 of MCB AMC as consideration. Deficit arising on amalgamation represents difference in share capital of AHIL and MCB AMC at the time of merger.

18 DEFERRED TAX LIABILITY - NET

	Note	2021	2020
		(Rupees)	
Deferred tax liability on taxable temporary differences			
- Intangible assets		**75,190,106**	64,613,575
- Right-of-use asset		**13,635,390**	19,291,940
- Investments at fair value through profit or loss		**1,768,869**	(391,359)
		90,594,365	83,514,156
Deferred tax asset on deductible temporary differences			
- Property and equipment (other than right of use assets)		**(4,328,055)**	(5,523,312)
- Provision against advisory fee		**(3,596,614)**	(3,596,614)
- Finance cost on interest free loans		**(891,989)**	992,105
- Liability against right-of-use asset		**(14,601,085)**	(19,417,773)
		(23,417,743)	(27,545,594)
	18.1	**67,176,622**	55,968,562

18.1 Movement of deferred tax liability - net

	2021				
	Balance as at 1 July 2019	Recognized in profit and loss account during the year ended 30 June 2020	Balance as at 30 June 2020	Recognized in profit and loss account during the year ended 30 June 2021	Balance as at 30 June 2021
	(Rupees)				
Taxable temporary differences					
- Intangible assets	56,787,409	7,826,166	64,613,575	10,576,531	75,190,106
- Right-of-use assets	-	19,291,940	19,291,940	(5,656,550)	13,635,390
- Investments at fair value through profit or loss	(4,939,642)	4,548,283	(391,359)	2,160,228	1,768,869
	51,847,767	31,666,389	83,514,156	7,080,209	90,594,365
Deductible temporary differences					
- Property and equipment (other than right of use assets)	(5,046,559)	(476,753)	(5,523,312)	1,195,257	(4,328,055)
- Provision against advisory fee	(3,466,421)	(130,193)	(3,596,614)	-	(3,596,614)
- Finance cost on interest free loans	(992,105)	1,984,210	992,105	(1,884,094)	(891,989)
- Lease liability against right of use assets	-	(19,417,773)	(19,417,773)	4,816,688	(14,601,085)
	42,342,682	**13,625,880**	**55,968,562**	**11,208,060**	**67,176,622**

18.2 Deferred tax balance has been recognized at the rate at which these are expected to be settled or realized.

19 TRADE AND OTHER PAYABLES

	Note	2021	2020
		(Rupees)	
Accrued expenses		**123,429,377**	106,891,203
Workers' welfare fund	19.1	**48,669,050**	38,769,050
Withholding tax payable		**2,958,091**	1,573,528
Indirect taxes and duties payable	19.2	**419,057,465**	422,580,282
Payable to facilitators / distributors		**56,069,206**	23,862,303
		650,183,189	593,676,366

19.1 Workers' welfare fund

Through Finance Act, 2008, the Federal Government introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Peshawar High Court. Appeals against these orders were filed in the Supreme Court.

The Supreme Court of Pakistan vide its order dated 10 November 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of Workers' Welfare Fund were not lawful as this is not in the nature of tax and therefore could not have been introduced through the money bill. The Federal Board of Revenue has filed review petitions against the above judgment which are currently pending with the Supreme Court of Pakistan.

In light of the judgment passed by the Supreme Court, the Management believes that the Company is not liable to pay any amounts under the Workers' Welfare Fund Ordinance, 1971, accordingly an amount of Rs. 14.442 million was reversed on 12 January 2017. Further, as a consequence of the passage of 18th Amendment to the Constitution, levy for Workers' Welfare was also introduced by the Government of Sindh (SWWF) which was effective from 01 July 2014. The Company believes that contribution to Workers' Welfare Fund under the Sindh Workers' Welfare Act, 2014 is not applicable on the Company as it is not a Financial Institution as required under SWWF Act, 2014.

However, out of abundant caution, the management has decided to provide for SWWF amounting to Rs. 48.7 million (2020: 38.8 million) with effect from 01 July 2014.

19.2 Federal Excise Duty (FED) payable on remuneration of the management company

As per the requirements of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective 13 June 2013 on assets under its management (related parties). The Management company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of law.

The matter has been collectively taken up by the Management Company jointly with other Asset Management Companies together with their respective Collective Investment Schemes through their trustees, through a Constitutional Petition filed in the Honorable Sindh High Court (SHC) on 4 September 2013 challenging the levy of FED. The Sindh High Court in its decision dated 16 July 2016 maintained the previous order passed against other constitutional petition whereby levy of FED has been declared to be 'Ultra Vires' the Constitution. The Deputy Commissioner Inland Revenue has filed an appeal against the said SHC order in the Honorable Supreme Court of Pakistan and thus the Company is carrying liability for Federal Excise Duty (FED) amounting to Rs. 412.88 million (2020: Rs. 412.88 million) as a matter of abundant caution. This amount has also been classified as a balance receivable from related parties and portfolios (in nots 8.1 amounting to Rs. 407.16 million and note 10.1 amounting to Rs. 5.72 million respectively) and would be payable only after final verdict as explained above.

20 CONTINGENCIES AND COMMITMENTS

20.1 The Punjab Revenue Authority issued a show cause notice no. PRA/AM.70/14/18 dated 20 June 2014 requiring the Company to pay Sales Tax under the Punjab Sales Tax on Services Act, 2012 with effect from 22 May 2013 on management fee earned in Punjab. The matter has been collectively taken up by the Management Company jointly with other Asset Management Companies together with their respective Collective Investment Schemes through their trustees, by filing a petition on 08 July 2014 in the Sindh High Court (SHC) challenging the above notice. The SHC has ordered suspension of the show cause notice till the next hearing of appeal in its Order dated 10 July 2014. The management is expecting no outflow of economic resources as the payment relating to sales tax has already been made to Sindh Revenue Board and in case the decision is made against the Company the same is required to be settled between the two authorities.

20.2 On 30 January 2017, the Additional Commissioner Inland Revenue [ACIR] passed an order under section 122(5A) of the Income Tax Ordinance, 2001 amending the assessment for tax year 2011 after making certain additions / disallowances in the profit or loss account and created a demand of Rs. 25.567 million. The disallowances mainly pertained to apportionment of expenses, management / processing fee and related income sharing, amortization of management rights / goodwill created on merger of the MCB Asset Management Company (MCB AMC) into the Company etc. The Company filed an appeal before the Commissioner Inland Revenue – Appeals [CIR-A] against the impugned order and notice of demand issued there against. The CIR-A annulled the Order of the ACIR by deleting demand on all the issues raised therein. An appeal against the order of CIR-A has been filed before the Appellate Tribunal Inland Revenue [ATIR] by the Commissioner Inland Revenue. The Company, in consultation with its tax advisor, is confident of a favourable outcome.

20.3 The case of the Company was selected for audit by the Commissioner Inland Revenue, Zone III, Large Taxpayers Unit, Karachi for tax year 2014 vide letter dated 09 November 2016. The audit proceedings were conducted by the Deputy Commissioner Inland Revenue [DCIR] and a Show-Cause Notice [SCN] dated 10 February 2017 was issued thereafter. Based on a (then) recent judgment of a superior court, the SCN was challenged on legal grounds. However, the DCIR did not agree with the legal objections raised and passed an order dated 24 March 2017 under section 122(1) of the Income Tax Ordinance, 2001 after making certain additions / disallowances in the statement of profit or loss account and created a demand of Rs. 93.398 million The disallowances mainly pertained to apportionment of expenses, management / processing fee and related income sharing, amortization of management rights / goodwill created on merger of the MCB AMC into the Company etc. An appeal before the CIR-A was filed by the Company which has been adjudged in favor of the Company in respect of major disallowances made in the Order of the DCIR. In respect of the matters confirmed by the CIR-A, the Company has filed an appeal before the

ATIR. For issues deleted / set-aside by the CIR-A, an appeal has also been filed by the Commissioner Inland Revenue before the ATIR. The Company, in consultation with its tax advisor, is confident of a favourable outcome in respect of the said appeals.

