



NBP FUNDS

Managing Your Savings

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NBP Fund Management Limited

ANNUAL
REPORT

2020

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Vision and Mission Statement

Vision

To establish NBP Funds as a premier Asset Management Company that capitalizes on the technical and institutional strengths of its promoters to consistently offer creative and pioneering domestic and international products to meet varying needs of investors.

Mission

To rank in the top quartile in performance of NBP Funds mutual funds and portfolios relative to the competition, and to consistently offer superior risk-adjusted returns to investors.

Corporate Information

Board of Directors	Audit & Risk Committee
Mr. Shaikh Muhammad Abdul Wahid Sethi, Chairman Dr. Amjad Waheed CFA, Chief Executive Mr. Saad ur Rahman Khan Mr. Syed Hasan Irtiza Kazmi Mr. Ali Saigol Mr. Imran Zaffar Mr. Khalid Mansoor Mr. Humayun Bashir Mr. Saad Amanullah Khan	Mr. Saad Amanullah Khan, Chairman Mr. Syed Hasan Irtiza Kazmi Mr. Imran Zaffar, Mr. Humayun Bashir
Human Resource Committee	Strategic & Business Planning Committee
Mr. Khalid Mansoor, Chairman Mr. Shaikh Muhammad Abdul Wahid Sethi Mr. Ali Saigol Mr. Humayun Bashir	Mr. Humayun Bashir, Chairman Mr. Saad ur Rahman Khan Mr. Ali Saigol Mr. Imran Zaffar, Mr. Saad Amanullah Khan

COO & Company Secretary

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Auditors

Grant Thornton Anjum Rahman
Chartered Accountants

Legal Advisor

Akhund Forbes Hadi

Bankers

National Bank of Pakistan
MCB Bank Limited
Bank Islami Pakistan Limited
Bank Al-Habib Limited

Registered & Principal Office

7th Floor, Clifton Diamond Building, Block No.4
Scheme No.5, Clifton Karachi. Helpline (Toll Free): 0800-20001
UAN: 111-111-632 Fax No: 021-35825335
E-mail: info@nafafunds.com | Website: www.nafafunds.com

DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited (NBP Funds) is pleased to present the Fifteenth Annual Report of the Company for the year ended June 30, 2020.

Economy & Market Review

Owing to the worldwide economic disruption caused by Covid-19 pandemic, the GDP contracted by 0.4% (approx.) during FY 2020. However, with reopening of the major part of the economy, we expect economic growth to gradually pick-up to 1.5% in FY: 2020-21.

In order to cushion the blow to the economy from the Covid-19, an aggressive and well-coordinated fiscal and monetary response was launched by the government that encompasses a cumulative 6.25% reduction in the Policy Rate, relaxation in loan repayments for corporates, and a stimulus package of Rs. 1.2 trillion. Pakistan has received an emergency loan of USD 1.39 billion from the IMF, and USD 1.75 billion from the ADB, WB and AIIB.

Fiscal management remained a major challenge for the government during FY2020. The government demonstrated some discipline during 9MFY20 (before the Covid-19 crisis struck), as July-March FY2020 fiscal deficit was reduced to 4.0% of GDP, from 5.1% during the same period last year. However, due to Covid-19 shock, the tax collection fell drastically and higher grants and transfers led to steep surge in government expenditures during 4Q. Consequently, the budget deficit is estimated to clock in at 9.1% during FY: 2019-20, and is expected to further widen to 9.3% in FY:2020-21.

The coronavirus-induced panic selling gripped the stock market causing the stock market (KSE-100) crash in March with a peak to trough decline of 37%. Despite a sharp rally from its lows, the market is still 20% below from its January 2020-peak. The stock market valuations depend on two key variables: required rate of return on equity and future corporate earnings growth. The lower discount rate and a higher rate of expected earnings growth would justify higher equity valuations. Although, economic slowdown will affect the profitability of corporate listed sector for the next few quarters, we expect robust corporate earnings growth over the next 2-3 years.

Performance Review

Despite of dismal stock market situation, the Company performed well both in terms of profitability as well as assets under management during FY 2019-20. Assets under management of NBP Funds have increased from Rs. 100.45 billion as on June 30, 2019 to Rs. 138.17 billion as on June 30, 2020, an increase of 38%, while the average size of assets under management has increased from Rs. 109.3 billion in FY 2018-19 to Rs.130.2 billion in FY 2019-20, an increase of 19.1%.

The Company recorded a net profit of Rs.185.1 million in FY 2019-20 in comparison to the last year's profit of Rs.190.2 million. The comparative financial performance of the Company for the last six years is as follows:

Financial Performance of NBP Funds

Rupees in '000"

Particulars	June, 2020	June, 2019	June, 2018	June, 2017	June, 2016	June, 2015
Gross income	1,103,475	1,461,168	1,445,359	1,440,438	821,004	872,137
Expenses (including financial charge)	828,907	1,172,225	965,082	917,296	662,776	707,225
Profit/ (loss) before tax	274,567	288,944	480,277	523,142	158,229	164,912
Profit/ (loss) after tax	185,112	190,225	340,729	371,287	93,395	127,661
Earnings/ (loss) per share	7.40	7.61	13.63	14.85	3.74	5.11

Future Prospects

Presently the concentration of money market and income funds has significantly increased (around 80% in AUM as of June 30, 2020), whereas, equity related funds are 20%. Investors either redeemed or transferred more than Rs. 20 billion from equity funds over the last three years due to poor performance of the stock market. This has caused significant decline in the revenues of the Company despite AUM grown by 37.6%.

The Company continued to benefit from a large Retail Sales force of around 1,000 staff as it succeeded in generating gross sales of Rs.32.7 billion (net sales of Rs.12.1 billion) during the year. To this end, in FY 2019-20; (i) strength of sales staff was enhanced from 841 to 982; (ii) number of Islamic Saving Centre was increased from 21 to 23; and (iii) desks at NBP Branches were 208. The Company further expanded its product slate by launching two more funds namely; NBP Islamic Daily Dividend Fund in FY 2019-20 and NBP Islamic Income Fund in the beginning of FY 2020-21. The Company is also going to launch its first exchange traded fund namely; NBP Pakistan Growth Exchange Traded Fund in the first quarter of FY 2020-21.

In FY 2019-20, the Company geared up its efforts towards sustainable growth by putting emphasis on digitalization to facilitate retail investors with ease of smooth and convenient unit transactions. During the year, the Company launched an electronic portal "NBP Funds Digital" to conduct Unit transactions electronically. Recently, the Company also launched its own "NBP Funds Classic Debit Card". The Company is working on other digital products to be launched in FY: 2020-21.

In the wake of adverse impact on selling of mutual funds to retail investors in the discouraging macro-economic situation of the country caused by COVID-19, the Company will follow a strategy of consolidation with cautious growth in FY 2020-21. With growing emphasis by the Regulator on enhanced Risk Profiling of investors, the Company is giving due emphasis to the need of adequate training and equipping retail staff with relevant knowledge and insights on products & professional selling skills. The Company is also giving special attention on keeping its retail staff updated on the best practices of selling mutual funds, and compliance of relevant SECP and internal rules and regulations.

Auditors

The present auditors, Messrs Grant Thornton Anjum Rahman, Chartered Accountants had retired. In their place, one of the major shareholders has recommended to appoint Messers Deloitte Yousuf Adil, Chartered Accountants as the auditors of the Company for the financial year ending June 30, 2021.

Pattern of Shareholding

The pattern of share-holding as on June 30, 2020 has been disclosed in the note 20 of the financial statements.

Distribution

During the FY 2019-20, the shareholders of the Company have approved a cash distribution @ 38% (Rs.3.8 per share) for the year ended June 30, 2019.

The Board of the Company has recommended a cash distribution @ 37% (Rs.3.7 per share) for the year ended June 30, 2020.

Directors' Statement in Compliance with Public Sector Companies (Corporate Governance) Rules

The following specific statements are being given to comply with the requirements of Public Sector Companies (Corporate Governance) Rules:

1. The financial statements, prepared by the management of the Company, present fairly the state of affairs of the Company, the result of its operations, cash flows and changes in equity.
2. Proper books of account of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance.
8. Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements
9. The Board of Directors of the Company held four meetings during the current financial year. The attendance of all directors is appended below:

Name of Director	Number of Meetings			Meetings not attended
	Held / applicable	Attended	Leave granted	
Shaikh Muhammad Abdul Wahid Sethi	4	4	-	-
Mr. Saad ur Rahman Khan	3	2	1	74th
Syed Hasan Irtiza Kazmi	3	3	-	-
Mr. Nasir Husain	1	-	1	72nd
Mr. Abdul Hadi Palekar	1	-	1	72nd
Mr. Ali Saigol	4	4	-	-
Mr. Imran Zaffar	4	4	-	-
Mr. Kamal Amir Chinoy	1	1	-	-
Mr. Khalid Mansoor	3	3	-	-
Mr. Humayun Bashir	4	4	-	-
Mr. Shehryar Faruque	1	1	-	-
Mr. Saad Amanullah Khan	3	3	-	-
Dr. Amjad Waheed	4	4	-	-

Mr. Saad ur Rahman Khan was appointed as the director on the Board with effect from October 4, 2019.

Syed Hasan Irtiza Kazmi was appointed as the director on the Board with effect from October 4, 2019.

Mr. Nasir Husain retired from the Board with effect from October 4, 2019.

Mr. Abdul Hadi Palekar retired from the Board with effect from October 4, 2019.

Mr. Kamal Amir Chinoy retired from the Board with effect from October 4, 2019.

Mr. Khalid Mansoor was appointed as the director on the Board with effect from October 4, 2019.

Mr. Shehryar Faruque retired from the Board with effect from October 4, 2019.

Mr. Saad Amanullah Khan was appointed as the director on the Board with effect from October 4, 2019.

10. The values of investment of Provident Fund & Gratuity Fund have been disclosed in Note 39 & Note 23 of these Financial Statements respectively.
11. The Company understands its responsibilities towards the society. This is evident from Note 30 of these Financial Statements, where the contribution by the Company in the form of charity & donation has been disclosed.

Acknowledgement

The Board takes this opportunity to thank its valued shareholders for their confidence and patronage. It also offers its sincere gratitude to the Securities & Exchange Commission of Pakistan and State Bank of Pakistan for their guidance.

The Board also wishes to place on record its appreciation for the hard work, dedication and commitment shown by the staff.

On behalf of the Board


Chief Executive


Director

Date: September 17, 2020

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

Name of company: NBP Fund Management Limited
Name of the line ministry: Ministry of Finance, Government of Pakistan
For the year ended: 30 June 2020

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

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

S. No.	Provision of the Rules	Rule no.	Y	N		
			Tick the relevant box			
1.	The independent directors meet the criteria of independence, as defined under the Rules	2(d)	✓			
2.	The Board has at least one-third of its total members as independent Directors. At present the Board includes:	3(2)	✓			
	Category				Names	Date of Appointment
	Independent Directors				Khalid Mansoor Humayun Bashir Saad Amanullah Khan	06-Nov-2019 06-Nov-2019 06-Nov-2019
	Executive Directors				Dr. Amjad Waheed – CEO	29-Sep-2005
	Non-Executive Directors				Mr. Shaikh Muhammad Abdul Wahid Sethi Saad ur Rahman Khan Syed Hasan Irtiza Kazmi Imran Zaffar Ali Saigol	06-Nov-2019 06-Nov-2019 06-Nov-2019 06-Nov-2019 06-Nov-2019
3	The directors have confirmed that none of them is serving as a director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.	3(5)	✓			
4.	The appointing authorities have applied the fit and proper criteria given in the Annexure to the Rules in making nominations of the persons for election as Board members under the provisions of the Act.	3(7)	✓			
5.	The chairman of the Board is working separately from the chief executive of the Company.	4(1)	✓			
6.	The chairman has been elected by the Board of directors except where Chairman of the Board has been appointed by the Government	4(4)	✓			

7.	The Board has evaluated the candidates for the position of the chief executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission. (Not applicable where the chief executive has been nominated by the Government)	5(2)	✓	
8.	(a) The company has prepared a “Code of Conduct” to ensure that professional standards and corporate values are in place. (b) The Board has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures, including posting the same on the company’s website. (www.nbpffunds.com) (c) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.	5(4)	✓ ✓ ✓	
9.	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	5(5)	✓	
10.	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.	5(5)(b)	✓	
11.	The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the Company.	5(5)(b) (vi)	✓	
12.	The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.	5(5)(c) (ii)	✓	
13.	The Board has ensured compliance with the law as well as the company’s internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services.	5(5)(c) (iii)	N/A	N/A
14.	The Board has developed a vision or mission statement and corporate strategy of the company.	5(6)	✓	
15.	The Board has developed significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended, has been maintained.	5(7)	✓	
16.	The Board has quantified the outlay of any action in respect of any service delivered or goods sold by the Company as a public service obligation, and has submitted its request for appropriate compensation to the Government for consideration.	5(8)	N/A	N/A
17.	The Board has ensured compliance with policy directions requirements received from the Government.	5(11)	✓	

18.	(a) The Board has met at least four times during the year.	6(1)	✓	
	(b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings.	6(2)	✓	
	(c) The minutes of the meetings were appropriately recorded and circulated.	6(3)	✓	
19.	The Board has monitored and assessed the performance of senior management on annual basis* and held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose.	8 (2)	✓	
20.	The Board has reviewed and approved the related party transactions placed before it after recommendations of the audit committee. A party wise record of transactions entered into with the related parties during the year has been maintained.	9	✓	
21.	(a) The Board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end.	10	✓	
	(b) In case of listed PSCs, the Board has prepared half yearly accounts and undertaken limited scope review by the auditors.		N/A	N/A
	(c) The Board has placed the annual financial statements on the company's website.			✓
22.	All the Board members underwent an orientation course arranged by the company to apprise them of the material developments and information as specified in the Rules.	11	✓	
23.	(a) The Board has formed the requisite committees, as specified in the Rules.	12	✓	
	(b) The committees were provided with written term of reference defining their duties, authority and composition.		✓	
	(c) The minutes of the meetings of the committees were circulated to all the Board members.		✓	
	(d) The committees were chaired by the following non-executive directors:		✓	
	Committee	Number of members	Name of Chair	The Company is exempted by SECP through letter CLD/CCD/CG/Exemptions/2014 dated 14 October 2014, from the formation of the Procurement committee and Nomination committee.
	Audit & Risk Management	4	Mr. Saad Amanullah Khan	
	Human Resources Committee	4	Mr. Khalid Mansoor	
	Strategy and Business Planning Committee	5	Mr. Humayun Bashir	

24.	The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, by whatever name called, with their remuneration and terms and conditions of employment.	13	✓		
25.	The Chief Financial Officer and the Company Secretary have requisite qualification prescribed in the Rules.	14	✓		
26.	The company has adopted International Financial Reporting Standards notified by the Commission in terms of sub-section (1) of section 225 of the Act.	16	✓		
27.	The directors' report for this year has been prepared in compliance with the requirements of the Act and the Rules and fully describes the salient matters required to be disclosed.	17	✓		
28.	The directors, CEO and executives, or their relatives, are not, directly or indirectly, concerned or interested in any contract or arrangement entered into by or on behalf of the company except those disclosed to the company.	18	✓		
29.	(a) A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place and no director is involved in deciding his own remuneration. (b) The annual report of the company contains criteria and details of remuneration of each director.	19	✓ ✓		
30.	The financial statements of the company were duly endorsed by the chief executive and chief financial officer before consideration and approval of the audit committee and the Board.	20	✓		
31.	The Board has formed an audit committee, with defined and written terms of reference, and having the following members:	21 (1) and 21(2)	✓		
	Name of members			Category	Professional Background
	Saad Amanullah Khan			Independent Director	Advisor
	Syed Hasan Irtiza Kazmi			Non-Executive Director	Banker
	Mr. Humayun Bashir			Non-Executive Director	Advisor
	Mr. Imran Zaffar	Non-Executive Director	Advisor		

32.	<p>(a) The chief financial officer, the chief internal auditor, and a representative of the external auditors attended all meetings of the audit committee at which issues relating to accounts and audit were discussed.</p> <p>(b) The audit committee met the external auditors, at least once a year, without the presence of the chief financial officer, the chief internal auditor and other executives.</p> <p>(c) The audit committee met the chief internal auditor and other members of the internal audit function, at least once a year, without the presence of chief financial officer and the external auditors.</p>	21(3)	✓	
33.	<p>(a) The Board has set up an effective internal audit function, which has an audit charter, duly approved by the audit committee.</p> <p>(b) The chief internal auditor has requisite qualification and experience prescribed in the Rules.</p> <p>(c) The internal audit reports have been provided to the external auditors for their review.</p>	22	✓	
34.	The external auditors of the company have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan.	23(4)	✓	
35.	The auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit services.	23(5)	✓	



DR. AMJAD WAHEED
CHIEF EXECUTIVE OFFICER



SAAD AMANULLAH KHAN
DIRECTOR

Dated: September 17, 2020

Independent Auditor's Review report to the members of NBP Fund Management Limited

Review report

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) prepared by the Board of Directors of NBP Fund Management Limited for the year ended June 30, 2020 with the requirements of 24 of the Public Sector Companies (Corporate Governance) Rules, 2013.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the 'Statement of Compliance' does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Rules as applicable to the Company for the year ended June 30, 2020.