20.4 On 29 March 2017, the ACIR passed an order under section 122(5A) of the Income Tax Ordinance, 2001 amending the assessment for tax year 2012 after making certain additions / disallowances in the statement of profit or loss account and created a demand of Rs. 82.841 million. The disallowances mainly pertained to apportionment of expenses, management / processing fee and related income sharing, amortization of management rights / goodwill created on merger of the MCB AMC into the Company, disallowance of brought forward losses / refunds of prior periods etc. The Company filed an appeal before the CIR-A against the impugned order and notice of demand issued there against. The CIR-A annulled the Order of the ACIR by deleting demand on all the issues raised therein. An appeal against the order of the CIR-A has been filed before the ATIR by the Commissioner Inland Revenue. The Company, in consultation with its tax advisor, is confident of a favourable outcome in respect of the said appeals.

20.5 On 29 April 2017, a notice under section 122(9) of the Income Tax Ordinance, 2001 was issued by the ACIR to conduct the amendment of assessment proceedings for tax year 2011 of the pre-merger entity MCB AMC. On 03 July 2017 an order under section 122(5A) of the Income Tax Ordinance, 2001, was passed to conclude the said proceedings. A demand of Rs. 4.85 million has been raised by the ACIR by making disallowances mainly pertaining to apportionment of expenses, management / processing fee and related income sharing and disallowance of brought forward losses. The Company has filed an appeal before the CIR-A against the impugned order and notice of demand issued there against. During the year ended 30 June 2018, order of the CIR-A was received by the Company whereby the demand on major issues was deleted. In respect of the matters confirmed by the CIR-A, the Company has filed an appeal before the ATIR. For issues deleted / set-aside by the CIR-A, an appeal has also been filed by the Commissioner Inland Revenue before the ATIR. The Company, in consultation with its tax advisor, is confident of a favourable outcome in respect of the said appeals.

20.6 On 29 February 2016, the DCIR passed an order under section 122(1) of the Income Tax Ordinance, 2001 relating to the tax year 2010 of MCB AMC making certain additions / disallowances in the return. The Company filed an appeal before the CIR-A against the said order. The CIR-A vide order dated December 11, 2017 deleted the disallowances made by the DCIR. Subsequently, the ACIR relating to tax year 2010 of MCB AMC treated tax deduction under section 153(1)(b) on service as minimum tax creating demand of Rs 0.980 million on 04 May 2016. The Company filed an appeal before CIR-A. The CIR-A vide order dated 22 January 2018 has confirmed the treatment of ACIR. The Company has filed an appeal before the ATIR against the order of CIR-A. The Company, in consultation with its tax advisor, is confident of a favourable outcome in respect of the said appeals.

20.7 On 24 November 2017, the Company received two orders pertaining to tax years 2015 and 2016 passed by the ACIR and DCIR raising demands of Rs. 119.350 million and Rs. 142.008 million respectively. The disallowances mainly pertained to apportionment of expenses, management / processing fee and related income sharing, amortization of management rights / goodwill created on merger of the MCB AMC into the Company, treatment of provision for FED as income of the Company etc. The Company filed separate appeals before the CIR-A against the impugned orders and notices of demand issued there against. During the year ended 30 June 2018, orders of CIR-A were received against the said appeals. For issues decided against the Company, appeals before the ATIR have been filed by the Company. The Company, in consultation with its tax advisor, is confident of a favourable outcome in respect of the said appeals.

20.8 On 05 June 2017, the Company received an order passed by the Assistant Commissioner - Sindh Revenue Board [AC,SRB] wherein a demand of Sindh Sales Tax of Rs.10.62 million along with penalty of Rs. 6.33 million and default surcharges (to be calculated at the time of payment) was established for short levy and payment of Sindh Sales Tax on its services and for claiming inadmissible input tax during tax periods from July 2011 to June 2015. An appeal against the aforesaid order was filed before the Commissioner Appeals-SRB who upheld the order of the Assistant Commissioner, SRB in its appellate order. An appeal had filed before the Appellate Tribunal, SRB against aforesaid order of the Commissioner Appeals, SRB. The Appellate Tribunal, SRB has remanded back the case to the Commissioner Appeals - SRB to pass fresh speaking order after verifying the records on merit.

During the year ended 30 June 2021, Commissioner Appeals - SRB issued an Order on 28 June 2021 whereby the demand raised by AC SRB amounting to Rs. 10.62 million was comfirmed in totality. The Company, being aggreived with said order, filed appeal before the Appellate Tribunal, SRB against aforesaid order. The stay was granted by Appellate Tribunal on 06 July 2021. The Company in consultation with its tax consultant anticipates a favourable outcome of the aforesaid appeal/case.

20.9 During the year ended 30 June 2019, the Sindh Revenue Board has issued two orders dated 03 October 2018 and 10 October 2018 raising a demand of Sindh Sales Tax Rs. 3.8 million and 1.2 million along with penalty of Rs. 4.04 million and Rs. 1.4 million respectively wherein input tax claimed by the Company against various transactions has been disallowed by the assessing Officer on the ground that the output tax against the same has not been offered by the respective vendors. Appeals against the aforesaid both orders have been filed before the Commissioner Appeals, SRB which is still pending. On the basis of factual and legal grounds, the Company in consultation with its tax consultant anticipates a favorable outcome of the aforesaid appeal.

20.10 The DCIR vide notice dated 6 March 2020 issued under section 182 of the Income Tax Ordinance, 2001 initiated proceedings for levy of penalty of Rs. 2.97 million for alleged failure to furnish the return under section 114 by due date. The Company have submitted its reply in consultation with its tax consultant and anticipates a favorable outcome of the aforesaid reply.

20.11 The DCIR vide notice dated 13 September 2018 issued under section 214D of the Income Tax Ordinance, 2001 requested for audit and furnishing of detail, evidences and information. The Company have submitted its reply in consultation with its tax consultant for drop of proceeding initiated under section 214D as the selection of audit was made after the provision of section 214D were ommitted by the Finance Act 2018. The Company anticipates a favourable outcome of the aforesaid reply.

20.12 The DCIR vide notice dated 17 January 2020 issued under section 161(1A) of the Income Tax Ordinance, 2001 initiated proceedings regarding monitoring of withholding taxes pertaining to tax year 2018. Requisite details have been submitted to the department.

20.13 During the year ended 30 June 2021, the Sindh Revenue Board issued a Show Cause Notice on 15 April 2021 on account of short payment of Sindh Sales Tax amounting to Rs. 9.97 million pertaining to Tax Periods July 2015 till June 2016. The Company in consultation with its tax consultant anticipates a favourable outcome of the Show Cause.

21 MANAGEMENT FEE / INVESTMENT ADVISORY FEE

	Note	2021	2020
		(Rupees)	
Collective Investment Schemes - related parties			
MCB Cash Management Optimizer		**113,905,358**	107,718,466
MCB DCF Income Fund		**68,375,349**	75,210,236
MCB Pakistan Asset Allocation Fund		**33,024,003**	33,875,018
Alhamra Islamic Money Market (Formerly: MCB Pakistan Frequent Payout Fund)		**3,983,829**	3,293,884
MCB Pakistan Sovereign Fund		**13,246,798**	51,430,415
MCB Pakistan Stock Market Fund		**258,317,102**	200,056,654
Pakistan Cash Management Fund		**3,693,028**	3,006,590
Pakistan Capital Market Fund		**13,229,329**	10,551,381
Pakistan Income Enhancement Fund		**7,928,518**	13,518,645
Pakistan Income Fund		**50,679,459**	30,545,698
Alhamra Islamic Income Fund		**24,059,931**	29,613,509
Alhamra Islamic Stock Fund		**78,026,666**	59,851,221
Alhamra Islamic Asset Allocation Fund		**69,111,498**	53,240,826
Alhamra Active Asset Allocation Fund Plan I		**38,678**	206,419
Alhamra Active Asset Allocation Fund Plan II		**42,489**	117,047
Alhamra Daily Dividend Fund		**6,319,526**	7,646,973
Alhamra Smart Portfolio		**3,297**	-
		743,984,858	679,882,982
Pension schemes - related parties			
Alhamra Islamic Pension Fund		**20,803,805**	15,561,717
Pakistan Pension Fund		**31,446,417**	28,170,523
		52,250,222	43,732,240
	21.1	**796,235,080**	723,615,222
Investment advisory fee from discretionary and non discretionary portfolio management	21.2	**53,612,886**	37,837,104
		849,847,966	761,452,326
Less: Sindh sales tax		**(97,770,120)**	(87,600,710)
		752,077,846	673,851,616

21.1 Management fee from open-end Collective Investment Schemes is calculated by charging the specified rates to the net asset value / income of such schemes as at the close of business of each calendar day. In accordance with Regulation 61 of the NBFC Regulations, 2008, the fee so charged to Collective Investment Schemes shall be within allowed expense ratio limit and shall not exceed the maximum rate of management fee as disclosed in the Offering Document.

21.2 The Company is managing investments under discretionary and non discretionary portfolio management agreements. Investment advisory fee from the discretionary portfolios is calculated on a daily / monthly basis by charging specified rates to the net asset value of the portfolios as stated in the respective agreements with the clients. Details of this portfolio are given in note 1.4 of these financial statements.

22 PROFIT ON BANK DEPOSITS

This represents income earned under interest / mark-up arrangements with conventional and islamic banks.

23 REALIZED GAIN ON SALE OF INVESTMENTS - NET

	2021	2020
	(Rupees)	
Gain on redemption of units of collective investment schemes	**49,793,111**	67,277,271

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24 ADMINISTRATIVE EXPENSES

	Note	2021	2020
		(Rupees)	
Salaries, allowances and other benefits		**311,881,716**	271,073,192
Legal and professional charges		**11,955,104**	7,402,138
Travelling and conveyance charges		**852,307**	1,071,302
Rent, utilities, repairs and maintenance		**51,254,987**	70,938,970
Office supplies		**4,241,423**	1,058,741
Auditors' remuneration	*24.2*	**3,346,303**	3,333,567
Directors' meeting fee		**10,275,000**	6,150,000
Insurance		**1,737,088**	2,062,412
Depreciation on property and equipment	*5.1*	**19,119,350**	34,225,470
Depreciation on right of use assets	*5.2.1*	**17,783,772**	10,348,204
Amortization	*5.3*	**11,779,098**	13,164,079
Stamp duty and taxes		**888,696**	8,212,200
Registrar fee		**679,234**	551,253
Printing and stationery		**4,026,744**	4,878,539
Telephone expenses		**5,002,793**	4,497,172
Entertainment expenses		**3,446,844**	2,735,679
Books, periodicals and subscription		**23,626,285**	20,397,977
Provision against advisory fee receivable	*10.2*	**-**	448,942
Write off / impairment on property and equipment	*5.1*	**4,768,237**	4,269,937
		486,664,981	466,819,774
Charged to the Collective Investment Schemes (CISs)	*24.1*	**(63,229,639)**	(51,653,673)
		423,435,342	415,166,101

24.1 The SECP vide S.R.O No. 1160 (1) / 2015 dated 25 November 2015 introduced amendments in the NBFC Regulations 2008. As a result of these amendments, the management company may charge fees and expenses pertaining to registrar services, accounting, operations on Collective Investment Schemes up to a maximum of 0.1% of average annual net assets of the scheme. The maximum cap of 0.1% of average annual net assets was removed by SECP vide S.R.O No. 639 (1) / 2019. However the amount charged cannot be more than the related actual expenses. Accordingly, expenses amounting to Rs. 63.23 million (2020: Rs. 51.65 million) have been charged by the Company to the respective Collective Investment Schemes (CISs) under its management during the year.

24.2 Auditors' remuneration

	Note	2021	2020
		(Rupees)	
Audit fee		**2,434,500**	2,434,500
Half yearly review fee		**348,000**	348,000
Fee for the review of compliance with the best practices of the Code of Corporate Governance		**96,000**	96,000
Out of pocket expenses		**467,803**	455,067
		3,346,303	3,333,567

25 SELLING AND DISTRIBUTION EXPENSES

	Note	2021	2020
Salaries, allowances and other benefits		**152,567,297**	131,480,755
Commission expense	*25.1*	**101,549,220**	104,041,657
Marketing and other expenses		**54,941,453**	47,570,606
Depreciation on right of use assets		**13,153,681**	16,725,774
Other branches expenses		**10,420,724**	7,626,308
Printing and stationery		**1,046,107**	1,650,033
		333,678,482	309,095,133
Charged to the Collective Investment Schemes (CISs)	*25.2*	**(262,026,882)**	(244,253,823)
		71,651,600	64,841,310

25.1 This includes an amount of Rs. 21.228 million (2020: Rs. 32.909 million) pertaining to MCB Bank Limited (a related party).

25.2 SECP vide its Circular 40/2016 dated 30 December 2016, prescribed certain conditions on Asset Management Companies (AMCs) for charging of selling and marketing expenses to open end equity, asset allocation and index funds initially for three years (from 01 January 2017 till 31 December 2019) for opening of new branches in cities, except Karachi, Lahore, Islamabad and Rawalpindi. The said condition was amended through Circular No. 11 of 2019 dated 5 June 2019, according to which an AMC may charge selling and marketing expenses to all types of open end mutual funds except for Fund of Funds against the cost pertaining to opening and maintenance of all branches in all cities. Under this circular, expenses amounting to Rs. 262.027 million (2020: 244.254 million) have been charged by the Company to the respective Collective Investment Schemes (CISs) under its management during the year which is less than the actual related expenses.