Grant Thornton Anjum Rahman

Chartered Accountants

Place: Karachi

Date: September 17, 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NBP FUND MANAGEMENT LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **NBP FUND MANAGEMENT LIMITED** (the Company), which comprise the statement of financial position as at **June 30, 2020**, and the profit or loss account, and 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 (here-in-after referred to as "the financial statements"), 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, statement of profit or loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at **June 30, 2020** and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the 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 (the Code) as adopted by the Institute of Chartered Accountants of Pakistan (the institute) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the Financial Statements and Auditor's Report thereon

Management is responsible for the other information. The other information comprises the information included in the annual report i.e., a more specific description of the other information, such as "the directors' report" may be used to identify the other information but does not include the financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement in the 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should


not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our 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 account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flow 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 is not deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), and 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 **Muhammad Shaukat Naseeb**.


Grant Thornton Anjum Rahman

Chartered Accountant

Karachi

Date: September 17, 2020

NBP FUND MANAGEMENT LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	2020	2019
		-----Rupees-----	
ASSETS			
Non-current assets			
Property and equipment	6	464,100,590	436,730,604
Intangible assets	7	158,112,628	82,994,836
Right of use assets	8	313,120,807	-
Long term loan to employees	9	8,034,136	7,898,250
Long term deposits	10	62,860,434	50,574,361
Long term prepayments	11	559,641	2,462,176
Deferred tax asset	12	43,994,031	46,689,645
Total non-current assets		1,050,782,267	627,349,872
Current assets			
Due from funds under management and discretionary portfolio advisory clients	13	839,247,746	719,141,267
Advances	14	28,976,662	42,567,971
Other receivables	15	6,955,125	42,168,316
Current maturity of long term loan to employees	9	7,727,416	7,020,380
Current portion of long term deposits	10	633,000	-
Short term prepayments	16	22,404,040	42,400,588
Short term investments	17	280,824,921	278,964,952
Advance tax - net of provision	18	157,915,884	131,286,069
Cash and bank balances	19	14,703,103	9,766,585
Total current assets		1,359,387,897	1,273,316,128
Total assets		2,410,170,164	1,900,666,000
EQUITY AND LIABILITIES			
Authorized share capital	20	300,000,000	300,000,000
Issued, subscribed and paid-up share capital	20	250,000,000	250,000,000
Unappropriated profits		845,561,251	758,481,987
Total equity		1,095,561,251	1,008,481,987
LIABILITIES			
Non-current liabilities			
Liabilities against assets subject to finance lease	21	126,454,341	124,314,556
Lease liabilities against right of use assets	22	203,766,670	-
Deferred liabilities	23	232,399,465	198,234,647
Total non-current liabilities		562,620,476	322,549,203
Current liabilities			
Current maturity of liabilities against assets subject to finance lease	21	62,998,306	43,238,651
Current maturity of lease liabilities against right of use assets	22	91,682,399	-
Trade and other payables	24	561,920,217	526,396,159
Dividend payable		35,387,515	-
Total current liabilities		751,988,437	569,634,810
Total liabilities		1,314,608,913	892,184,013
Total equity and liabilities		2,410,170,164	1,900,666,000
CONTINGENCIES AND COMMITMENTS			
	25		

The annexed notes from 1 to 48 form an intergral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR

NBP FUND MANAGEMENT LIMITED
STATEMENT OF PROFIT OR LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 -----Rupees-----	2019
Income			
Management fee and discretionary portfolio advisory fee	26	886,438,803	1,297,357,587
Sales load attributable to management Company	27	145,793,625	96,642,138
Investment advisory fee	28	1,916,597	1,792,142
Mark-up income on loans		2,020,081	1,869,488
Mark-up income on bank deposit		6,288,438	6,217,253
Other income	29	33,018,949	62,541,213
		1,075,476,493	1,466,419,821
Net gain/(loss) from investments at fair value through profit or loss			
Gain/(loss) on redemption of investments in mutual funds		13,171,486	(14,086,324)
Dividend income on investments in mutual funds		9,197,824	9,753,952
Unrealised gain/(loss) on remeasurement of investments		5,628,883	(918,627)
		27,998,193	(5,250,999)
Total income		1,103,474,686	1,461,168,822
Operating expenses			
Administrative expenses	30	(724,814,196)	(587,161,468)
Sales and marketing expenses	31	(41,158,725)	(567,951,689)
Financial charges	32	(57,287,552)	(10,297,295)
Total expenses		(823,260,473)	(1,165,410,452)
Operating profit		280,214,213	295,758,370
Other charges	33	(5,647,254)	(6,814,603)
Profit before taxation for the year		274,566,959	288,943,767
Taxation	34	(89,455,321)	(98,719,205)
Profit after taxation for the year		185,111,638	190,224,562
Earnings per share - basic and diluted	35	7.40	7.61

The annexed notes from 1 to 48 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR

**NBP FUND MANAGEMENT LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020**

	Note	2020 -----Rupees -----	2019 -----
Profit after taxation for the year		185,111,638	190,224,562
<i>Other comprehensive loss for the year</i>			
Items not to be reclassified to profit or loss account in subsequent years			
Remeasurement loss on defined benefit plan	23.1.4	(4,270,950)	(10,271,401)
Income tax effect		1,238,576	2,978,706
		(3,032,374)	(7,292,695)
Total comprehensive income for the year		182,079,264	182,931,867

The annexed notes from 1 to 48 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR

**NBP FUND MANAGEMENT LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2020**

	Issued, subscribed and paid-up share capital	Unappropriated profits	Total Shareholders' Equity
	----- Rupees -----		
Balance as at July 01, 2018	250,000,000	763,050,120	1,013,050,120
<i>Transaction with owners</i>			
Final dividend declared at Rs.7.5 per shares for the year ended June 30, 2018	-	(187,500,000)	(187,500,000)
Total comprehensive income for the year ended June 30, 2019	-	182,931,867	182,931,867
Balance as at June 30, 2019	<u>250,000,000</u>	<u>758,481,987</u>	<u>1,008,481,987</u>
Balance as at July 01, 2019	250,000,000	758,481,987	1,008,481,987
<i>Transaction with owners</i>			
Final dividend declared at Rs.3.8 per shares for the year ended June 30, 2019	-	(95,000,000)	(95,000,000)
Total comprehensive income for the year ended June 30, 2020	-	182,079,264	182,079,264
Balance as at June 30, 2020	<u>250,000,000</u>	<u>845,561,251</u>	<u>1,095,561,251</u>

The annexed notes from 1 to 48 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR

NBP FUND MANAGEMENT LIMITED
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 -----Rupees-----	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation for the year		274,566,959	288,943,767
Adjustments for non cash and other items:			
Sindh Workers' Welfare Fund	33	5,603,389	5,896,812
(Gain)/loss on redemption of investments in mutual funds		(13,171,486)	14,086,324
Unrealised (gain)/loss on remeasurement of investments		(5,628,883)	918,627
Dividend income on investments in mutual funds		(9,197,824)	(9,753,952)
Gain on disposal of property and equipment	29	(5,552,177)	(10,427,136)
Depreciation on property and equipment	6.1	108,786,480	85,493,911
Depreciation on right of use assets	8	109,784,434	-
Amortization of deferred income	23.2	(11,596,522)	(4,025,463)
Amortization of intangible assets	7.1	18,995,070	1,485,930
Provision for doubtful others	15.1	-	242,148
Provision for gratuity	23.1.3	41,935,760	34,700,030
Financial charges	32	57,287,552	11,215,086
Mark-up income on loans		(2,020,081)	(1,869,488)
Mark-up income on bank deposits		(6,288,438)	(6,217,253)
Exchange gain		(201,746)	-
		288,735,528	121,745,576
Operating cash flows before working capital changes		563,302,487	410,689,343
Movement in working capital			
Advances		13,591,309	(16,169,505)
Other receivables		34,684,273	(26,804,302)
Prepayments		21,899,083	35,957,644
Due from funds under management and discretionary portfolio and investment advisory clients		(120,106,479)	(4,584,348)
Trade and other payables		35,524,058	(80,808,410)
		(14,407,756)	(92,408,921)
Cash generated from operations		548,894,731	318,280,422
Taxes paid		(117,876,205)	(149,793,481)
Mark-up income on bank deposits received		6,817,356	5,857,560
Gratuity paid	23.1.2	(2,811,930)	(5,049,611)
Financial charges	32	(57,287,552)	(11,215,086)
Mark-up income on loans received		2,020,081	1,869,488
Long term deposits paid		(12,919,073)	(19,271,289)
		(182,057,323)	(177,602,419)
Net cash generated from operating activities		366,837,408	140,678,003
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions in property and equipment	6.1	(66,279,474)	(123,815,461)
Addition in intangibles	7.1	(27,887,620)	(14,201,715)
Addition in capital work in progress	7.2	(66,225,242)	(69,824,758)
Proceeds from disposal of property and equipment	6.4	19,123,785	58,981,357
Proceeds against deferred income	23.2	3,886,356	19,786,783
Loan to employees disbursed - net	9	(842,922)	(7,841,315)
Dividend income received		9,197,824	-
Investments redeemed - net		26,138,224	237,854,129
Net cash (used in)/ generated from investing activities		(102,889,069)	100,939,020
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liability against subject to finance lease paid		(81,308,815)	(58,671,364)
Lease liability against right of use assets paid		(118,090,521)	-
Dividend paid		(59,612,485)	(187,500,000)
Net cash used in financing activities		(259,011,821)	(246,171,364)
Net increase/(decrease) in cash and cash equivalent		4,936,518	(4,554,341)
Cash and cash equivalent at beginning of the year		9,766,585	14,320,926
Cash and cash equivalent at end of the year	19	14,703,103	9,766,585

The annexed notes from 1 to 48 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR

NBP FUND MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1 STATUS AND NATURE OF BUSINESS

1.1 NBP Fund Management Limited, (the Company), was incorporated in Pakistan as a public limited company on August 24, 2005 under Companies Act, 2017 (repealed Companies Ordinance, 1984) and obtained certificate for commencement of business on December 19, 2005. With effect from March 20, 2018 the name of the Company has changed from NBP Fullerton Asset Management Limited to NBP Fund Management Limited (NBP Funds). The main sponsors of the Company are National Bank of Pakistan (NBP) and Baltoro Growth Fund.

Baltoro Growth Fund (BGF) has acquired shareholding of NBP Fund Management Limited (NBP Funds) which was previously held by Alexandra Fund Management Private Limited on October 08, 2018.

Baltoro Growth Fund (“BGF” or the “Fund”) is a Mauritius based private equity fund which was set up to make private investments. The Fund was incorporated on 28th December 2015, under the Laws of Republic of Mauritius.

The Company is mainly involved in the business of asset management and investment advisory services. The Company has been issued licenses by the Securities and Exchange Commission of Pakistan (SECP) to carry on business of asset management services and investment advisory services as a Non-Banking Finance Company (NBFC) under section 282C of the repealed Companies Ordinance, 1984 (now Companies Act 2017) and under the Non-Banking Finance Companies and Notified Entities Regulations, 2008. The principal / registered office of the Company is situated at 7th Floor, Clifton Diamond Building, Block-4, Scheme-5, Clifton, Karachi Pakistan.

The Company is a subsidiary of National Bank of Pakistan which holds 54% (2019: 54%) shares of the Company as at the year end.

The Pakistan Credit Rating Agency Limited has assigned management quality rating AM1 (2019: AM1) to NBP Fund Management Limited.

The geographical location of regional offices and saving centers are as follows;

Regional Offices

City	Address
Islamabad	1st Floor, Ranjha Arcade, Main Double Road, Gulberg Greens, Islamabad.
Lahore	7-Noon Avenue, Canal Bank, Muslim Town, Lahore.
Peshawar	2nd Floor, National Bank Building, University Road, Opposite Gul Haji Plaza, Peshawar.

City	Address
Karachi	Shop No. 12-A, Rahat Residency, Plot No. 34-C, Rahat Commercial Area, Lane-3, Phase VI, DHA Karachi.
Karachi	Shop No. 1, Ground Floor, Islamic Plaza, Plot No. SB-2, Block 13-B, KDA Scheme 24, Gulshan-e-Iqbal, Karachi.
Lahore	926-C Maulana Shaukat Ali Road, Faisal Town, Lahore.
Lahore	Regional Office 21-E Main Market Gulberg II Lahore.
Rawalpindi	Shop No. DT 183-184, Chirah Road, Sadiqabad, Muslim Town, Rawalpindi.
Faisalabad	P-74 1st Floor, Liaqat Road, Faisalabad.
Sialkot	Office # B1-16-S, Paris Road, Sialkot.
Lahore	Shop # 1 Plaza 65 Commercial Area Cavalry, Ground Lahore.
Gujranwala	Building 94,96 Street# 2 Mohallah Bhatia Nagar GT Road, Gujranwala.
Azad Jammu & Kashmir	Al Manzar building, Allama Iqbal road, Plot #2, Nangi Mirpur Azad Jammu & Kashmir.
Karachi	Shop No.10, Silver Line Apartments, Mian Jamal Uddin Afghani Road Plot No 15/5, Block Muslim Cooperative Housing Society, Karachi.
Hyderabad	Plot 1054 stationroad near hyder chowck ,gari khata Hyderabad.Tehsil Hyderabad City, District Hyderabad.
Karachi	Plot # 114, Main Boulevard, DHA Phase VI , Karachi.
Karachi	DHA Phase 6-C, Karachi.
Lahore	North Nazimabad, Lahore.
Rawalpindi	13/4, Awan Plaza, Bilal Shaheed Chowk Chaklala Scheme - III, Rawalpindi.
Karachi	Shop # 2 & 3, Famous Tower Plot # B-153, Block – H, North Nazimabad Karachi.
Lahore	H# No.992, Tufail Road Sadar Bazar Lahore.
Karachi	Shop No.6, Marine Faisal Building, Plot# 6/10-A, Block-6, PECHS, Karachi.
Multan	1st Floor khan center Abdali road Multan cantt Multan.