26 FINANCIAL CHARGES

	Note	2021	2020
		(Rupees)	
Bank charges		**442,031**	1,301,942
Interest on lease liability against right-of-use assets	12	**7,001,516**	6,935,088
		7,443,547	8,237,030

27 WORKERS' WELFARE FUND

Workers' welfare fund		**9,900,000**	7,000,000

28 OTHER INCOME AND OTHER EXPENSES

28.1 Other income:

Income from financial instruments			
Liability no longer payable written back		**-**	3,479,010
Interest income on housing finance loan		**537,052**	608,758
Income from non-financial instruments			
Gain on disposal of fixed assets - net		**2,461,340**	-
Others		**442,997**	841,521
		3,441,389	4,929,289

28.2 Other expenses

Net loss on disposal of fixed assets		**-**	(104,219)

29 TAXATION

Current		**100,510,480**	73,458,995
Prior		**(3,446,922)**	346,901
		97,063,558	73,805,896
Deferred	18.1	**11,208,060**	13,625,880
	29.1	**108,271,618**	87,431,776

29.1 Relationship between income tax expense and accounting profit

Accounting profit for the year before taxation		**484,705,781**	345,100,890
Tax at the applicable rate of 29% (2019: 29%)		**140,564,676**	100,079,258
Tax effect of income taxed at lower rate		**(37,251,820)**	(30,883,911)
Inadmissible expenses		**8,405,684**	17,889,528
Prior year tax		**(3,446,922)**	346,901
		108,271,618	87,431,776

29.2 The income tax returns upto tax year 2020 have been filed under the self assessment scheme and are deemed to be finalized under section 120 of the Income Tax Ordinance, 2001. Deemed assessments for certain tax years have been amended by the department on account of various issues as explained in note 20 to the financial statements.

30 EARNINGS PER SHARE

30.1 Basic

Earnings per share has been computed by dividing profit after taxation for the year by the weighted average number of ordinary shares outstanding during the year:

	2021	2020
	(Rupees)	
Profit for the year after taxation	**376,434,163**	257,669,113
	(Number of shares)	
Weighted average number of ordinary shares outstanding during the year	**72,000,000**	72,000,000
	(Rupees)	
Basic earnings per share	**5.23**	3.58

30.2 Diluted

Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at 30 June 2021 and 2020 which would have any effect on the earnings per share if the option to convert is exercised.

31 CASH AND CASH EQUIVALENTS

	Note	2021	2020
		(Rupees)	
Cash and bank balances	*15*	**43,929,106**	19,814,591

32 REMUNERATION TO THE CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

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

Particulars	2021			2020		
	Chief Executive Officer	**Directors**	**Executives**	Chief Executive Officer	Directors	Executives
	(Rupees)					
Managerial remuneration	**12,431,388**	**-**	**63,651,045**	10,968,876	-	55,084,986
Year-end incentive	**8,000,000**	**-**	**28,985,750**	6,000,000	-	16,393,000
Rent and house maintenance	**5,594,124**	**-**	**28,642,994**	4,935,996	-	24,788,262
Car allowance	**4,299,680**	**-**	**20,380,193**	4,641,600	-	17,581,226
Utilities	**1,243,140**	**-**	**6,365,133**	1,096,884	-	5,508,495
Medical	**1,243,140**	**-**	**6,365,037**	1,096,884	-	5,508,495
Retirement benefits	**1,104,249**	**-**	**5,514,234**	915,264	-	4,550,557
Meeting fee	**-**	**10,275,000**	**-**	-	6,150,000	-
Others	**647,890**	**-**	**2,209,654**	470,201	-	1,853,054
	34,563,611	**10,275,000**	**162,114,040**	30,125,705	6,150,000	131,268,075
Number of persons	**1**	**8**	**27**	1	7	21

Executive means an employee of a listed company other than the chief executive and directors whose basic salary exceeds Rs. 1.2 million in a financial year. The chief executive officer and executives are also provided with medical facilities in accordance with their entitlements.

The Company is also providing a personal secretary, servant and health insurance facilities to Vice Chairman.

33 OPERATING SEGMENTS

The Company functions as a single operating segment. Income derived from the management fee of open-end collective investment schemes and pension funds and that derived from the management of discretionary portfolios account for 94% and 6% (2020: 96% and 4%) respectively of the total income earned during the year.

34 FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Board of Directors of the Company has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors is also responsible for developing and monitoring the Company's risk management policies. The Company has exposure to the following risks from its use of financial instruments:

- Market risk
- Liquidity risk
- Credit risk

34.1 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices (e.g. foreign exchange rates, interest rates, equity prices, etc.). The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the returns to shareholders.

The Company's policy is to manage market risk through diversification and selection of securities within specified limits set by the Board of Directors.

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

34.1.1 Currency risk

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

34.1.2 Yield / interest rate risk

Yield / interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments is as follows:

Variable rate instrument	**2021**	2020
	(Rupees)	
Loans to employees	**4,306,289**	4,376,577
Bank balances (saving accounts)	**10,156,387**	10,172,752
	14,462,676	14,549,329

Fixed rate instrument

The Company does not have any exposure to fixed rate financial instruments.

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / decreased the statement of financial position and statement of profit or loss account by Rs. 0.15 million (2020: Rs. 0.15 million). The analysis assumes that all other variables remain constant.

None of the Company's liabilities are subject to interest rate risk.

The Company's net exposure to interest rate risk, analysed by the earlier of contractual repricing or maturity date is as follows:

	2021							
	Interest / mark-up bearing							
Particulars	**Maturity up to one month**	**Maturity over one month to three months**	**Maturity over three months to six months**	**Maturity over six months to one year**	**Maturity after one year**	**Sub-total**	**Non-interest / mark up bearing**	**Total**
	(Rupees)							
On balance sheet financial instruments								
Financial assets								
Investments	-	-	-	-	-	-	1,324,355,401	1,324,355,401
Loans	50,000	100,000	151,269	199,998	3,805,022	4,306,289	5,875,024	10,181,313
Long-term deposits	-	-	-	-	-	-	4,994,903	4,994,903
Receivable from related parties	-	-	-	-	-	-	543,936,536	543,936,536
Deposits and other receivables	-	-	-	-	-	-	15,093,695	15,093,695
Accrued mark-up	-	-	-	-	-	-	22,487	22,487
Cash and bank balances	10,156,387	-	-	-	-	10,156,387	33,772,719	43,929,106
	10,206,387	100,000	151,269	199,998	3,805,022	14,462,676	1,928,050,765	1,942,513,441
Financial liabilities								
Lease liability against right-of-use assets	1,139,685	6,349,093	8,980,401	15,877,921	18,001,467	50,348,567	-	50,348,567
Unclaimed dividend	-	-	-	-	-	-	4,672,994	4,672,994
Trade and other payables	-	-	-	-	-	-	179,498,583	179,498,583
	1,139,685	6,349,093	8,980,401	15,877,921	18,001,467	50,348,567	184,171,577	234,520,144
On-balance sheet gap (a) *	9,066,702	(6,249,093)	(8,829,132)	(15,677,923)	(14,196,445)	(35,885,891)	1,743,879,188	1,707,993,297
Off-balance sheet gap (b)	-	-	-	-	-	-	-	-
Total interest rate sensitivity gap (a+b)	9,066,702	(6,249,093)	(8,829,132)	(15,677,923)	(14,196,445)	(35,885,891)		
Cumulative interest rate sensitivity gap	9,066,702	2,817,609	(6,011,523)	(21,689,446)	(35,885,891)	(71,771,782)		