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 EFU General Insurance Limited against any loss that may be incurred as a result of employees' fraud or gross negligence. The Insurance Company has a credit rating of AA+ by JCR.

- 1.2 As at June 30, 2020 the Company is managing the following open end collective investments schemes.

Open-end Collective Investment Schemes	Net Assets under Management of the Company	
	2020	2019
	----- Rupees -----	
NBP Income Opportunity Fund	4,000,417,251	5,295,769,440
NBP Savings Fund	1,694,569,885	1,003,926,200
NBP Islamic Savings Fund	3,967,649,101	3,642,369,909
NBP Islamic Sarmaya Izafa Fund	5,043,970,129	6,855,373,309
NBP Balanced Fund	1,381,718,508	1,404,134,497
NBP Stock Fund	13,701,618,668	11,895,259,059
NBP Financial Sector	9,238,345,404	4,178,932,594
NBP Government Securities Liquid Fund	2,225,402,106	1,931,331,685
NBP Sarmaya Izafa Fund	1,258,441,521	1,769,397,450
NBP Mahana Amdani Fund	2,927,910,965	545,032,450
NBP Riba Free Savings Fund	5,162,671,569	6,569,050,619
NBP Money Market Fund	28,236,162,193	20,598,961,615
NBP Government Securities Savings Fund	692,173,208	1,092,297,374
NBP Islamic Stock Fund	4,814,870,537	4,120,790,191
NBP Active Allocation Riba Free Savings Fund	120,518,738	891,873,689
NBP Islamic Active Allocation Equity Fund	663,469,996	1,181,700,172
NBP Islamic Energy Fund	598,559,213	666,035,777
NBP Islamic Money Market Fund	5,886,395,010	750,493,262
NBP Financial Sector Fund	578,397,420	1,120,627,732
NBP Islamic Mahana Amdani Fund	20,313,274,121	8,555,771,954
NBP Islamic Regular Income Fund	109,539,679	106,523,148
NAFA Islamic Active Allocation Fund-I		
NAFA Islamic Active Allocation Plan-I	17,682,063	146,924,726
NAFA Islamic Active Allocation Plan-II	22,678,681	47,254,272
NAFA Islamic Active Allocation Plan-III	127,245,733	378,424,411
NAFA Islamic Active Allocation Plan-IV	137,222,815	218,331,742
NAFA Islamic Active Allocation Plan-V	132,924,067	362,646,889
NAFA Islamic Active Allocation Fund-II		
NAFA Islamic Active Allocation Plan-VI	140,004,319	223,093,863
NAFA Islamic Active Allocation Plan-VII	34,717,250	75,842,882
NAFA Islamic Active Allocation Plan-VIII	121,322,636	396,279,107
Nafa Islamic Capital Preservation Plan-I	189,781,578	792,670,576
Nafa Islamic Capital Preservation Plan-II	163,080,600	379,318,131
NAFA Islamic Active Allocation Fund-II		
Nafa Islamic Capital Preservation Plan-III	151,381,530	392,195,086
Nafa Islamic Capital Preservation Plan-IV	145,946,637	282,020,219
NBP Islamic Capital Preservation Plan-V	90,233,634	153,291,481
NBP Government Securities Fund-I		
NBP Government Securities Plan-I	286,335,826	275,985,350
NAFA Pension Fund	2,514,791,158	2,190,207,368
NAFA Islamic Pension Fund	2,521,954,125	1,992,717,518
NAFA Islamic Principal Protected Fund-II	112,341,307	106,324,512
NBP Islamic Daily Dividend Fund	8,350,491,765	-
Investment of Capital Protected Fund in NBP Fund Management Limited	(2,375,968,354)	(3,426,261,843)
	125,500,242,592	89,162,918,416

2 SUMMARY OF SIGNIFICANT EVENTS AND TRANSACTIONS

- 2.1** To increase the Company's physical reach across Pakistan, the Company during the year, has further expanded the network of its branches and new branches in the cities of Islamabad, Karachi, Rawalpindi and Lahore to enhance the business of the Company. Number of branches 24 (2019: 21).
- 2.2** During the year the Company has launched NBP Islamic Daily Dividend Fund, an open end fund.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan are as follows;

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017 (the Act);
- Provisions of and directives issued under the Companies Act, 2017, along with the amendments issued from time to time;
- Non-Banking Finance Companies (Establishment and regulations) Rules, 2003 (the NBFC Rules) along with the amendments issued from time to time; and
- Non-Banking Finance Companies and Notified Entities regulations, 2008 (the NBFC Regulations) along with the amendments issued from time to time; and

In case where the requirements under IFRSs differ with Companies Act, 2017, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 Exemption from consolidation of mutual funds by the asset management company

The SECP vide SRO 56 (I) / 2016 dated January 28, 2016 has directed that the requirements of consolidation under section 237 of the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and IFRS 10 Consolidated Financial Statements are not applicable in case of investments made by companies in mutual funds established under trust schemes. Accordingly, the Company has not consolidated the financial position and results of operations of mutual funds managed by it in these financial statements.

3.3 Basis of measurement

These financial statements have been prepared on accrual basis of accounting except statement of cash flows.

These financial statements have been prepared under the historical cost convention except for investments which are recorded at fair value (see note 5.6) and defined benefit obligation which is measured at present value.

3.4 Functional and presentation currency

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

3.5 Use of critical accounting estimates and judgments

The preparation of financial statements is in conformity with approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, income and expenses. It also requires the management to exercise its judgment in the application of the Company's accounting policies. The estimates, judgments and associated assumptions are based on management's experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both the current and future periods. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in the application of accounting policies are as follows:

- (a) Employee defined benefits (note 4.3),
- (b) Assumption and estimation in recognition of current tax and deferred taxation (note 4.4),
- (c) Residual values of property and equipment (note 4.5),
- (d) Useful life of property and equipment and intangible assets (note 4.5 and 6.1), and
- (e) Impairment of non-financial asset (note 4.9)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are set forth below. These policies are the same as those applied in the preparation of the annual "published" audited financial statements of the Company for the year ended June 30, 2019 except for the adoption of new and amended standards as set out below:

4.1 IFRS 9 "Financial Instruments"

From July 01 2019, the Company has applied IFRS 9, with the application date of July 01, 2019 as notified by the Securities and Exchange Commission of Pakistan (SECP) through its notification dated February 14, 2019. SECP vide S.R.O1332(I)/2019 has made partial modification of S.R.O. 229 (I)/2019, dated 14th February, 2019, the Securities and Exchange Commission of Pakistan is pleased to modify the effective date for applicability of International Financial Reporting Standard - Financial Instruments (IFRS 9) in place of International Accounting Standard (IAS) 39 (Financial Instruments: Recognition and Measurement) for Non-Banking Finance Companies as "Reporting period/year ending on or after 30th June, 2020 (earlier application is permitted)". IFRS-09 simplifies the mixed measurement categories for financial assets and liabilities: Amortised cost, fair value through other comprehensive income (OCI) and fair value through profit or loss (FVPL).

IFRS 9 replaces IAS 39, bringing together aspects of the accounting for financial instruments: classification, measurement and impairment.

IFRS 9 permits either a full retrospective or a modified retrospective approach for adoption. The Company has adopted the standard using the modified retrospective approach for classification, measurement and impairment. This means that the cumulative impact, if any, of the adoption is recognized in un-appropriated profit as of 1 January, 2019 and comparatives are not restated. Details of these new requirements as well as their impact on the Company's financial statements are described below:

Classification and measurement

The Company initially measures a financial asset at its fair value after taking the impact of transaction cost except for fair value through profit or loss where transaction cost is charged to statement profit or loss account.

Subsequently, the financial asset is measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent solely payments of principal and interest (SPPI) on the principal amount outstanding.

All the investments in units of mutual funds previously classified as held for trading will be re-classified as 'at Fair Value through Profit or Loss' as such investments are managed on a fair value basis and are held for trading purposes in accordance with the objectives of the Company.

The accounting for the Company's financial liabilities remains largely the same as it was under IAS 39. Accordingly, the adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities.

IFRS 9 has not resulted in changes in the carrying amount of the Company's financial instruments due to changes in measurement categories. All financial assets that were classified as held for trading under IAS 39 are classified as fair value profit and loss under IFRS 9. All financial assets that were classified as loans and receivables and measured at amortised cost continue to be measured at amortised cost.

Impairment

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking ECL approach. IFRS 9 requires the Company to record an allowance for ECL for all financial assets other than debt instruments classified as FVPL and equity instruments classified as FVPL or FVOCI.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The financial assets subject to ECL in the case of the Company are:

- i) Due from funds under management and discretionary portfolio advisory clients;
- ii) Bank balances;
- iii) Loans and advances; and
- iv) Other receivables.

The impact of ECL is not considered as material to the financial statements.

4.2 IFRS 16 "Leases"

The Company has adopted IFRS 16 from July 01, 2019 using the modified retrospective restatement approach and has not restated comparatives for the financial year 2018 reporting period, as permitted under the specific transitional provisions in the Standard.

The basis of classification depends on the entity's business model at the contractual cashflow characteristics of the financial assets.

On adoption of IFRS 16, the Company recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of July 01, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on July 01, 2019 was 15.13% (1 year KIBOR + 1.5%).

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees, if any, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are to be discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives
- any initial direct costs, and
- restoration costs.

The effect of this change in accounting policy is as follows:

	June 30, 2020	June 30, 2019
Impact on statement of financial position	-----Rupees-----	
Increase in fixed assets - right-of-use assets	313,120,807	254,932,116
(Decrease) in other assets - advances, deposits, advance rent & other prepayments	(44,272,644)	(29,570,717)
Increase in other assets - advance taxation	8,246,281	-
Increase in total assets	277,094,444	225,361,399
Increase in other liabilities-lease liability against right-of-use assets	(295,449,069)	(225,361,399)
(Decrease) / increase in net assets	(18,354,625)	-

Impact on statement of profit or loss account

Increase in mark-up expense - lease liability against right-of-use assets	(35,362,554)	-
(Increase) / decrease in administrative expenses:		
- Depreciation on right-of-use assets	(109,784,434)	-
- Rent expense	118,546,082	-
Decrease in profit before tax	(26,600,906)	-
Decrease in tax and other government levies	8,246,281	-
Decrease in profit after tax	(18,354,625)	-

4.3 IFRIC-23 "Uncertainty over income tax treatments"

The Company has adopted IFRIC-23 - Uncertainty over income tax treatments which clarifies how the recognition and measurement requirements of IAS-12 - Income taxes are applied when there is uncertainty over income tax treatment. IFRIC-23 explains how the recognition and measurement of deferred and current income tax assets and liabilities when there is uncertainty over tax treatment.

An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over income tax that will be accepted by tax authorities. IFRIC-23 applies to all aspect of income tax accounting, when there is a uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. While there are new disclosure requirements, entities are reminded of the general requirements to provide information about judgement and estimates made in preparing the financial statements.

The Company is already in compliance with the requirements of IFRIC-23.

4.4 Employees benefits

Defined contribution plan

The Company operates a provident fund scheme for its permanent employees. Equal monthly contributions are made, both by the Company and its employees, to the fund at the rate of 10 percent of basic salary.

Defined benefit plan

The Company operates an unfunded gratuity scheme for its permanent employees with five or more years of service with the Company. Provision is made in accordance with actuarial recommendations using the projected unit credit method and are charged to profit or loss account. Actuarial gains and losses are recognized in other comprehensive income when they occur.

4.5 Taxation

Current Tax

The charge of current tax is based on taxable income at the applicable rate of taxation after taking into account available tax credits and rebates. Income for the purpose of computing current taxation is determined under the provisions of income tax Ordinance, 2001.

Deferred Tax

Deferred taxation is recognized using the balance sheet liability method on all temporary differences arising between the carrying amount 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. Deferred tax asset is recognised only to the extent it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on the tax rates that have been enacted or substantially enacted by the end of the reporting period.

4.6 Property and equipment

Owned

Items of property and equipment are stated at cost less accumulated depreciation and impairment, if any. Depreciation is charged to income over the estimated useful life of the asset on a systematic basis applying the straight line method at the rates specified in note 8.1 to the financial statements. Depreciation is charged on additions from the date the asset is available for use up to the date of disposal.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of property and equipment is derecognized when disposed or when no future economic benefits are expected from its use or disposal. Gain or loss on disposal of an item of property and equipment, if any, is recognized as and when incurred.

Leased

Assets acquired under 'finance lease' are stated at cost less accumulated depreciation at the rates and basis applicable to the Company's owned assets. The outstanding obligation under 'finance Lease' less finance charges allocated to future periods is shown as liability. The finance charges are calculated at the interest rates implicit in the lease and are taken to profit or loss account.

Capital work-in-progress

Items of capital work-in-progress are stated at cost less any recognised impairment loss. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when these assets are available for use.

4.7 Intangible assets

Intangible assets are reported at cost less accumulated amortization and accumulated impairment losses (if any). Amortization is charged on a straight-line basis over its estimated useful life as stated in note 9. The estimated useful life and amortization method are reviewed at the end of each financial year, with the effect of any changes in estimate being accounted for on a prospective basis.

Capital work-in-progress

Items of capital work-in-progress are stated at cost less any recognised impairment loss. These assets are recognised when they meet the criteria of internally developed intangible assets as mentioned in IAS-38 - Intangible Assets.

4.8 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are carried at amortized cost using the effective interest method. Gains and losses are recognized in the profit or loss account when the loans and receivables are derecognized or impaired, as well as through the amortization process.

4.9 Investments

All purchases and sales of investments are recognized at the trade date. Trade date is the date on which the Company commits to purchase or sale an investment.

The management determines appropriate classification of its investments in accordance with the requirements of International Financial Reporting Standards IFRS-9, 'Financial Instruments: Recognition and Measurement' at the time of purchase. The existing portfolio of the Company has been categorized as follows:

Investments at fair value through profit or loss account

These include investments that are acquired principally for the purpose of generating profit from short-term fluctuations in market prices or that, upon initial recognition, are designated as " Investments at fair value through profit or loss account ". These investments are initially recognized at fair value. Subsequent to initial recognition, these investments are marked to market using the closing quoted market rates and are carried at these values on the balance sheet being their fair value. Any gain or loss arising on changes in fair values of these investments are taken to the profit or loss account in the period in which they arise. The transaction costs associated with these investments are charged to profit or loss statement.

4.10 Impairment

The Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. When there is an objective evidence that an impairment loss has been incurred, the amount of loss is measured as follows:

Financial assets

The Company applies expected credit losses model for impairment of its financial assets as required under IFRS-9 'Financial Instruments'.