	2020							
	Interest / mark-up bearing							
Particulars	Maturity up to one month	Maturity over one month to three months	Maturity over three months to six months	Maturity over six months to one year	Maturity after one year	Sub-total	Non-interest / mark up bearing	Total
	(Rupees)							
On balance sheet financial instruments								
Financial assets								
Investments	-	-	-	-	-	-	1,195,184,307	1,195,184,307
Loans	17,967	36,632	56,740	120,246	4,144,992	4,376,577	2,562,374	6,938,951
Long-term deposits	-	-	-	-	-	-	5,289,229	5,289,229
Receivable from related parties	-	-	-	-	-	-	537,446,025	537,446,025
Deposits and other receivables	-	-	-	-	-	-	13,500,828	13,500,828
Accrued mark-up	-	-	-	-	-	-	24,966	24,966
Cash and bank balances	10,172,752	-	-	-	-	10,172,752	9,641,839	19,814,591
	10,190,719	36,632	56,740	120,246	4,144,992	14,549,329	1,763,649,568	1,778,198,897
Financial liabilities								
Lease liability against right-of-use assets	282,676	6,431,592	6,732,901	13,744,169	33,454,709	60,646,047	-	60,646,047
Unclaimed dividend	-	-	-	-	-	-	4,586,000	4,586,000
Trade and other payables	-	-	-	-	-	-	130,753,506	130,753,506
	282,676	6,431,592	6,732,901	13,744,169	33,454,709	60,646,047	135,339,506	195,985,553
On-balance sheet gap (a) *	9,908,043	(6,394,960)	(6,676,161)	(13,623,923)	(29,309,717)	(46,096,718)	1,628,310,062	1,582,213,344
Off-balance sheet gap (b)	-	-	-	-	-	-	-	-
Total interest rate sensitivity gap (a+b)	9,908,043	(6,394,960)	(6,676,161)	(13,623,923)	(29,309,717)	(46,096,718)		
Cumulative interest rate sensitivity gap	9,908,043	3,513,083	(3,163,078)	(16,787,001)	(46,096,718)	(92,193,436)		

* The on-balance sheet gap represents the net amounts of on-balance sheet items.

34.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all similar financial instruments traded in the market.

The Company is exposed to price risk because of investments held by the Company in units of open-end collective investment schemes and pension funds managed by the Company itself. The investments are marked to market based on the net assets value which are declared for each fund on a daily basis. Senior management of the Company reviews these investments on a regular basis. Furthermore, the Investment Committee of the Company also reviews and approves all significant investment decisions.

In case of 1% increase / decrease in the net asset values of the investments subject to price risk, the profit for the year after taxation of the Company would be higher / lower by Rs. 13.244 million (2020: Rs. 11.952 million), other comprehensive income for the year would be higher / lower by Rs. Nil (2020: Rs. Nil) and total comprehensive income for the year would be higher / lower by Rs. 13.244 million (2020: Rs. 11.952 million).

34.2 Credit risk

Credit risk is the risk that a counterparty will fail to discharge an obligation and cause the other party to incur a financial loss. The entire portfolio of financial assets of the Company (except for cash in hand) is subject to credit risk. However, the management believes that the Company's credit risk is minimal as major portion of financial assets comprise investments in or receivables from its Funds under management which are financially sound.

The Company's financial assets are neither past due nor impaired as at the reporting date.

The maximum exposure to credit risk before any credit enhancements at 30 June 2021 is the carrying amount of the financial assets as set out below:

Financial assets	*Note*	**2021**	2020
		(Rupees)	
Investments	*6 & 13*	**1,324,355,401**	1,195,184,307
Long term deposits		**4,994,903**	5,289,229
Loans	*7.3*	**10,181,313**	6,938,951
Receivable from related parties	*8*	**543,936,536**	537,446,025
Deposits and other receivables	*10*	**15,093,695**	13,500,828
Accrued mark-up		**22,487**	24,966
Bank balances	*15*	**43,924,284**	19,809,091
		1,942,508,619	1,778,193,397

Latest ratings of the Funds from which amounts are receivable or where the Company has invested in are as follows:

	As at 30 June 2021	As at 30 June 2020	**Rating agency**
	(Stability rating)		
MCB Cash Management Optimizer	**AA+(f)**	AA+(f)	PACRA
MCB DCF Income Fund	**AA-(f)**	AA-(f)	PACRA
Alhamra Islamic Income Fund	**AA-(f)**	AA-(f)	PACRA
MCB Pakistan Sovereign Fund	**AA-(f)**	AA-(f)	PACRA
Pakistan Cash Management Fund	**AA+(f)**	AA+(f)	PACRA
Pakistan Income Enhancement Fund	**A+(f)**	A+(f)	PACRA
Pakistan Income Fund	**A+(f)**	A+(f)	PACRA
Alhamra Daily Dividend Fund	**AA-(f)**	AA-(f)	PACRA
Alhamra Islamic Money Market Fund	**AA(f)**	-	PACRA

Ratings of other Funds are not available.

Latest available ratings of banks with which deposits are kept are as follows:

BANK	**As at 30 June 2021**		As at 30 June 2020		**Rating agency**
	Short-term	**Long-term**	Short-term	Long-term	
	(Rating)				
MCB Bank Limited	**A1+**	**AAA**	A1+	AAA	PACRA
Summit Bank Limited	**A-1**	**A-**	A-1	A-	JCR-VIS
Faysal Bank Limited	**A1+**	**AA**	A1+	AA	PACRA
MCB Islamic Bank Limited	**A1**	**A**	A1	A	PACRA
Bank Alfalah Limited	**A1+**	**AA+**	A1+	AA+	PACRA

34.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Following are the contractual maturities of the Company's financial liabilities (based on the remaining period to maturity):

	2021				
	Carrying amount	**Contractual cash flows**	**Six months or less**	**Six to twelve months**	**One to Five Years**
	-----------	-----------	(Rupees)	-----------	-----------
Non-Derivative Financial liabilities					
Lease liability against right-of-use assets	50,348,567	55,172,772	16,173,550	20,184,227	18,814,995
Trade and other payables	179,498,583	179,498,583	179,498,583	-	-
Unclaimed dividend	4,672,994	4,672,994	4,672,994	-	-
	234,520,144	239,344,349	200,345,127	20,184,227	18,814,995

	2020				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to Five Years
	-----------	-----------	(Rupees)	-----------	-----------
Non-Derivative Financial liabilities					
Lease liability against right-of-use assets	60,646,047	70,465,840	20,251,773	13,595,669	36,618,398
Trade and other payables	130,753,506	130,753,506	130,753,506	-	-
Unclaimed dividend	4,586,000	4,586,000	4,586,000	-	-
	195,985,553	205,805,346	155,591,279	13,595,669	36,618,398

35 RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	2021			
	Liabilities		**Reserve**	**Total**
	Lease liability against right-of-use assets	**Unclaimed dividend**	**Unappropriated profit**	
	-----------	-----------	(Rupees)	-----------
Balance as at 1 July 2020	60,646,047	4,586,000	494,695,426	559,927,473
Profit for the year	-	-	376,434,163	376,434,163
Dividend declared during the year	-	324,000,000	(324,000,000)	-
Dividend paid during the year	-	(324,000,000)	-	(324,000,000)
Interest exepense on lease / addition	23,373,243	-	-	23,373,243
Lease rental paid	(33,670,723)	-	-	(33,670,723)
Balance as at 30 June 2021	50,348,567	4,586,000	547,129,589	602,064,156

	2020			
	Liabilities		Reserve	Total
	Lease liability against right-of-use assets - Current	Unclaimed dividend	Unappropriated profit	
	-----------	-----------	(Rupees)	-----------
Balance as at 1 July 2019	-	4,256,938	406,226,313	410,483,251
Profit for the year	-	-	257,669,113	257,669,113
Dividend declared during the year	-	169,200,000	(169,200,000)	-
Dividend paid during the year	-	(168,870,938)	-	(168,870,938)
Recognition of lease liability on adpotion of IFRS 16	87,884,669	-	-	87,884,669
Lease rental paid	(27,238,622)	-	-	(27,238,622)
Balance as at 30 June 2020	60,646,047	4,586,000	494,695,426	559,927,473

36 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair values of investments in units of open-end collective investment schemes and pension schemes are based on the net assets value announced by the Company at each reporting date.

The estimated fair value of all other assets and liabilities is considered not to be significantly different from carrying values as the items are either short-term in nature or are periodically repriced.

Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1

  quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2

  inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and

- Level 3

  inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

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

On-balance sheet financial instruments	As at 30 June 2021							
	Carrying amount				Fair value			
	Financial assets at FVTPL	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees)							
Financial assets measured at fair value								
Long-term investments	638,596,952	-	-	638,596,952	-	638,596,952	-	638,596,952
Short-term investments	685,758,449	-	-	685,758,449	-	685,758,449	-	685,758,449
	1,324,355,401	-	-	1,324,355,401				
Financial assets not measured at fair value								
Loans	-	10,181,313	-	10,181,313				
Long-term deposits	-	4,994,903	-	4,994,903				
Receivable from related parties	-	543,936,536	-	543,936,536				
Deposits and other receivables	-	15,093,695	-	15,093,695				
Accrued mark-up	-	22,487	-	22,487				
Cash and bank balances	-	43,929,106	-	43,929,106				
	-	618,158,040	-	618,158,040				
Financial liabilities not measured at fair value								
Unclaimed dividend	-	-	4,672,994	4,672,994				
Trade and other payables	-	-	179,498,583	179,498,583				
	-	-	184,171,577	184,171,577				

On-balance sheet financial instruments	As at 30 June 2020							
	Carrying amount				Fair value			
	Investments	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees)							
Financial assets measured at fair value								
Long-term investments	533,563,426	-	-	533,563,426	-	533,563,426	-	533,563,426
Short-term investments	661,620,881	-	-	661,620,881	-	661,620,881	-	661,620,881
	1,195,184,307	-	-	1,195,184,307				
Financial assets not measured at fair value								
Loans	-	6,938,951	-	6,938,951				
Long-term deposits	-	5,289,229	-	5,289,229				
Receivable from related parties	-	537,446,025	-	537,446,025				
Deposit and other receivables	-	13,500,828	-	13,500,828				
Accrued mark-up	-	24,966	-	24,966				
Cash and bank balances	-	19,814,591	-	19,814,591				
	-	583,014,590	-	583,014,590				
Financial liabilities not measured at fair value								
Unclaimed dividend	-	-	4,586,000	4,586,000				
Trade and other payables	-	-	130,753,506	130,753,506				
	-	-	135,339,506	135,339,506				

37 CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits to other stakeholders,
- to provide an adequate return to shareholders by pricing products and services that commensurate with the level of risk.

The Company is subject to externally imposed minimum equity requirement laid down under the NBFC Rules, 2003 and the NBFC Regulation, 2008 for providing asset management services and investment advisory services and is required to maintain Rs. 230 million equity.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. Currently, the Company is financing its operations through equity and working capital.

38 TRANSACTIONS WITH RELATED PARTIES

MCB Bank Limited (MCB) holds 51.33% ordinary shares of the Company as at the year end. Therefore, all subsidiaries and associated undertakings of MCB are related parties of the Company. Other related parties comprise of Arif Habib Corporation Limited with a holding percentage of 30%, companies having common directorship, collective investment schemes and voluntary pension schemes managed by the Company, directors, key management personnel and their close family members and retirement benefit plan. Contributions for staff retirement benefits are made as per the service rules. Transactions with the key management personnel comprising of their remuneration and loans are as per the terms of employees. Other transactions are at agreed rates. Details of such transaction are as follows:

38.1 Transactions with related parties during the year

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	2021	2020
			(Rupees)	
MCB BANK LIMITED	Parent company with 51.33% Holding	Commission and other expenses	**32,128,266**	31,756,623
		Profit on bank deposits	**1,100,072**	3,404,504
		Bank charges	**418,768**	485,751
		Branch sharing expenses	**2,918,040**	2,918,040
		Dividend paid	**166,305,456**	86,848,405
		Rent as per rental agreement	**3,600,000**	-
MCB ISLAMIC BANK LIMITED	Subsidiary of Parent Company	Profit on bank deposits	**14,487**	18,613
NISHAT REAL ESTATE DEVELOPMENT COMPANY (PVT) LIMITED	Group Company of Parent Company	Rent expense	**1,078,736**	4,112,483
NISHAT MILLS LIMITED	Group Company of Parent Company	Gain on disposal	**-**	516,009
ADAMJEE LIFE ASSURANCE COMPANY LIMITED	Group Company of Parent Company	Investment advisory fee	**29,049,502**	20,226,346
		Amount paid against life assurance	**2,536,337**	11,461,130
ADAMJEE INSURANCE COMPANY LIMITED	Group Company of Parent Company	Amount paid against insurance	**18,814,140**	9,934,772
		Amount received against insurance claim	**-**	6,420,084
		Dividend paid	**24,579,000**	10,910,345
		Rent Expense	**20,535,625**	11,165,000
Dolmen City REIT	Group Company of Associated Company	Investment advisory fee	**-**	94,521
ARIF HABIB CORPORATION LIMITED	Associate with 30.09% Holding Company	Dividend paid	**97,488,752**	-
MCB CASH MANAGEMENT OPTIMIZER	Funds under management	Management fee	**100,801,203**	95,326,076
		Reimbursement of expenses	**23,726,302**	19,381,299
		Selling and marketing	**-**	34,991,563
		Dividend Income	**13,153,768**	15,796,808
		Investment in units	**4,282,129,797**	7,863,350,328
		Redemption of units	**4,831,992,057**	7,547,710,761
MCB DCF INCOME FUND	Funds under management	Management fee	**60,509,157**	66,557,731
		Share of sales load	**2,388,612**	118,131
		Back end load	**251,941**	43,100
		Reimbursement of expenses	**4,033,944**	4,437,182
		Selling and marketing	**15,732,381**	13,977,559
		Investment in units	**1,014,790**	442,543,174
		Redemption of units	**1,015,540**	446,650,374
ALHAMRA ISLAMIC INCOME FUND	Funds under management	Management fee	**21,291,973**	26,206,645
		Share of sales load	**1,591,871**	1,407,497
		Reimbursement of expenses	**6,704,743**	3,308,333
		Sharia fee paid on behalf of the fund	**744,193**	900,000
		Investment in units	**-**	31,849
		Redemption of units	**-**	32,257
		Selling and marketing	**8,123,665**	4,316,985
		Back end load	**55,080**	-
MCB PAKISTAN ASSET ALLOCATION FUND	Funds under management	Management fee	**29,224,782**	29,977,892
		Share of sales load	**377,845**	335,456
		Reimbursement of expenses	**1,244,539**	1,664,666
		Selling and marketing	**11,084,595**	15,730,552
		Back end load	**16,391**	2,069,071
		Redemption of units	**-**	64
ALHAMRA ISLAMIC MONEY MARKET FUND (Formerly : Mcb Pakistan Frequent Payout Fund)	Funds under management	Management fee	**3,525,512**	2,914,941
		Reimbursement of expenses	**20,640**	178,089
		Selling and marketing	**164,905**	1,201,220
		Share of sales load	**76,186**	5,590
		Sharia fee paid on behalf of the fund	**276,429**	-
		Investment in units	**1,867,665,457**	-
		Redemption of units	**1,867,631,544**	-
		Dividend Income	**1,388,096**	-
		Other Expenses	**3,732,839**	-