Non financial assets

The carrying amount of property and equipment and intangible assets is reviewed at each statement of financial position date for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amount. The resulting impairment loss is taken to the profit or loss account. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

4.11 Derivative financial instruments

A derivative is a financial instrument or other contract with all of the three characteristics: a) its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract; b) it requires no initial net investment or an initial net investment that is smaller than would be required for other type of contracts that would be expected to have a similar response to changes in market factors; and c) it is settled at a future date.

Derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. All derivative financial instruments are carried as assets when fair value is positive, and as liabilities when fair value is negative. Any change in the fair value of derivative financial instrument is taken to profit or loss account.

4.12 Cash and cash equivalents

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

4.13 Revenue recognition

- Remuneration from investment advisory services, asset management services, services for management of discretionary participation fund and consultancy services are recognized on accrual basis by applying predefined remuneration percentage on daily net assets value of the respective fund.
- Performance based remuneration for investment advisory services and management of discretionary portfolio are accrued once the terms of contract are honored and the Company achieves the performance condition at the end of the year.
- Sales load income is recognized on sales of units by the open end fund.
- Dividend income is recorded when the right to receive dividend is established.
- Return on bank deposits and commission income is recognized on an accrual basis.
- Other income is recognized as and when incurred.

The core principle of IFRS 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in five steps as follows:

- Identify the contract with customer.
- Identify the performance obligation in the contract.
- Determine transaction price.
- Allocate the transaction price to the performance obligation in the contract.
- Recognize the revenue when (or as) the entity satisfies a performance obligation.

4.14 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

4.15 Financial instruments

Recognition and de-recognition

All financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to receive cash flows related to the asset expires. Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income. The Company's principal financial assets are investments, loans, deposits, receivable from fund under management and cash and bank balances.

Off-setting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

4.16 Foreign currencies

Transactions in foreign currencies are accounted for in Pakistani Rupees at the rates prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at the rates of exchange prevailing at the statement of financial position date. Exchange gains or losses are included in income. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. Exchange gain or losses are included in profit or loss account.

4.17 Earnings per share

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

5 STANDARDS, AMENDMENTS AND INTERPRETATIONS TO APPROVED ACCOUNTING STANDARDS

5.1 Standards, amendments and interpretations to the published standards that are relevant to the company and adopted in the current year

The Company has adopted the following new standards, amendments to published standards and interpretations of IFRSs which became effective during the current year.

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 9 "Financial Instruments"	July 1, 2019
IFRS 16 "Leases"	July 1, 2019
IFRIC-23 "Uncertainty over income tax treatments"	July 1, 2019

Adoption of the above standard have no significant effect on the amounts for the year ended June 30, 2020.

5.2 Standards, amendments to published standards and interpretations that are effective but not relevant

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 01, 2019 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are therefore not presented here.

5.3 Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Company

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 3 'Definition of a business' Amendment to IFRS 3	January 1, 2020
IAS 19 'Plan Amendment, Curtail or Settlement' (Amendments to IAS 19)	January 1, 2019
IAS 1/IAS 8 'Definition of Material' (Amendments to IAS 1 and IAS 8)	January 1, 2020
Various Amendments to References to the Conceptual Framework in IFRS Standards.	January 1, 2020

The Company is in the process of assessing the impact of these Standards, amendments and interpretations to the published standards on the financial statements of the Company.

5.4 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
IFRS 17 'Insurance Contracts'	January 1, 2022
IFRS 1 'First-time Adoption of International Financial Reporting Standards'	July 1, 2009

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 NOTES TO THE FINANCIAL STATEMENTS
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	Note	2020 ----- Rupees -----	2019 ----- Rupees -----
6 PROPERTY AND EQUIPMENT			
Operating fixed assets	6.1	464,100,590	436,730,604

6.1 Operating fixed assets

2020	COST			ACCUMULATED DEPRECIATION			Written down value as at June 30, 2020	Rate of depreciation %
	As at July 01, 2019	Additions / (Disposals)	As at June 30, 2020	As at July 01, 2019	Charge / (reversal) for the year	As at June 30, 2020		
----- Rupees -----								
Owned assets								
Office equipment	48,778,872	6,291,449 (3,074,980)	51,995,341	14,905,780	4,361,067 (3,075,178)	16,191,669	35,803,672	10%
Computer equipment	105,141,653	36,030,600 (5,510,384)	135,661,869	64,751,923	27,591,836 (5,382,856)	86,960,903	48,700,966	33%
Furniture and fittings	223,502,990	23,957,425 (5,885,198)	241,575,217	65,836,361	20,656,746 (5,022,025)	81,471,082	160,104,135	10%
Vehicles	71,598,744	- (14,190,098)	57,408,646	35,084,007	12,442,653 (11,321,670)	36,204,990	21,203,656	20%
Total	449,022,259 -	66,279,474 (28,660,660)	486,641,073 -	180,578,071 -	65,052,302 (24,801,729)	220,828,644 -	265,812,429 -	
Leased assets								
Office equipment	9,627,768	-	9,627,768	968,051	962,782	1,930,833	7,696,935	10%
Vehicles	178,313,462	83,448,600 (13,217,000)	248,545,062	18,686,763	42,771,396 (3,504,323)	57,953,836	190,591,226	20%
Total	187,941,230 -	83,448,600 (13,217,000)	258,172,830 -	19,654,814 -	43,734,178 (3,504,323)	59,884,669 -	198,288,161 -	
Grant total	636,963,489 -	149,728,074 (41,877,660)	744,813,903 -	200,232,885 -	108,786,480 (28,306,052)	280,713,313 -	464,100,590 -	

6.2 Breakup of depreciation charged for the year has been allocated as follows:

	Note	2020 ----- Rupees -----	2019 ----- Rupees -----
Administrative expenses	30	65,843,132	49,440,775
Sales and marketing expenses	31	42,943,348	36,053,136
		108,786,480	85,493,911

6.3 Property and equipment include assets having cost of Rs 74.9 million (2019: Rs 49.7 million) which were fully depreciated as at June 30, 2020.

NBP FUND MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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6.4 Details of operating assets disposed off during the year

Description	Quantity	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of purchasers	Relationship
Rupees									
Generator Set	1	337,000	336,999	1	2,698	2,697	Negotiation	Azhar Shahzad	Third party
Fax Machines	6	147,626	147,620	6	1,182	1,176	Negotiation	Azhar Shahzad	Third party
Telephone Sets	97	591,606	591,532	74	21,458	21,384	Negotiation	Azhar Shahzad	Third party
General	39	402,647	402,609	38	3,238	3,200	Negotiation	Azhar Shahzad	Third party
Air Conditioners	20	1,596,106	1,596,086	20	12,779	12,759	Negotiation	Azhar Shahzad	Third party
Desktop	49	650,165	650,116	49	5,202	5,153	Negotiation	Azhar Shahzad	Third party
Laptop	2	142,256	142,254	2	55,000	54,998	Negotiation	Blu Ray Technologies	Third party
Laptop	1	52,356	52,355	1	23,000	22,999	Company policy	Salman Ahmed	Employee
Laptop	1	52,356	52,355	1	21,500	21,499	Company policy	Muhammad Nawaz	Employee
Laptop	1	64,922	64,922	-	28,000	28,000	Company policy	Raheel Rehman	Employee
Laptop	1	43,455	43,454	1	25,000	24,999	Company policy	Asif Sultan Sikandar	Employee
Laptop	4	200,140	200,136	4	1,602	1,598	Negotiation	Azhar Shahzad	Third party
Laptop	1	43,456	43,455	1	25,000	24,999	Company policy	Muzaffar Hussain	Employee
Laptop	1	43,456	43,455	1	25,000	24,999	Company policy	Muhammad Asif Awan	Employee
Laptop	1	45,550	42,543	3,007	25,000	21,993	Company policy	Naeem Khan	Employee
Laptop	2	77,418	50,260	27,158	64,500	37,342	Insurance Claim	Adamjee Insurance	Third party
Laptop	1	43,456	43,455	1	25,000	24,999	Company policy	Talha Ahmed	Employee
Laptop	1	61,354	32,014	29,340	25,000	(4,340)	Company policy	Imran Rasheed Mirza	Employee
Printer	8	260,720	260,712	8	2,088	2,080	Negotiation	Azhar Shahzad	Third party
Server Machine	3	100,500	100,497	3	804	801	Negotiation	Azhar Shahzad	Third party
UPS System	13	847,777	847,764	13	6,790	6,777	Negotiation	Azhar Shahzad	Third party
Networking	27	260,426	260,399	27	2,077	2,050	Negotiation	Azhar Shahzad	Third party
Multimedia	5	323,115	323,110	5	2,585	2,580	Negotiation	Azhar Shahzad	Third party
Photocopier	3	320,200	320,197	3	2,563	2,560	Negotiation	Azhar Shahzad	Third party
PABX Machine	5	1,399,500	1,399,495	5	11,203	11,198	Negotiation	Azhar Shahzad	Third party
Call Router	16	128,000	127,984	16	1,024	1,008	Negotiation	Azhar Shahzad	Third party
Scanner	3	25,494	25,491	3	205	202	Negotiation	Azhar Shahzad	Third party
Tablet	1	14,660	14,659	1	14,500	14,499	Company policy	Saad Bin Ghani	Employee
Tablet	1	14,660	14,659	1	14,500	14,499	Company policy	Muhammad Usman Khan	Employee
Tablet	1	14,660	14,659	1	14,500	14,499	Company policy	Muhammad Shiraz	Employee
Tablet	1	14,660	14,659	1	14,500	14,499	Company policy	Kiran Hafiz Qureshi	Employee
Tablet	1	14,660	14,659	1	14,500	14,499	Company policy	Muhammad Umar	Employee
Tablet	1	14,660	14,659	1	6,600	6,599	Insurance Claim	Adamjee Insurance	Third party
Tablet	1	14,660	14,659	1	14,500	14,499	Company policy	Fatima Sanam	Employee
Tablet	1	14,660	14,659	1	14,500	14,499	Company policy	Gulshan bibi	Employee
Tablet	1	14,660	14,659	1	14,500	14,499	Company policy	Hina Afzal	Employee
Tablet	1	14,659	14,658	1	14,500	14,499	Company policy	Syed Zaheer Abbas Zaidi	Employee
Tablet	1	14,659	14,658	1	14,500	14,499	Company policy	Hasnain Nawaz Khan	Employee
Tablet	1	14,659	14,658	1	14,500	14,499	Company policy	Hufsa Sahar	Employee
Tablet	1	14,659	14,658	1	14,500	14,499	Company policy	Ata Ur Rehman Ahmad Khan	Employee
Tablet	1	14,545	14,544	1	14,500	14,499	Company policy	Kashif Raza	Employee
Tablet	1	15,183	14,269	914	14,500	13,586	Company policy	Hafeez Ahmed	Employee
Tablet	1	15,184	14,269	915	14,500	13,585	Company policy	Syed Masooma Hassan	Employee
Tablet	1	15,152	7,376	7,776	14,500	6,724	Company policy	Muhammad Rohan Bin Ikram	Employee
Tablet	1	17,224	4,734	12,490	16,000	3,510	Company policy	Naveed Zafar	Employee
Tablet	1	17,224	4,734	12,490	14,500	2,010	Company policy	Ataz Ghaffoor	Employee
Tablet	1	17,224	4,734	12,490	14,500	2,010	Company policy	Muhammad Idran	Employee
Tablet	1	22,000	1,210	20,790	14,500	(6,290)	Company policy	Jahanzeb Asif	Employee
Tables	50	1,073,992	1,073,942	50	8,589	8,539	Negotiation	Azhar Shahzad	Third party
Tables	43	551,820	196,064	355,756	63,865	(291,891)	Negotiation	Ideal Office Furniture	Third party
Chairs	436	1,830,929	1,830,556	373	14,616	14,243	Negotiation	Azhar Shahzad	Third party
Chairs	61	402,365	176,176	226,189	46,558	(179,631)	Negotiation	Ideal Office Furniture	Third party
Chairs	33	223,670	90,313	133,357	16,500	(116,857)	Negotiation	Beauty Furnishing Company	Third party
Chairs	40	52,656	52,656	-	5,500	5,500	Negotiation	Haq Bahu Scrap Dealer	Third party
Sofa Sets	3	20,885	20,882	3	166	163	Negotiation	Azhar Shahzad	Third party
Cabinets	2	64,601	64,599	2	518	516	Negotiation	Azhar Shahzad	Third party
Cabinets	18	230,363	81,766	148,597	26,661	(121,936)	Negotiation	Ideal Office Furniture	Third party
Notice Boards	1	10,000	9,999	1	80	79	Negotiation	Azhar Shahzad	Third party
Side Racks	13	55,201	55,188	13	445	432	Negotiation	Azhar Shahzad	Third party
Safe Lockers	2	32,000	31,998	2	256	254	Negotiation	Azhar Shahzad	Third party
Fixtures &	2	130,900	130,898	2	1,048	1,046	Negotiation	Azhar Shahzad	Third party
Electrical	2	1,205,819	1,205,817	2	29,700	29,698	Negotiation	Azhar Shahzad	Third party
Vehicle	2	6,076,000	4,980,332	1,095,668	1,922,484	826,816	Company policy	Sajjad Anwar	Employee
Vehicle	2	78,090	78,096	(6)	21,000	21,006	Negotiation	M.Ali Autos	Third party
Vehicle	1	1,649,000	1,590,791	58,209	521,754	463,545	Company policy	Asad Tarin	Employee
Vehicle	1	1,663,000	1,488,517	174,483	526,184	351,701	Company policy	Mazhir Noorani	Employee
Vehicle	1	683,000	535,207	147,793	151,105	3,312	Company policy	Talha Ahmed	Employee
Vehicle	1	1,678,000	1,419,427	258,573	530,930	272,357	Company policy	Muhammad Munawar	Employee
Vehicle	1	2,363,000	1,229,300	1,133,700	2,560,000	1,426,300	Company policy	Taha Khan Javed	Employee
Vehicle	1	1,400,000	609,708	790,292	1,099,112	308,820	Company policy	Sale Proceed	Employee
Vehicle	1	1,265,000	367,719	897,281	1,150,000	252,719	Company policy	Bilal Ahmed Khabn	Employee
Vehicle	1	2,897,000	975,986	1,921,014	2,560,000	638,986	Company policy	Raheel Rehman	Employee
Vehicle	1	1,571,000	450,286	1,120,714	1,595,032	474,318	Company policy	Fahad Munir	Employee
Vehicle	1	1,810,000	392,827	1,417,173	1,638,373	221,200	Company policy	Talha Ahmed	Employee
Vehicle	1	2,974,000	448,947	2,525,053	2,702,555	177,502	Company policy	Muhammad Saad Islam Jarar	Employee
Vehicle	1	1,300,000	260,353	1,039,647	1,213,156	173,509	Company policy	Naeem Khan	Employee
		41,877,660	28,306,052	13,571,608	19,123,785	5,552,177			

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2019	COST				ACCUMULATED DEPRECIATION				Written down value as at June 30, 2019	Rate of depreciation
	As at July 01, 2018	Additions / (Disposals)	Transfers	As at June 30, 2019	As at July 01, 2018	Charge / (reversal) for the year	Transfers	As at June 30, 2019		
	----- Rupees -----									%
Owned assets										
Office equipment	31,582,443	17,307,329 (110,900)	-	48,778,872	11,374,163	3,642,513 (110,896)	-	14,905,780	33,873,092	10%
Computer equipment	77,678,120	28,927,593 (1,464,060)	-	105,141,653	43,608,815	22,362,048 (1,218,940)	-	64,751,923	40,389,730	33%
Furniture and fittings	156,877,051	66,741,539 (115,600)	-	223,502,990	48,392,347	17,463,856 (19,842)	-	65,836,361	157,666,629	10%
Vehicles	76,937,887	10,839,000 (48,271,643)	32,093,500	71,598,744	22,663,655	13,574,214 (18,753,975)	17,600,113	35,084,007	36,514,737	20%
Total	343,075,501	123,815,461 (49,962,203)	32,093,500	449,022,259	126,038,980	57,042,631 (20,103,653)	17,600,113	180,578,071	268,444,188	
Leased assets										
Office equipment	10,577,768	- (950,000)	-	9,627,768	853,213	1,041,897 (927,059)	-	968,051	8,659,717	10%
Vehicles	99,853,462	158,209,500 (47,656,000)	(32,093,500)	178,313,462	37,317,981	27,409,383 (32,466,387)	-	18,686,763	159,626,699	20%
Total	110,431,230	158,209,500 (48,606,000)	(32,093,500)	187,941,230	38,171,194	28,451,280 (33,393,446)	(13,574,214)	19,654,814	168,286,416	
Grant total	453,506,731	282,024,961 (98,568,203)	32,093,500	636,963,489	164,210,174	85,493,911 (53,497,099)	17,600,113	200,232,885	436,730,604	

NBP FUND MANAGEMENT LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
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	Note	2020 ----- Rupees -----	2019 ----- Rupees -----
7 Intangible assets			
Intangible assets	7.1	85,562,628	13,170,078
Capital work in progress	7.2	72,550,000	69,824,758
		<u>158,112,628</u>	<u>82,994,836</u>

7.1 Intangible assets

2020	COST				ACCUMULATED AMORTIZATION			Written down value as at June 30, 2020	Rate of amortization
	As at July, 01 2019	Additions	Transfers from CWIP	As at June 30, 2020	As at July, 01 2019	Charge for the year	As at June 30, 2020		
Software	20,277,964	1,697,500	63,500,000	85,475,464	7,270,360	12,752,863	20,023,223	65,452,241	20% - 33%
License fee	4,096,616	26,190,120	-	30,286,736	3,934,142	6,242,207	10,176,349	20,110,387	33%
	<u>24,374,580</u>	<u>27,887,620</u>	<u>63,500,000</u>	<u>115,762,200</u>	<u>11,204,502</u>	<u>18,995,070</u>	<u>30,199,572</u>	<u>85,562,628</u>	

2019	COST				ACCUMULATED AMORTIZATION			Written down value as at June 30, 2019	Rate of amortization
	As at July, 01 2018	Additions	Transfers from CWIP	As at June 30, 2019	As at July, 01 2018	Charge for the year	As at June 30, 2019		
Software	6,076,249	14,201,715	-	20,277,964	6,076,249	1,194,111	7,270,360	13,007,604	33%
License fee	4,096,616	-	-	4,096,616	3,642,323	291,819	3,934,142	162,474	33%
	<u>10,172,865</u>	<u>14,201,715</u>	<u>-</u>	<u>24,374,580</u>	<u>9,718,572</u>	<u>1,485,930</u>	<u>11,204,502</u>	<u>13,170,078</u>	

7.1.1 The entire amortisation is charged to administrative expenses.

7.1.2 Intangible assets include fully amortised assets amounting to Rs. 6,076,249 (2019: Rs. 6,076,249).

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	Note	2020 ----- Rupees -----	2019
7.2 Capital work in progress			
Balance at the beginning of the year		69,824,758	-
Additions during the year		66,225,242	69,824,758
Total cost capitalized		136,050,000	69,824,758
Transfer to intangible assets	7.1	(63,500,000)	-
Balance at the end of the year		72,550,000	69,824,758

7.3 The Company has accounted for the internally developed softwares on the basis of stage of completion method. During the year the Company has transferred cost of softwares amounting to Rs. 63.5 million (2019: Nil) from capital work in progress to intangible assets.

		2020 ----- Rupees -----	2019
8 RIGHT OF USE ASSETS			
Balance as at initial application i.e. July 01, 2019		254,932,116	-
Additions during the year		167,973,125	-
Depreciation charged for the year		(109,784,434)	-
Balance at the end of the year		313,120,807	-

8.1 The right-of-use assets for property leases were measured on a modified retrospective basis as if the new rules had always been applied. There were no onerous lease contracts that would have required an adjustment to the right of use assets at the date of initial application.

8.2 Breakup of depreciation charged for the year on right of use assets has been allocated as follows:

	Note	2020 ----- Rupees -----	2019
Administrative expenses	30	53,806,941	-
Sales and marketing expenses	31	55,977,493	-
		109,784,434	-

8.3 Disclosure relating to right of use assets

	Number of right of use assets leased	Range of remaining term	Average remaining lease term	Number of leases with extension option	Number of leases with termination option
Branches and headoffice	63	1- 5 years	3 years	63	63

	Note	2020 ----- Rupees -----	2019
9 LONG TERM LOAN TO EMPLOYEES			
Secured - considered good			
Due from executive employees		12,749,352	11,722,980
Due from non-executive employees		3,012,200	3,195,650
	9.1	15,761,552	14,918,630
Current maturity		(7,727,416)	(7,020,380)
		8,034,136	7,898,250

9.1 Movement of long term loan to employees

		2020	2019
Balance at the beginning of the year		14,918,630	7,077,315
Disbursements during the year		13,497,700	15,739,100
Repayments during the year		(12,654,778)	(7,897,785)
Balance at the end of the year		15,761,552	14,918,630

- 9.2 These loans are given to executives and non-executive employees as house, car and personal loans in accordance with the service rules of the Company. House loans are repayable in a maximum of 300 monthly installments and carry mark-up at the rate of 6-Months KIBOR less 3 percent per annum. Whereas car loans and personal loans are repayable in a maximum of 84 and 36 monthly installments and carry mark-up at the rate of 6-Months KIBOR (ask side) less 3 percent and 6 Months KIBOR (ask side) respectively. House loans are secured by way of equitable mortgage on property and car loans are secured by registration of vehicle in the name of the Company. Personal loans are secured against provident fund balances of employees.

	2020	2019
	----- Rupees -----	
10 LONG TERM DEPOSITS		
Security deposits		
Rent	19,572,550	16,869,690
Lease deposit	41,402,460	31,529,127
Other deposit	2,518,424	2,175,544
	63,493,434	50,574,361
Current maturity	(633,000)	-
	62,860,434	50,574,361
11 LONG TERM PREPAYMENTS		
Rent	-	3,030,294
Others	559,641	504,480
	559,641	3,534,774
Current maturity	-	(1,072,598)
	559,641	2,462,176
12 DEFERRED TAX ASSET		
Deferred tax asset arising on deductible temporary differences		
Provision for gratuity	63,609,417	51,024,930
Deferred income	3,786,429	6,463,118
Liabilities against assets subject to finance lease	54,941,268	49,083,399
Liabilities against right of use asset	85,680,230	-
	208,017,344	106,571,447
Deferred tax liabilities arising on taxable temporary differences		
Property and equipment	(73,218,279)	(59,881,802)
Right of use assets	(90,805,034)	-
	(164,023,313)	(59,881,802)
	43,994,031	46,689,645

- 12.1 The Company expects future taxable profits and on the basis of future projections, the recognised deferred tax asset is to be utilised. Deferred tax arising due to temporary difference on short-term investments is not recognised due to negligible effect.

	Note	2020 ----- Rupees -----	2019
13 DUE FROM FUNDS UNDER MANAGEMENT AND DISCRETIONARY PORTFOLIO ADVISORY CLIENTS			
Management fee receivable from funds inclusive of Sindh Sales Tax and Federal Excise Duty	13.1.1	366,606,282	408,808,659
Sales load receivable	13.1.1	118,037,317	113,091,695
Other receivable	13.1.1	3,672,219	4,822,536
Receivable from discretionary portfolio advisory clients		31,189,794	18,107,802
Preliminary and flotation costs	13.1.1	3,614,612	9,582,543
Reimbursement of marketing and selling expenses	13.1.1 & 13.1.2	261,778,810	114,176,098
Reimbursement of accounting and operational services	13.1.1	33,495,471	45,501,391
Administrative fee		14,608,927	1,717,543
Shariah advisory fee		6,244,314	3,333,000
		<u>839,247,746</u>	<u>719,141,267</u>

13.1 Aging analysis with respect to above mentioned balances is as follows:

Past due

0-1 months	200,226,523	362,120,272
1-6 months	275,364,500	-
6-12 months	1,560,762	-
above 1 year	362,095,961	357,020,995
	<u>839,247,746</u>	<u>719,141,267</u>

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13.1.1 Following is the fund-wise break-up (inclusive GST and FED)

2020	Nature of relationship	Maximum Aggregate amount outstanding during the year	Management fee receivable from funds	Sales load receivable	Other receivable	Preliminary and flotation cost	Reimbursement of marketing & selling expenses	Reimbursement of accounting and operational services	Total
Open-End Collective Investment Schemes									
Rupees									
NBP Income Opportunity Fund	Fund under Management	70,486,157	41,842,317	4,068,318	-	-	7,074,668	1,010,668	53,995,971
NBP Savings Fund	Fund under Management	9,110,910	3,778,649	1,855,110	15,000	-	2,116,202	302,327	8,067,288
NBP Islamic Savings Fund	Fund under Management	19,015,425	6,169,150	3,401,091	28,174	-	7,094,831	1,013,121	17,706,367
NBP Islamic Sarmaya Izafa Fund	Fund under Management	81,782,894	25,460,208	21,216,860	606,981	-	17,717,016	1,233,345	66,234,410
NBP Balanced Fund	Fund under Management	20,994,741	13,540,104	876,790	833	-	4,946,204	346,771	19,710,702
NBP Stock Fund	Fund under Management	121,116,627	51,442,766	4,719,992	-	-	48,194,281	3,355,082	107,712,121
NBP Government Securities Liquid Fund	Fund under Management	53,257,590	46,611,959	-	-	-	3,691,760	614,291	50,918,010
NBP Mahana Amdani Fund	Fund under Management	23,611,556	11,017,814	2,261,021	288,628	-	2,545,986	636,331	16,749,780
NBP Sarmaya Izafa Fund	Fund under Management	32,149,370	17,758,508	9,169,535	5,000	-	4,440,451	309,379	31,682,873
NBP Riba Free Savings Fund	Fund under Management	42,845,621	13,777,050	500,257	146,080	-	9,946,714	1,421,969	25,792,070
NBP Financial Sector Income Fund	Fund under Management	54,793,048	21,532,346	9,857,574	174,000	-	17,848,326	2,549,759	51,962,005
NBP Money Market Fund	Fund under Management	127,358,173	48,184,946	904,369	-	-	52,529,586	8,703,381	110,322,282
NAFA Pension Fund	Fund under Management	12,704,261	7,590,843	5,113,418	382,500	-	-	-	13,086,761
NAFA Islamic Pension Fund	Fund under Management	14,856,005	6,446,690	8,409,315	97,500	-	-	-	14,953,505
NAFA Islamic Principal Protected Fund-I	Fund under Management	16,715,251	11,370,447	5,514,629	420,806	-	-	1,076	17,306,958
NAFA Government Securities Savings Fund	Fund under Management	7,101,866	2,062,874	2,998,199	25,000	-	1,785,691	255,102	7,126,866
NAFA Islamic Principal Protected Fund-II	Fund under Management	11,851,746	8,280,623	2,899,057	120,000	-	111,703	27,934	11,439,317
NAFA Islamic Principal Preservation Fund	Fund under Management	9,124,832	3,024,240	5,258,430	-	-	-	57,252	8,339,922
NBP Islamic Stock Fund	Fund under Management	43,564,686	14,936,823	4,566,974	208,776	-	16,312,576	1,133,409	37,158,558
NBP Active Allocation Riba Free Savings	Fund under Management	4,292,614	677,287	-	-	-	201,812	28,837	907,936
NBP Islamic Active Allocation Equity Fund	Fund under Management	9,728,321	2,389,765	-	-	-	2,476,411	172,478	5,038,654
NBP Islamic Energy Fund	Fund under Management	6,530,555	1,434,151	3,011,295	-	-	1,949,868	135,241	6,530,555
NBP Financial Sector Fund	Fund under Management	7,185,712	806,488	1,397,528	-	-	2,090,524	146,517	4,441,057
NBP Islamic Money Market Fund	Fund under Management	10,558,134	458,865	2,235,612	21,975	-	6,882,785	980,872	10,580,109
NAFA Islamic Active Allocation Plan-I	Fund under Management	3,089,755	78,051	3,001,958	-	-	-	4,494	3,084,503
NAFA Islamic Active Allocation Plan-II	Fund under Management	2,995,704	42,805	2,697,613	21,596	-	-	5,612	2,767,626
NAFA Islamic Active Allocation Plan-III	Fund under Management	3,426,993	9,827	2,993,253	36,637	-	-	31,605	3,071,322
NAFA Islamic Active Allocation Plan-IV	Fund under Management	1,747,629	13,090	125,502	20,088	-	-	33,808	192,488
NAFA Islamic Active Allocation Plan-V	Fund under Management	1,213,749	15,214	-	25,326	-	-	34,978	75,518
NAFA Islamic Active Allocation Plan-VI	Fund under Management	613,081	15,406	441,516	11,920	-	-	79,163	548,005
NAFA Islamic Active Allocation Plan-VII	Fund under Management	440,963	3,308	343,102	-	-	-	28,789	375,199
NAFA Islamic Active Allocation Plan-VIII	Fund under Management	388,923	19,184	-	-	-	-	122,717	141,901
NAFA Active Allocation Fund-II	Fund under Management	5,000	-	-	5,000	-	-	-	5,000
NAFA Active Allocation Fund-III	Fund under Management	338,475	-	-	338,475	-	-	-	338,475
NAFA Islamic Capital Preservation Plan-I	Fund under Management	780,298	15,374	227,348	155,857	-	-	146,888	545,467
NAFA Islamic Capital Preservation Plan-II	Fund under Management	1,283,115	137,278	755,129	38,618	-	-	104,412	1,035,437
NAFA Islamic Capital Preservation Plan-III	Fund under Management	533,902	160,721	-	69,878	-	-	113,401	344,000
NBP Government Securities Fund-I	Fund under Management	250,000	-	-	25,000	-	-	-	25,000
NBP Government Securities Plan-I	Fund under Management	1,523,078	162,753	707,243	30,000	-	72,637	72,636	1,045,269
NBP Government Securities Plan-II	Fund under Management	15,000	-	-	15,000	-	-	-	15,000
NBP Government Securities Plan-III	Fund under Management	15,000	-	-	15,000	-	-	-	15,000
NAFA Islamic Capital Preservation Plan - IV	Fund under Management	489,336	137,713	-	30,493	-	-	79,334	247,540
NBP Islamic Capital Preservation Plan-V	Fund under Management	232,685	82,314	-	1,764	-	-	47,364	131,442
NBP Islamic Capital Preservation Plan-VI	Fund under Management	25,000	-	-	25,000	-	-	-	25,000
NBP Islamic Mahana Amdani Fund	Fund under Management	69,623,434	4,326,584	3,507,390	-	1,183,535	45,391,488	6,484,496	60,893,493
NBP Islamic Regular Income Fund	Fund under Management	546,838	-	27,167	265,314	-	384,239	26,768	703,488
NBP Islamic Daily Dividend Fund	Fund under Management	9,785,338	791,747	1,376,676	-	1,371,077	5,973,051	1,643,864	11,156,415
NBP Islamic Income Fund	Fund under Management	560,000	-	-	-	560,000	-	-	560,000
NBP Pakistan Growth Exchange Traded Fund	Fund under Management	500,000	-	-	-	500,000	-	-	500,000
			366,606,282	116,439,271	3,672,219	3,614,612	261,778,810	33,495,471	785,606,665
Saving plans									
NBP Aitemad Education Plan	Fund under Management	1,601,912	-	120,515	-	-	-	-	120,515
NBP Aitemad Retirement Plan	Fund under Management	2,104,858	-	52,477	-	-	-	-	52,477
NBP Aitemad Wealth Plan	Fund under Management	21,145,303	-	1,418,071	-	-	-	-	1,418,071
NBP Aitemad Wedding Plan	Fund under Management	1,377,784	-	6,983	-	-	-	-	6,983
				1,598,046					1,598,046
			366,606,282	118,037,317	3,672,219	3,614,612	261,778,810	33,495,471	787,204,711