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	2021	2020
			(Rupees)	
ALHAMRA ISLAMIC STOCK FUND	Funds under management	Management fee	**69,050,147**	52,965,681
		Share of sales load	**826,405**	554,402
		Reimbursement of expenses	**3,452,507**	2,648,283
		Selling and marketing	**44,882,596**	28,788,631
		Sharia fee paid on behalf of the fund	**744,193**	900,000
		Investment in units	**25,000,000**	
MCB PAKISTAN SOVEREIGN FUND	Funds under management	Management fee	**11,722,829**	45,513,643
		Share of sales load	**23,323**	1,156,141
		Reimbursement of expenses	**1,262,456**	2,154,844
		Investment in units	**590,222**	450,215,700
		Redemption of units	**590,660**	455,932,455
		Selling and marketing	**1,767,439**	3,014,366
MCB PAKISTAN STOCK MARKET FUND	Funds under management	Management fee	**228,599,206**	177,041,287
		Share of sales load	**4,874,861**	1,226,379
		Back end load	**-**	6,744
		Reimbursement of expenses	**11,429,960**	8,852,063
		Selling and marketing	**148,589,484**	99,928,897
		Investment in units	**447,420,886**	389,604,452
		Redemption of units	**465,000,000**	565,369,324
PAKISTAN CAPITAL MARKET FUND	Funds under management	Management fee	**11,707,371**	9,337,507
		Share of sales load	**13,691**	13,475
		Reimbursement of expenses	**469,096**	466,875
		Selling and marketing	**3,879,305**	5,382,242
PAKISTAN CASH MANAGEMENT FUND	Funds under management	Management fee	**3,252,880**	2,660,699
		Reimbursement of expenses	**1,164,125**	1,513,060
		Investment in units	**84**	250,600,798
		Redemption of units	**84**	250,778,502
		Share of sales load	**39,924**	-
PAKISTAN INCOME ENHANCEMENT FUND	Funds under management	Management fee	**7,016,389**	11,963,403
		Share of sales load	**160,951**	333,362
		Reimbursement of expenses	**686,426**	708,783
		Investment in units	**-**	-
		Redemption of units	**-**	290
		Selling and marketing	**3,195,090**	3,400,581
PAKISTAN INCOME FUND	Funds under management	Management fee	**44,849,079**	27,031,592
		Share of sales load	**3,723,810**	353,082
		Reimbursement of expenses	**5,309,004**	1,640,108
		Selling and marketing	**2,592,765**	2,127,512
		Investment in units	**895,291,631**	199,475,848
		Redemption of units	**512,317,732**	200,746,301
		Dividend Income	**4,769,279**	-
ALHAMRA ISLAMIC ASSET ALLOCATION FUND	Funds under management	Management fee	**61,160,617**	47,115,774
		Share of sales load	**1,107,389**	1,349,715
		Back end load	**11,240,019**	12,427,201
		Reimbursement of expenses	**2,442,063**	2,355,788
		Selling and marketing	**19,427,449**	25,798,000
		Sharia fee paid on behalf of the fund	**744,194**	900,000
ALHAMRA ISLAMIC PENSION FUND	Funds under management	Management fee	**18,410,447**	13,771,432
		Share of sales load	**572,313**	331,794
		Contribution to fund on behalf of the employees	**20,302,057**	13,426,223
PAKISTAN PENSION FUND	Funds under management	Management fee	**27,828,686**	24,929,665
		Share of sales load	**671,739**	239,490
		Contribution to fund on behalf of the employees	**6,970,224**	4,591,244
AL-HAMRA ISLAMIC ACTIVE ASSET ALLOCATION FUND PLAN-I	Funds under management	Management fee	**34,228**	182,671
		Reimbursement of expenses	**148,370**	436,573
AL-HAMRA ISLAMIC ACTIVE ASSET ALLOCATION FUND PLAN-II	Funds under management	Management fee	**37,600**	103,580
		Reimbursement of expenses	**143,106**	324,256
AL-HAMRA SMART PORTFOLIO	Funds under management	Management fee	**2,918**	-
		Reimbursement of expenses	**6,590**	-
		Investment in units	**120,000,000**	-
ALHAMRA DAILY DIVIDEND FUND	Funds under management	Management fee	**5,592,499**	6,767,233
		Dividend Income	**276,963**	1,044,144
		Investment in units	**350,235,419**	479,741
		Redemption of units	**350,235,419**	37,183,741
		Reimbursement of expenses	**985,766**	1,752,767
		Selling and marketing	**2,587,207**	5,614,242
		Bank Charges	**720,048**	-
		Share of sales load	**63,029**	-

38.2 Amount outstanding at year end

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	2021 (Rupees)	2020 (Rupees)
MCB BANK LIMITED	Parent company with 51.33% Holding	Bank balance	**11,755,764**	10,067,104
		Other payable	**4,380,075**	4,380,075
		Commission payable	**4,492,704**	3,671,827
MCB ISLAMIC BANK LIMITED	Subsidiary of Parent Company	Bank balance	**519,878**	327,330
		Mark-up receivable	**1,212**	1,353
ADAMJEE LIFE ASSURANCE COMPANY LIMITED	Group Company of Parent Company	Advisory fee receivable	**2,736,923**	2,860,457
NISHAT REAL ESTATE DEVELOPMENT COMPANY (PVT.) LTD.	Group Company of Parent Company	Rent Deposit	**-**	784,326
MCB DCF INCOME FUND	Funds under management	Remuneration receivable	**5,605,112**	6,340,288
		Sales Load Receivable	**36,252**	54,969
		Receivable against reimbursement of expenses	**330,685**	374,058
		Receivable against selling & marketing expenses	**3,918,724**	4,721,237
		Back end load receivable	**171,540**	-
		Federal excise duty on remuneration	**99,060,437**	99,060,437
		Federal excise duty on sales load	**27,932,990**	27,932,990
MCB PAKISTAN ASSET ALLOCATION FUND	Funds under management	Remuneration receivable	**2,158,536**	2,355,138
		Sales Load Receivable	**16,558**	246,077
		Back end load receivable	**-**	-
		Receivable against reimbursement of expenses	**80,913**	104,210
		Receivable against selling & marketing expenses	**-**	4,033,759
		Federal excise duty on remuneration	**19,027,350**	19,027,350
		Federal excise duty on sales load	**16,172,955**	16,172,955
MCB CASH MANAGEMENT OPTIMIZER	Funds under management	Remuneration receivable	**9,201,283**	10,470,848
		Receivable against reimbursement of expenses	**995,781**	2,187,907
		Sales Load Receivable	**-**	-
		Receivable against selling & marketing expenses	**-**	4,654,264
		Federal excise duty on remuneration	**54,266,812**	54,266,812
		Federal excise duty on sales load	**18,788**	18,788
		Closing balance of investment in units	**6,538,775**	551,483,642
ALHAMRA ISLAMIC INCOME FUND	Funds under management	Remuneration receivable	**1,793,235**	1,887,943
		Sales Load Receivable	**325,267**	408,972
		Receivable against reimbursement of expenses	**608,189**	357,973
		Receivable against Shariah Fee	**60,000**	75,000
		Receivable against selling & marketing expenses	**-**	1,694,723
		Federal excise duty on remuneration	**8,639,183**	8,639,183
		Federal excise duty on sales load	**3,028,386**	3,028,386
MCB PAKISTAN STOCK MARKET FUND	Funds under management	Remuneration receivable	**23,299,687**	15,904,439
		Sales Load Receivable	**836,859**	183,846
		Other receivable	**-**	-
		Receivable against reimbursement of expenses	**1,030,960**	703,736
		Receivable against selling & marketing expenses	**38,437,423**	28,269,543
		Federal excise duty on remuneration	**54,773,935**	54,773,935
		Federal excise duty on sales load	**3,932,683**	3,932,683
		Closing balance of investment in units	**146,676,096**	109,436,502
PAKISTAN INCOME FUND	Funds under management	Remuneration receivable	**7,651,531**	1,709,855
		Sales Load Receivable	**345,554**	403,694
		Receivable against reimbursement of expenses	**852,806**	175,851
		Receivable against selling & marketing expenses	**-**	614,221
		Federal excise duty on remuneration	**9,210,245**	9,210,245
		Federal excise duty on sales load	**239,199**	239,199
		Other Receivable	**132,561**	132,561
		Closing balance of investment in units	**388,253,829**	-
MCB PAKISTAN SOVEREIGN FUND	Funds under management	Remuneration receivable	**663,926**	1,381,532
		Sales Load Receivable	**8**	355,019
		Receivable against reimbursement of expenses	**63,516**	146,506
		Receivable against selling & marketing expenses	**290,630**	911,319
		Federal excise duty on remuneration	**29,027,974**	29,027,974
		Federal excise duty on sales load	**4,169,840**	4,169,840
PAKISTAN CAPITAL MARKET FUND	Funds under management	Remuneration receivable	**1,338,866**	790,450
		Sales Load Receivable	**-**	-
		Receivable against reimbursement of expenses	**39,190**	34,976
		Receivable against selling & marketing expenses	**-**	1,439,534
		Federal excise duty on remuneration	**5,872,250**	5,872,250
		Federal excise duty on sales load	**392,742**	392,742