		Maximum Aggregate amount outstanding during the year	Management fee receivable from funds	Sales load receivable	Other receivable	Preliminary and flotation cost	Reimbursement of marketing & selling expenses	Reimbursement of accounting and operational services	Total
Rupees									
Open-end Collective Investment Schemes									
NAFA Income Opportunity Fund	Fund under Management	45,345,530	44,316,551	5,742,152	-	-	10,946,901	2,736,730	63,742,334
NBP Savings Fund	Fund under Management	7,298,936	3,597,157	919,114	15,000	-	1,977,980	494,506	7,003,757
NBP Islamic Savings Fund	Fund under Management	6,806,492	6,215,617	2,190,169	268,174	-	5,658,572	1,414,646	15,747,178
NBP Islamic Sarmaya Izafa Fund	Fund under Management	32,401,411	32,191,221	25,454,503	846,981	-	17,589,847	4,397,453	80,480,005
NBP Balanced Fund	Fund under Management	3,148,431	14,277,790	856,908	833	-	3,019,169	762,105	18,916,805
NAFA Stock Fund	Fund under Management	18,958,313	55,613,131	8,488,096	-	-	27,683,552	6,920,898	98,705,677
NAFA Government Securities Liquid Fund	Fund under Management	238,333	47,519,600	-	-	-	-	1,087,851	48,607,451
NBP Mahana Amdani Fund	Fund under Management	49,180,521	11,023,357	464,750	288,628	-	852,961	213,247	12,842,943
NBP Sarmaya Izafa Fund	Fund under Management	43,371,883	19,803,959	5,019,563	5,000	-	4,714,452	1,178,613	30,721,587
NAFA Riba Free Savings Fund	Fund under Management	5,419,312	16,361,984	1,047,794	386,080	-	12,644,983	3,161,277	33,602,118
NAFA Financial Sector Income Fund	Fund under Management	6,008,726	18,851,781	3,798,168	174,000	-	8,221,981	2,055,500	33,101,430
NAFA Money Market Fund	Fund under Management	8,221,981	67,954,093	1,581,292	-	-	-	10,309,577	79,844,962
NAFA Pension Fund	Fund under Management	12,644,983	5,412,761	2,405,704	240,000	-	-	-	8,058,465
NAFA Islamic Pension Fund	Fund under Management	12,419,923	6,634,925	2,868,745	240,000	-	-	-	9,743,670
NAFA Islamic Principal Protected Fund-I	Fund under Management	39,998,176	11,455,745	5,514,629	420,806	-	-	1,076	17,392,256
NAFA Government Securities Savings Fund	Fund under Management	1,581,292	2,494,721	618,688	25,000	-	-	650,307	3,788,716
NAFA Islamic Principal Protected Fund-II	Fund under Management	33,722,500	8,527,396	2,899,057	11,158	-	223,648	117,307	11,778,566
NAFA Islamic Principal Preservation Fund	Fund under Management	4,731,454	3,026,979	5,258,430	1,449	-	-	583,224	8,870,082
NAFA Islamic Stock Fund	Fund under Management	11,023,357	16,372,396	4,582,984	448,776	-	10,393,506	2,102,700	33,900,362
NAFA Active Allocation Riba Free Savings Fu	Fund under Management	6,500,474	1,644,050	-	180,612	-	1,786,724	251,963	3,863,349
NAFA Islamic Active Allocation Equity Fund	Fund under Management	62,828,303	3,870,023	-	126,379	-	4,120,743	1,150,294	9,267,439
NAFA Islamic Energy Fund	Fund under Management	1,183,535	1,892,795	1,866,923	77,664	-	1,849,465	383,004	6,069,851
NAFA Financial Sector Fund	Fund under Management	9,055,478	2,229,540	1,203,521	-	-	2,395,726	599,475	6,428,262
NAFA Islamic Money Market Fund	Fund under Management	16,361,984	358,700	88,660	-	1,361,547	-	535,335	2,344,242
NAFA Islamic Active Allocation Plan-I	Fund under Management	17,034,843	88,922	3,001,958	-	-	-	205,722	3,296,602
NAFA Islamic Active Allocation Plan-II	Fund under Management	3,865,006	51,094	2,697,613	69,596	-	-	160,963	2,979,266
NAFA Islamic Active Allocation Plan-III	Fund under Management	2,245,645	89,165	2,993,253	84,637	-	-	207,108	3,374,163
NAFA Islamic Active Allocation Plan-IV	Fund under Management	3,798,168	29,746	1,513,734	68,088	-	-	188,786	1,800,354
NAFA Islamic Active Allocation Plan-V	Fund under Management	3,368,573	32,730	942,917	73,326	-	-	199,424	1,248,397
NAFA Islamic Active Allocation Plan-VI	Fund under Management	587,939	16,262	441,516	59,920	-	-	125,094	642,792
NAFA Islamic Active Allocation Plan-VII	Fund under Management	8,100,354	5,477	343,102	40,012	-	-	84,849	473,440
NAFA Islamic Active Allocation Plan-VIII	Fund under Management	2,710,405	22,944	-	34,189	-	-	322,931	380,064
NAFA Islamic Principal Protected Fund-2	Fund under Management	287,463	-	-	120,000	-	-	-	120,000
NAFA Active Allocation Fund-I	Fund under Management	33,618	-	-	33,618	-	-	-	33,618
NAFA Active Allocation Fund-II	Fund under Management	5,000	-	-	5,000	-	-	-	5,000
NAFA Active Allocation Fund-III	Fund under Management	4,499,840	-	-	-	4,499,840	-	-	4,499,840
NAFA Islamic Capital Preservation Plan-I	Fund under Management	1,128,234	23,617	227,348	203,857	-	-	420,923	875,745
NAFA Islamic Capital Preservation Plan-II	Fund under Management	10,842,977	299,854	755,129	86,618	-	-	195,796	1,337,397
NAFA Islamic Capital Preservation Plan-III	Fund under Management	4,984,251	297,516	-	69,878	-	-	197,781	565,175
NBP Government Securities Fund-I	Fund under Management	1,261,816	-	-	-	1,261,816	-	-	1,261,816
NBP Government Securities Plan-I	Fund under Management	30,000	160,481	707,243	30,000	-	95,888	95,888	1,089,500
NBP Government Securities Plan-II	Fund under Management	15,000	-	-	15,000	-	-	-	15,000
NBP Government Securities Plan-III	Fund under Management	15,000	-	-	15,000	-	-	-	15,000
NAFA Islamic Capital Preservation Plan - IV	Fund under Management	30,493	213,039	48,747	30,493	-	-	185,203	477,482
NBP Islamic Capital Preservation Plan-V	Fund under Management	1,764	103,921	43,394	1,764	-	-	70,350	219,429
NBP Islamic Capital Preservation Plan-VI	Fund under Management	25,000	-	-	25,000	-	-	-	25,000
NBP Islamic Mahana Amdani Fund	Fund under Management	20,507,440	5,727,619	11,159,589	-	1,183,535	-	1,638,874	19,709,617
NBP Aitemaad Regular Payment Fund	Fund under Management	6,561,607	-	1,656	-	1,275,805	-	94,611	1,372,072
			408,808,659	107,747,049	4,822,536	9,582,543	114,176,098	45,501,391	690,638,276
Saving plans									
NBP Aitemaad Education Plan	Fund under Management	572,081	-	572,081	-	-	-	-	572,081
NBP Aitemaad Retirement Plan	Fund under Management	1,408,774	-	1,408,774	-	-	-	-	1,408,774
NBP Aitemaad Wealth Plan	Fund under Management	3,206,654	-	3,206,654	-	-	-	-	3,206,654
NBP Aitemaad Wedding Plan	Fund under Management	157,137	-	157,137	-	-	-	-	157,137
			-	5,344,646	-	-	-	-	5,344,646
			408,808,659	113,091,695	4,822,536	9,582,543	114,176,098	45,501,391	695,982,922

13.1.2 This amount is receivable in respect of reimbursement from the mutual funds managed by the Company, pursuant to Circular 11 of 2019 dated 05 July 2019, which allows the management company to reimburse marketing expenses upto maximum of total expense ratio cap of the scheme or actual whichever is less.

NBP FUND MANAGEMENT LIMITED
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	Note	2020 ----- Rupees -----	2019 ----- Rupees -----
14 ADVANCES			
Advances to suppliers		18,660,272	34,100,943
Advance against expenses		6,441,623	3,845,449
Advance against salary		56,200	327,200
Advance against commission		3,818,567	4,294,379
		<u>28,976,662</u>	<u>42,567,971</u>
15 OTHER RECEIVABLES			
Considered good, unsecured			
-Receivable From NCCPL		5,283,582	1,062,436
-Advisory fee receivable		1,083,112	5,015,660
-Receivable from insurance company		326,761	476,182
-Receivable from employees		164,708	344,005
-Others		55,804	977,457
-Receivable markup on bank deposit		41,158	570,076
-Receivable from union pay		-	33,722,500
Considered doubtful			
-Others		242,148	242,148
Other receivable - gross		7,197,273	42,410,464
less: provision against doubtful others	15.1	<u>(242,148)</u>	<u>(242,148)</u>
		<u>6,955,125</u>	<u>42,168,316</u>
15.1 Movement in provision against doubtful others			
Balance at the beginning of the year		242,148	-
Charged for the year		-	242,148
Balance at end of the year		<u>242,148</u>	<u>242,148</u>
15.2 The aging analysis of these other receivables are as follows:			
0-6 months		7,197,273	42,410,464
6-12 months		-	1,792,142
above 1 year		242,148	3,465,666
		<u>7,439,421</u>	<u>47,668,272</u>
16 SHORT TERM PREPAYMENTS			
Insurance		12,820,672	11,475,674
Rent		-	26,700,885
Prepaid expenses		9,583,368	3,151,431
		<u>22,404,040</u>	<u>41,327,990</u>
Current portion of long term prepayments		-	1,072,598
		<u>22,404,040</u>	<u>42,400,588</u>

NBP FUND MANAGEMENT LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

		2020	2019
	Note	----- Rupees -----	
17 SHORT TERM INVESTMENT			
Short-term investments at fair value through profit or loss	17.1	<u>280,824,921</u>	<u>278,964,952</u>

17.1 Short-term investments

Name of investee	As at July 1, 2019	Purchases during the year	Number of units			Rupees		
			Bonus dividend units issued during the year	Redemptions during the year	As at June 30, 2020	Average Cost as at June 30, 2020	Fair value as at June 30, 2020	Fair value as at June 30, 2019
NAFA Government Securities Savings Fund	9,842,418	-	-	9,842,418	-	-	-	101,569,812
NAFA Money Market Fund	480,426	36,919,582	282,737	37,682,745	-	-	-	4,741,185
NBP Islamic Regular Income Fund	12,209,553	12,209,552	574,966	12,209,552	12,784,519	102,712,478	107,874,497	101,067,014
NBP Financial Sector Income Fund	6,809,762	17,367,912	-	24,177,674	-	-	-	71,586,941
NBP Stock Fund	-	27,215,246	-	23,244,061	3,971,185	47,298,400	47,527,935	-
NBP Mahana Amdani Fund	-	23,820,328	1,382,190	12,877,800	12,324,718	125,185,160	125,422,489	-
						<u>275,196,038</u>	<u>280,824,921</u>	<u>278,964,952</u>

NBP FUND MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		----- Rupees -----	
18	ADVANCE TAX-NET OF PROVISION		
	Advance tax	909,831,143	799,143,019
	Provision for taxation	(751,915,259)	(667,856,950)
		<u>157,915,884</u>	<u>131,286,069</u>
19	CASH AND BANK BALANCES		
	Balances with bank in		
	-saving account	19.1 9,368,893	5,448,815
	-current accounts	19.2 3,609,210	2,954,305
	Cash in hand	1,725,000	1,363,465
		<u>14,703,103</u>	<u>9,766,585</u>

19.1 These balances are maintained with banks carrying profit rates ranging from 5% to 13.50% for the year ended June 30, 2020 (2019: 7.25% to 10.50%) per annum.

19.2 These include balances in accounts maintained with National Bank of Pakistan Limited (Parent Company) amounting to Rs. 1,343,107 (2019: Rs. 688,202).

		2020	2019
		-----Rupees-----	
20	SHARE CAPITAL		
	Authorized share capital		
		2020	2019
	--- Number of Shares ---		
	Ordinary shares of Rs. 10		
	fully paid in cash	<u>30,000,000</u>	<u>30,000,000</u>
		<u>300,000,000</u>	<u>300,000,000</u>
	Issued, subscribed and paid-up share capital		
		2020	2019
	--- Number of Shares ---		
	Ordinary shares of Rs. 10		
	fully paid in cash	<u>25,000,000</u>	<u>25,000,000</u>
		<u>250,000,000</u>	<u>250,000,000</u>

	% Holding	----- Number of shares-----	
20.1	Particulars of the shareholders		
	National Bank of Pakistan	54.00%	13,499,996
	Baltoro Growth Fund	36.00%	9,000,000
	Dr. Amjad Waheed - Chief Executive Officer	6.25%	1,562,500
	Haider Amjad - CEO family	1.25%	312,500
	Rohma Amjad - CEO family	1.25%	312,500
	Antonio Ace Perez - CEO family	1.25%	312,500
	Directors	0.00%	4
			<u>4</u>
			<u>25,000,000</u>
			<u>25,000,000</u>

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

21 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2020		2019	
	Minimum lease payments	Present Value of minimum lease payments	Minimum lease payments	Present Value of minimum lease payments
	-----Rupees-----			
With in one year	81,714,550	62,998,306	58,279,519	43,238,651
After one year but not more than five years	135,699,138	126,454,341	136,932,925	124,314,556
Total minimum lease payments	217,413,688	189,452,647	195,212,444	167,553,207
Financial charges	(27,961,041)	-	(27,659,237)	-
Present value of minimum lease payments	189,452,647	189,452,647	167,553,207	167,553,207
Current portion	(62,998,306)	(62,998,306)	(43,238,651)	(43,238,651)
	126,454,341	126,454,341	124,314,556	124,314,556

- 21.1 It represents obligation in respect of assets acquired under finance lease arrangements from various financial institutions for a period of four years at a mark-up rate based on six month KIBOR (ask side) plus a spread rate of 1.75% per annum {2019: six month KIBOR (ask side) plus a range from 1.75% to 3.5% per annum} which have been used as a discounting factor. Rentals are payable in monthly installments. Repairs and insurance costs are to be borne by lessee. Overdue payments are subject to additional charge upto 0.1 percent (2018: 0.1 percent) per day. Purchase option can be exercised by the lessee by adjusting security deposit against residual value at the expiry of the lease period.

22 LEASE LIABILITIES AGAINST RIGHT OF USE ASSETS

	2020		2019	
	Minimum lease payments	Present Value of minimum lease payments	Minimum lease payments	Present Value of minimum lease payments
	-----Rupees-----			
With in one year	128,797,442	91,682,399	-	-
After one year but not more than five years	251,095,590	203,766,670	-	-
Total minimum lease payments	379,893,032	295,449,069	-	-
Financial charges	(84,443,963)	-	-	-
Present value of minimum lease payments	295,449,069	295,449,069	-	-
Current portion	(91,682,399)	(91,682,399)	-	-
	203,766,670	203,766,670	-	-

	Note	2020 ----- Rupees -----	2019
23 DEFERRED LIABILITIES			
Gratuity - unfunded	23.1	219,342,815	175,948,035
Deferred income	23.2	13,056,650	22,286,612
		<u>232,399,465</u>	<u>198,234,647</u>

23.1 Gratuity - unfunded

The scheme provided for post employment benefit for all permanent employees who complete qualifying period of five years of services with the company and are entitled to one month's last drawn salary for each completed year of such service. For the current year, annual provision is based on actuarial valuation. The valuation was carried out as at June 30, 2020 by independent actuary, using the projected unit credit method.

		2020 ----- Percentage	2019
23.1.1 Principal actuarial assumptions			
Estimated rate of increase in salary of the employees		9.25%	13.75%
Discount rate		9.25%	13.75%
Demographic assumptions			
Mortality rates (for death in service)		EFU(61-66)	EFU(61-66)

	Note	2020 ----- Rupees -----	2019
23.1.2 Reconciliation of provision for gratuity scheme obligation			
Obligation at beginning of year		175,948,035	136,026,215
Current service cost	23.1.3	25,998,559	21,683,643
Past service cost		(7,087,766)	-
Interest cost	23.1.3	23,024,967	13,016,387
Benefits paid		(2,811,930)	(5,049,611)
Remeasurement due to experience on obligation		4,270,950	10,271,401
Obligation at end of year		<u>219,342,815</u>	<u>175,948,035</u>

23.1.3 The amounts recognized in the profit and loss account - expenses

Current service cost		25,998,559	21,683,643
Interest cost		23,024,967	13,016,387
Past service cost		(7,087,766)	-
		<u>41,935,760</u>	<u>34,700,030</u>

23.1.4 The amounts recognized in other comprehensive income

Remeasurement loss due to experience		<u>4,270,950</u>	<u>10,271,401</u>
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23.1.5 Expected benefit payments for the next 4 years and beyond

The Weighted average duration of the Defined Benefit Obligation is 13 years

Distribution of timing of benefit payments

within next twelve months (next annual reporting period)		37,701,621	36,018,111
between 2 to 4 years		25,519,327	21,189,474
beyond 4 years		101,356,176	107,780,372
		<u>164,577,124</u>	<u>164,987,957</u>

NBP FUND MANAGEMENT LIMITED
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	2020	2019
	----- Rupees -----	
23.1.6 Sensitivity Analysis on significant actuarial assumptions, Actuarial Liability		
Discount Rate +1%	<u>(23,377,737)</u>	<u>(17,156,835)</u>
Discount Rate -1%	<u>27,889,555</u>	<u>20,404,572</u>
Long Term Salary Increases +1%	<u>27,349,950</u>	<u>20,210,762</u>
Long Term Salary Increases -1%	<u>(23,311,942)</u>	<u>(17,296,360)</u>

23.1.7 Historical information of staff retirement benefits

	2020	2019	2018	2017	2016
	----- Rupees -----				
Present value of defined benefit obligation	<u>219,342,815</u>	<u>175,948,035</u>	<u>136,026,215</u>	<u>96,933,072</u>	<u>73,374,151</u>

23.1.8 Break-up of gratuity expense charged for the year has been allocated as follows:

		2020	2019
	Note	----- Rupees -----	
Administrative expenses	30	<u>26,994,028</u>	23,437,790
Selling and marketing expenses	31	<u>14,941,732</u>	11,262,240
		<u>41,935,760</u>	<u>34,700,030</u>

23.2 Deferred income

Balance as at the beginning of the year		22,286,612	7,068,076
Additions during the year		3,886,356	19,786,783
Amortization for the year	29	(11,596,522)	(4,025,463)
Income realized due to lease termination		(1,519,796)	(542,784)
Balance as at the end of the year		<u>13,056,650</u>	<u>22,286,612</u>

24 TRADE AND OTHER PAYABLES

Federal Excise Duty payable	24.1	369,628,324	369,628,324
Sales tax payable		62,406,651	64,583,009
Staff bonus payable		56,500,000	54,683,908
Accrued expenses		19,659,655	1,859,666
Other payable		18,581,600	11,454,945
Commission payable		9,687,887	2,321,970
Payable to Provident Fund		5,402,178	4,917,210
Withholding tax payable		5,444,578	2,020,759
Provision for Workers' Welfare Fund		4,885,455	5,178,877
Advisory fee payable		4,766,710	4,576,466
Leave fare assistance payable		1,679,255	-
Payable to National Bank of Pakistan (Parent Company)		1,677,431	1,273,134
Audit fee		768,920	478,400
Accrued interest on lease liability against leased vehicles		690,216	-
Vehicle buyback		136,478	2,494,612
Advertisement payable		4,879	4,879
Directors remuneration and meeting fee payable		-	920,000
		<u>561,920,217</u>	<u>526,396,159</u>

24.1 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

During the previous year, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

With effect from 01 July 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 01, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 8.209 million is being retained in these financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan.

During the year 2019, the Company received a notice from the Tax Department that the Company has rendered excisable services during the period from July 1, 2013 to June 30, 2014 and has failed to deposit the excisable duty amounting to Rs. 369.6 million. Further, the Company was also be required to be registered under Section 13 of Federal Excise Act 2005 read with section 14 of Sales tax Act 1990 and chapter 1 of Sales Tax Rules 2006. The Company has duly replied to the above notice denying the applicability because the company does not require to registered under 2005 act as its services are subject to service tax under provincial sales tax laws. Since then and to the best of our knowledge, no further correspondence has yet been received by the Company.

25 CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

25.1.1 The SECP passed an order no. SCD/PRDD/ADJ/NBPF/44/2019/116 dated February 12, 2020 against the Company whereby a penalty of Rs.0.50 million was imposed on account of an investor complaint for alleged violation of, inter alia, Regulation 38(1)(a) and Regulation 66a(c) and (d) of the Non-Banking Financing Companies and Notified Entities Regulations, 2008 along with Circular 23 of 2013. The management of the Company does not agree to the allegation made in the order and it believes that the Company has not violated the aforementioned Regulations in letter and spirit. Accordingly the Company filed an appeal before the Appellate Bench of Securities and Exchange Commission of Pakistan (SECP) against the aforesaid order of SECP. The appeal is pending for hearing to date, however, the Company is confident that the same will be decided in favour of the Company. Also, the SECP, further issued an order no. SCD/ADJ/NBPF/46/2019/149 dated February 28, 2020 against the Company where by a penalty of Rs.0.75 million was imposed on account of an investor complaint for alleged violation of, inter alia, Regulation 38(1)(a) and Regulation 66a(c) and (d) of the Non-Banking Financing Companies and Notified Entities Regulations, 2008 along with Circular 26 of 2015.

The management of the Company does not agree to the allegation raised by the investor and it believes that the Company has not violated the said Regulations in letter and spirit and has decided to contest against the aforementioned order of SECP. Accordingly, the Company is in the process of filing an appeal with the Appellate Bench of SECP against the said order as of the date of authorization of these condensed interim Financial Statements. The management of the Company is confident that the appeal will be decided in the Company's favour.

- 25.1.2** Further during the period, the Securities and Exchange Commission of Pakistan (SECP), issued an order no. SECP/Adj-I/SCD/NBPF/04/2019/311 dated March 31, 2020 against the Company whereby a penalty of Rs. 0.5 million was imposed on account of alleged non-compliance of, inter alia, Regulations 4(d), 6(5)(a), 9(2), and 13(7) of the Anti Money Laundering and Countering Financing of Terrorism Regulations 2018. The management of the Company does not agree to the allegation raised in the order and it believes that the Company has not violated the said Regulations in spirit and, therefore, has decided to contest against the aforementioned order of SECP. Accordingly, the Company is in the process of filing an appeal with the Appellate Bench of SECP against the order as of the date of authorization of these condensed interim Financial Statements. The management of the Company is confident that the appeal will be decided in favour of the Company.
- 25.1.3** In the year 2015 the Additional Commissioner amended assessment of Tax Year 2008 through an order passed under section 122(5A) of the Income Tax Ordinance, 2001, whereby, adjustment of carry forward of minimum tax for tax years 2006 and 2007 amounting to Rs. 21.35 million has been disallowed in light of the judgment of Honorable Sindh High Court. The Company filed an appeal before the Commissioner (Appeals) against the aforesaid order. The appeal is pending for hearing to date, however, the Company is confident that the same will be decided favorably.
- 25.1.4** The ACIR passed an order dated May 4, 2016 under section 122 (5A) of ITO, 2001 to amend the deemed assessment u/s 122(5A) of the Ordinance. In the said order, the ACIR has rejected the refund claimed in the return to the extent of Rs. 15.86 million by holding that deductions suffered under section 153(1)b are to be treated as minimum tax, the ACIR has effectively reduced the tax refundable for the year available to the Company for adjustment in subsequent years. The Company has filed on May 26, 2016 against the order dated May 4, 2016 passed under section 122(5A) of the Ordinance. The Commissioner appeals in this respect passed an order dated October 10, 2018 maintaining the order of ACIR. The Company has filed an appeal before the Appellate Tribunal Inland Revenue against the order of the Commissioner. Appeal is pending for hearing to date.
- 25.1.5** Further, in the years 2014-2015 and 2015-2016, Commissioner Inland Revenue (ACIR) passed an order under section 122(5A) of the Income Tax Ordinance, 2001, to amend the deemed assessment in respect of return of income for the tax year 2010 and 2011. The ACIR has rejected the total refund claimed in the return to the extent of Rs. 23.97 million by holding that deductions suffered under section 153(1)(b) of the Income Tax Ordinance 2001, are to be treated as minimum tax and such are not available for adjustment. By treating the same as minimum tax, the ACIR has effectively reduced the tax refundable for the years available to the Company for adjustment in subsequent years. The Company has filed an appeal against the order passed under section 122(5A). The aforesaid appeal is yet to be heard by the Commissioner (Appeals), however, the Company is confident that the same will be decided favorably.

25.1.6 During the year 2017, the ACIR passed an order dated May 15, 2017 under section 122 (5A) of Income Tax Ordinance 2001 rejecting the refund claimed in the return to the extent of Rs. 2.72 million by holding that deductions suffered under section 153 (1) (b) are to be treated as minimum tax and such are not available for adjustment. The ACIR effectively eliminated the tax refundable for the year available to the Company and determined tax payable amounting to Rs. 2.72 million. The said demand has been requested to the Taxation Officer to be adjusted against refunds of prior years. The Company filed an appeal before the Commissioner (Appeals) against the said order. The Commissioner (Appeals) in this respect, passed an order dated October 06, 2017 maintaining the order ACIR. The Company has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order of the Commissioner (Appeals). The aforesaid appeal filed by the Company before the ATIR is pending for hearing to date and the Company is confident that the same will be decided in favorably.

25.2 Commitments

The Company has an arrangement with the National Bank of Pakistan (Parent) whereby the parent has allowed premises in its certain branches to the Company to conduct sales and operational activities. Such arrangement is classified as operating lease as the value of portion occupied in different branches is of low value. The arrangement includes payments as follows;

	2020	2019
	----- Rupees -----	
Within one year	4,753,848	9,507,696
One to five years	-	4,753,848
	<u>4,753,848</u>	<u>14,261,544</u>

NBP FUND MANAGEMENT LIMITED
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26 MANAGEMENT FEE AND DISCRETIONARY PORTFOLIO ADVISORY FEE

	2020			2019		
	Gross Fee	Sales Tax	Net Fee	Gross Fee	Sales Tax	Net Fee
	Rupees					
Open-end Collective Investment Schemes						
NBP Income Opportunity Fund	43,514,167	5,006,055	38,508,112	55,479,816	6,382,634	49,097,182
NBP Stock Fund	224,066,492	25,777,561	198,288,931	336,577,934	38,721,355	297,856,579
NBP Balanced Fund	24,355,067	2,801,910	21,553,157	35,944,398	4,135,196	31,809,202
NBP Islamic Savings Fund	29,127,066	3,350,901	25,776,165	23,989,570	2,759,862	21,229,708
NBP Islamic Sarmaya Izafa Fund	91,776,543	10,558,363	81,218,180	225,868,442	25,984,865	199,883,577
NBP Savings Fund	11,262,268	1,295,659	9,966,609	7,635,696	878,443	6,757,253
NAFA Government Securities Liquid Fund	11,650,802	1,340,358	10,310,444	27,989,049	3,219,979	24,769,070
NBP Mahana Amdani Fund	5,223,332	600,914	4,622,418	3,575,645	411,357	3,164,288
NBP Riba Free Savings Fund	49,473,750	5,691,670	43,782,080	45,276,376	5,208,787	40,067,589
NBP Sarmaya Izafa Fund	23,642,165	2,719,895	20,922,270	60,683,397	6,981,276	53,702,121
NBP Financial Sector Income Fund	78,842,688	9,070,398	69,772,290	31,048,939	3,572,002	27,476,937
NBP Money Market Fund	89,559,003	10,303,248	79,255,755	208,277,092	23,961,081	184,316,011
NAFA Pension Fund	39,743,412	4,572,251	35,171,161	35,456,833	4,079,105	31,377,728
NAFA Islamic Pension Fund	37,769,238	4,345,134	33,424,104	33,362,439	3,838,157	29,524,282
NAFA Islamic Principal Protected Fund-II	1,673,707	192,550	1,481,157	1,616,411	185,959	1,430,452
NBP Government Securities Savings Fund	2,834,417	326,083	2,508,334	4,291,437	493,705	3,797,732
NBP Islamic Stock Fund	78,196,059	8,996,007	69,200,052	126,097,022	14,506,737	111,590,285
NAFA Islamic Active Allocation Plan-I	19,696	2,266	17,430	214,601	24,689	189,912
NAFA Islamic Active Allocation Plan-II	18,424	2,120	16,304	177,547	20,426	157,121
NAFA Islamic Active Allocation Plan-III	155,882	17,933	137,949	425,417	48,942	376,475
NBP Islamic Energy Fund	9,423,323	1,084,099	8,339,224	26,919,624	3,096,948	23,822,676
NBP Islamic Active Allocation Equity Fund	17,325,946	1,993,250	15,332,696	41,150,853	4,734,169	36,416,684
NBP Riba Free Savings Fund	4,006,103	460,879	3,545,224	19,889,593	2,288,183	17,601,410
NAFA Islamic Active Allocation Plan-IV	156,688	18,026	138,662	334,547	38,488	296,059
NAFA Islamic Active Allocation Plan-V	243,505	28,014	215,491	563,645	64,844	498,801
NAFA Islamic Active Allocation Plan-VI	201,739	23,209	178,530	346,360	39,847	306,513
NAFA Islamic Active Allocation Plan-VII	40,133	4,617	35,516	144,819	16,661	128,158
NAFA Islamic Active Allocation Plan-VIII	187,266	21,544	165,722	499,286	57,440	441,846
NBP Financial Sector Fund	13,076,857	1,504,417	11,572,440	26,247,739	3,019,651	23,228,088
NBP Islamic Money Market Fund	4,732,229	544,416	4,187,813	12,977,625	1,493,001	11,484,624
NAFA Islamic Capital Preservation Plan-I	343,709	39,542	304,167	606,277	69,749	536,528
NAFA Islamic Capital Preservation Plan-II	2,228,063	256,326	1,971,737	6,070,785	698,409	5,372,376
NAFA Islamic Capital Preservation Plan-III	2,355,752	271,016	2,084,736	6,424,649	739,119	5,685,530
NAFA Islamic Capital Preservation Plan-IV	1,532,523	176,308	1,356,215	3,083,411	354,729	2,728,682
NAFA Islamic Capital Preservation Plan-V	898,926	103,416	795,510	948,247	109,090	839,157
NBP Government Securities Plan-I	1,890,284	217,466	1,672,818	650,140	74,795	575,345
NBP Islamic Mahana Amdani Fund (Formerly NBP Aitemad Mahana Amdani Fund)	45,213,239	5,201,523	40,011,716	15,224,661	1,751,510	13,473,151
NBP Daily Dividend Fund	3,027,286	348,272	2,679,014	-	-	-
	949,787,750	109,267,617	840,520,133	1,426,070,319	164,061,187	1,262,009,132
Investment advisory fee from discretionary portfolio management	51,888,097	5,969,427	45,918,670	39,943,754	4,595,299	35,348,455
	1,001,675,847	115,237,044	886,438,803	1,466,014,073	168,656,486	1,297,357,587