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	2021	2020
			(Rupees)	
ALHAMRA ISLAMIC STOCK FUND	Funds under management	Remuneration receivable	**6,456,723**	4,815,010
		Sales Load Receivable	**81,700**	53,369
		Receivable against reimbursement of expenses	**285,696**	213,054
		Receivable against selling & marketing expenses	**11,074,298**	8,147,238
		Receivable against Shariah Fee	**60,000**	75,000
		Federal excise duty on remuneration	**5,689,242**	5,689,242
		Federal excise duty on sales load	**124,913**	124,913
		Closing balance of investment in units	**24,437,229**	-
PAKISTAN PENSION FUND	Funds under management	Remuneration receivable	**2,547,807**	2,358,801
		Sales Load Receivable	**-**	258,193
		Federal excise duty on remuneration	**5,976,465**	5,976,465
		Closing balance of investment in units	**311,872,289**	266,239,774
ALHAMRA ISLAMIC ASSET ALLOCATION FUND	Funds under management	Remuneration receivable	**7,384,899**	3,633,832
		Sales Load Receivable	**404,315**	201,813
		Back end load receivable	**815,726**	82,245
		Receivable against reimbursement of expenses	**198,040**	160,789
		Receivable against selling & marketing expenses	**-**	6,180,374
		Receivable against Shariah Fee	**60,000**	75,000
		Federal excise duty on remuneration	**5,910,300**	5,910,300
		Federal excise duty on sales load	**1,135,845**	1,135,845
ALHAMRA ISLAMIC PENSION FUND	Funds under management	Remuneration receivable	**1,874,842**	1,414,549
		Sales Load Receivable	**271,597**	189,121
		Federal excise duty on remuneration	**3,030,332**	3,030,332
		Closing balance of investment in units	**326,724,663**	266,955,633
PAKISTAN SARMAYA MAHFOOZ FUND (Matured)	Funds under management	Federal excise duty on remuneration	**1,960,082**	1,960,082
		Federal excise duty on sales load	**2,307,278**	2,307,278
PAKISTAN CASH MANAGEMENT FUND	Funds under management	Remuneration receivable	**217,783**	512,154
		Receivable against reimbursement of expenses	**62,402**	165,245
		Sales load receivable	**30,605**	-
		Federal excise duty on remuneration	**11,932,884**	11,932,884
PAKISTAN INCOME ENHANCEMENT FUND	Funds under management	Remuneration receivable	**1,188,734**	202,575
		Sales Load Receivable	**20,666**	28,731
		Receivable against reimbursement of expenses	**55,991**	17,675
		Receivable against selling & marketing expenses	**-**	392,605
		Federal excise duty on remuneration	**16,589,808**	16,589,808
		Federal excise duty on sales load	**4,746,222**	4,746,222
		Other receivable	**132,561**	132,561
ALHAMRA ISLAMIC MONEY MARKET FUND (Formerly: MCB Pakistan Frequent Payout Fund)	Funds under management	Remuneration receivable	**-**	221,657
		Sales Load Receivable	**7,045**	14,639
		Receivable against reimbursement of expenses	**-**	11,794
		Receivable against selling & marketing expenses	**-**	290,448
		Receivable against Shariah Fee	**60,000**	-
		Federal excise duty on remuneration	**840,741**	840,741
		Federal excise duty on sales load	**3,624,619**	3,624,619
		Other payable	**(1,844,136)**	-
AL-HAMRA ISLAMIC ACTIVE ASSET ALLOCATION FUND PLAN-I	Funds under management	Remuneration receivable	**-**	10,692
		Receivable against reimbursement of expenses	**-**	28,583
AL-HAMRA ISLAMIC ACTIVE ASSET ALLOCATION FUND PLAN-II	Funds under management	Remuneration receivable	**-**	5,132
		Receivable against reimbursement of expenses	**-**	14,847
ALHAMRA DAILY DIVIDEND FUND	Funds under management	Remuneration receivable	**433,744**	776,026
		Payable against bank charges	**(32,653)**	88,126
		Closing balance of investment in units		-
		Receivable against reimbursement of expenses	**-**	274,700
		Receivable against selling & marketing expenses	**-**	2,141,742
		Sales load receivable	**2,145**	-
AL-HAMRA SMART PORTFOLIO	Funds under management	Remuneration receivable	**3,298**	-
		Receivable against reimbursement of expenses	**6,590**	-
		Closing balance of investment in units	**119,852,520**	-

Key management personnel of the Company comprises of the Directors, Chief Executive Officer and Executives. Their remuneration are disclosed in note 32 to the financial statements.

39 NUMBER OF EMPLOYEES

The total number of employees as at year end were 311 (2020: 295) and average number of employees were 303 (2020: 311).

40 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

The Board of Directors in its meeting held on ___________ has declared final cash dividend of Rs. ___ per share (2020: Rs. 2.25 per share declared on 18 August 2020). These financial statements do not include the effect of this appropriation which will be accounted for in the financial statements of the Company for the year ending 30 June 2022.

41 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on ________ 2021 by the Board of Directors of the Company.

42 GENERAL

42.1 Comparative figures have been rearranged and reclassified for comparision purposes. However no major reclassifications / rearranged have been made. In notes 24 and 25, the amount charged to CISs have been grouped up for a better presentation.

42.2 All amounts have been rounded off to the nearest rupee unless otherwise stated.

Chief Executive Officer	**Chief Financial Officer**	**Director**