26.1 Open-end Collective Investment Schemes

Name of Fund	2020			2019		
	Management Fee as a % of Net Income	Management fee as a % of net assets subject to		Management Fee as a % of Net Income	Management fee as a % of net assets subject to	
		Lower cap	Upper cap		Lower cap	Upper cap
NBP Income Opportunity Fund	6.00%	0.50%	1.00%	8.00%	0.50%	1.00%
NBP Savings Fund	8.00%	0.50%	1.00%	7.00%	0.50%	1.00%
NBP Islamic Savings Fund	8.00%	0.50%	1.50%	7.00%	0.50%	1.00%
NBP Government Securities Liquid Fund	3.00%	0.40%	1.00%	8.00%	0.50%	1.00%
NBP Mahana Amdani Fund	1.00%	0.15%	1.00%	7.00%	0.50%	1.50%
NBP Riba Free Savings Fund	6.00%	0.50%	1.25%	7.00%	0.50%	1.25%
NBP Financial Sector Income Fund	6.00%	0.50%	1.50%	7.00%	0.50%	1.50%
NBP Money Market Fund	1.00%	0.15%	1.00%	8.00%	0.50%	1.00%
NBP Government Securities Savings Fund	1.50%	0.20%	1.00%	5.00%	0.30%	1.00%
NBP Islamic Stock Fund	-	1.50%	1.50%	-	2.00%	2.00%
NBP Islamic Sarmaya Izafa Fund	-	1.50%	1.50%	-	2.00%	2.00%
NBP Balanced Fund	-	1.50%	1.50%	-	2.00%	2.00%
NBP Stock Fund	-	1.50%	1.50%	-	2.00%	2.00%
NBP Sarmaya Izafa Fund	-	1.50%	1.50%	-	2.00%	2.00%
NAFA Pension Fund	-	1.50%	1.50%	-	1.50%	1.50%
NAFA Islamic Pension Fund	-	1.50%	1.50%	-	1.50%	1.50%
NAFA Islamic Principal Protected Fund-I	12.00%	0.50%	1.00%	12.00%	0.50%	1.00%
NAFA Islamic Active Allocation Plan-I	Management fee of 1.25% will be charged on average annual net assets that have been placed in cash and bank accounts of the fund.			Management fee of 1.25% will be charged on average annual net assets that have been placed in cash and bank accounts of the fund.		
NAFA Islamic Active Allocation Plan-II						
NAFA Islamic Active Allocation Plan-III						
NAFA Islamic Energy Fund						
NBP Islamic Active Allocation Equity Fund	-	1.50%	1.50%	-	2.00%	2.00%
NBP Active Allocation Riba Free Savings Fund	9%	0.50%	1.25%	0.12	0.50%	1.25%
NAFA Islamic Active Allocation Plan-IV	Management fee of 1.25% will be charged on average annual net assets that have been placed in cash and bank accounts of the fund.			Management fee of 1.25% will be charged on average annual net assets that have been placed in cash and bank accounts of the fund.		
NAFA Islamic Active Allocation Plan-V						
NAFA Islamic Active Allocation Plan-VI						
NAFA Islamic Active Allocation Plan-VII						
NAFA Islamic Active Allocation Plan-VIII	Management fee of 1.00% will be charged on average annual net assets that have been placed in cash and bank accounts of the fund.			Management fee of 1.00% will be charged on average annual net assets that have been placed in cash and bank accounts of the fund.		
NBP Financial Sector Fund						
NAFA Islamic Money Market Fund						
NAFA Islamic Capital Preservation Plan-I						
NAFA Islamic Capital Preservation Plan-II	Management fee of 1.00% will be charged on average annual net assets that have been placed in cash and bank accounts of the fund.			Management fee of 1.00% will be charged on average annual net assets that have been placed in cash and bank accounts of the fund.		
NAFA Islamic Capital Preservation Plan-III						
NAFA Islamic Capital Preservation Plan-IV						
NAFA Islamic Capital Preservation Plan-V						
NBP Islamic Mahana Amdani Fund	1.50%	0.20%	1.50%	7.00%	0.50%	1.50%
NBP Islamic Regular Income Fund	Currently no management fee is being charged			-	2.00%	2.00%
NBP Government Securities Plan - I	-	0.60%	0.60%	-	0.60%	0.60%
NBP Islamic Daily Dividend Fund	1.00%	0.10%	1.00%	-	-	-

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	Note	2020 ----- Rupees -----	2019 -----
27 SALES LOAD ATTRIBUTABLE TO MANAGEMENT COMPANY			
Gross load inclusive of sales tax		335,358,270	210,402,633
Less: sales tax		(38,581,040)	(24,205,613)
Less: sale load ceded to agents		<u>(150,983,605)</u>	<u>(89,554,882)</u>
Net load attributable to the Company		<u>145,793,625</u>	<u>96,642,138</u>
28 INVESTMENT ADVISORY FEE			
Gross fee		2,202,985	2,059,933
Less: sales tax		<u>(286,388)</u>	<u>(267,791)</u>
Net fee		<u>1,916,597</u>	<u>1,792,142</u>
29 OTHER INCOME			
Upfront fee		15,668,504	14,213,716
Amortization of deferred income	23.2	11,596,522	4,025,463
Gain on disposal of property and equipment	6.4	5,552,177	10,427,136
Exchange gain		201,746	-
Other income		-	33,874,898
		<u>33,018,949</u>	<u>62,541,213</u>
30 ADMINISTRATIVE EXPENSES			
Staff salaries and benefits		404,319,718	336,930,168
Depreciation on property and equipment	6.2	65,843,132	49,440,775
Depreciation on right of use assets	8.2	53,806,941	-
Bonus to staff		54,782,061	47,210,968
Legal and professional charges		37,365,028	18,717,425
Communications		32,540,433	25,205,747
Gratuity scheme contribution	23.1.8	26,994,028	23,437,790
Printing and stationery		26,126,996	32,834,095
Amortization on intangible assets	7.1	18,995,070	1,485,930
Utilities		18,009,806	12,628,070
Investor's insurance		17,848,822	13,819,364
Fees and subscription		17,802,760	19,499,996
Repair and maintenance		16,290,874	5,876,799
Staff conveyance		13,170,295	15,652,139
Staff medical insurance		8,724,308	10,014,586
Property and general insurance		6,725,033	6,386,199
Directors meeting fee		5,270,000	3,440,000
Traveling		5,186,481	6,381,749
Staff training costs		3,106,863	4,010,783
Security charges		2,971,706	2,570,721
Miscellaneous expenses		1,270,010	2,188,870
Auditors' remuneration	30.1	988,200	846,564
Donations	30.2	100,000	1,500,000
GST and FED charged on load and advisory fee		-	270,908
Rent, rate and taxes		-	44,323,686
Reimbursement of accounting and operational services		<u>(113,424,369)</u>	<u>(97,511,864)</u>
		<u>724,814,196</u>	<u>587,161,468</u>

		2020	2019
		----- Rupees -----	
30.1 Auditors' remuneration			
Audit fee		450,000	400,000
Half yearly review		210,000	200,000
PSCG review fee		115,000	100,000
Certifications		50,000	-
Out of pocket expenses		90,000	83,856
Sindh sales tax		73,200	62,708
		<u>988,200</u>	<u>846,564</u>
30.2 Donations			
MBJ Health Association		-	500,000
Bhasha Mohmand Dam Fund		-	1,000,000
Karachi Down Syndrome		100,000	-
		<u>100,000</u>	<u>1,500,000</u>
30.2.1	The director(s), their spouse(s) or minor children (s) has no interest in the donation made by the Company.		
		2020	2019
	Note	----- Rupees -----	
31 SALES AND MARKETING EXPENSES			
Staff salaries and benefits		489,228,366	372,714,319
Staff conveyance		95,857,890	63,335,262
Marketing and business		66,980,349	115,873,586
Commission		66,562,423	45,160,508
Depreciation on right of use assets	8.2	55,977,493	-
Depreciation on property and equipment	6.2	42,943,348	36,053,136
Utilities		29,625,556	21,646,630
Communications		27,823,427	24,429,903
Gratuity scheme contribution	23.1.8	14,941,732	11,262,240
Staff medical insurance		11,785,298	6,855,130
Rent, rate and taxes		9,727,830	55,946,134
Security charges		7,743,024	7,122,873
Printing and stationery		5,889,259	7,459,549
Repair and maintenance		4,797,278	7,743,988
Staff training costs		4,534,818	4,403,029
Traveling		3,706,982	6,275,983
Property and general insurance		2,668,788	2,528,818
Bonus to staff		1,717,939	866,082
Legal and professional charges		1,081,329	964,214
Fees and subscription		162,825	165,326
Miscellaneous		6,871	265,452
Reimbursement of selling and marketing expenses		<u>(902,604,100)</u>	<u>(223,120,473)</u>
		<u>41,158,725</u>	<u>567,951,689</u>
32 FINANCIAL CHARGES			
Finance charges on right of use assets		35,362,554	-
Interest charge on finance lease		21,834,826	9,897,963
Bank charges		90,172	399,333
		<u>57,287,552</u>	<u>10,297,296</u>

	2020	2019
	----- Rupees -----	
33 OTHER CHARGES		
Sindh Workers Welfare Fund	5,603,389	5,896,812
Lease termination charges	43,865	917,791
	<u>5,647,254</u>	<u>6,814,603</u>
34 TAXATION		
Current	85,521,130	113,126,170
Deferred	3,934,191	(14,406,965)
	<u>89,455,321</u>	<u>98,719,205</u>

34.1 During the year June 30, 2020, the Company is charged at 29% under normal tax regime of the Income Tax Ordinance, 2001, whereas in previous year, the Company was charged at minimum tax regime under section 153 of the said ordinance at the rate of 8% of total revenue.

	2020	2019
	----- Rupees -----	
Relationship between tax expense and accounting profit/total turnover		
Profit before tax	<u>274,566,959</u>	-
Total turnover	-	<u>1,395,791,867</u>
Corporate tax at 29%	79,624,418	-
Tax u/s 153 @ 8%	-	111,663,349
Tax effect of:		
Tax impact of income taxed at reduced rates	5,896,712	1,462,821
Deferred taxation	3,934,191	(14,406,965)
Tax expense charged on income	<u>89,455,321</u>	<u>98,719,205</u>

34.2 Accounting year	Provision for taxation	Tax assessed
	----- Rupees -----	
2019	98,719,205	113,126,441
2018	139,547,150	121,441,506
2017	151,854,661	138,747,455

	2020	2019
	----- Rupees -----	
35 EARNINGS PER SHARE - BASIC AND DILUTED		
35.1 Basic earnings per share		
Profit for the year attributable to ordinary shareholders (in Rupees)	<u>185,111,638</u>	<u>190,224,562</u>
Weighted average number of ordinary shares (number of shares)	<u>25,000,000</u>	<u>25,000,000</u>
Basic earning per share (in Rupees)	<u>7.40</u>	<u>7.61</u>

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35.2 Diluted earnings per share

Diluted earning per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2020 and June 30, 2019 which would have any effect on the earnings per share if the option to convert is exercised.

36 REMUNERATION TO THE CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration including all benefits to Chief Executive Officer, Directors and Executives of the Company were as follows and all executives whose annual basic salary equals to Rs: 1,200,000 (2019: Rs.1,200,000) or more.

	2020			2019		
	Chief Executive Officer	Directors (Refer Note 30)	Executives	Chief Executive Officer	Directors (Refer Note 30)	Executives
	----- Rupees -----					
Managerial remuneration	47,841,708	-	377,195,092	47,841,707	-	310,995,044
Bonus	14,447,188	-	32,332,876	24,013,827	-	50,843,110
Provident fund	283,460	-	22,738,224	2,929,081	-	18,871,142
Gratuity	234,059	-	12,193,226	2,440,903	-	9,910,583
Commission	-	-	52,381,721	-	-	36,735,759
Utilities	629,590	-	20,719,608	566,526	-	18,602,969
Medical	338,579	-	2,394,231	194,307	-	2,068,562
Meeting fee	-	5,270,000	-	-	3,440,000	-
	63,774,584	5,270,000	519,954,978	77,986,351	3,440,000	448,027,169
Number of person(s)	1	8	112	1	8	98

36.1 The executives are provided with the Company maintained car.

37 DISCRETIONARY PORTFOLIO

The cost and market value of the underlying investments included in the discretionary portfolio managed by the company are as under:

	Number of clients	Cost	Market value
		-----Unaudited-----	
----- Rupees -----			
Discretionary portfolio	61	12,329,856,645	12,662,577,487
		2020	2019
----- Rupees -----			
Net fee earned	Note 26	45,918,670	35,348,455

37.1 Discretionary portfolio comprises of following investments:

Debt / equity securities	10,301,017,589	6,055,867,546
Cash	2,028,839,056	5,561,478,466
	12,329,856,645	11,617,346,012

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38 TRANSACTIONS WITH RELATED PARTIES

National Bank of Pakistan holds 54% ordinary shares of the Company as at year end. Therefore all subsidiaries and associated undertakings of NBP are related parties of the Company. Other related parties comprise managed funds, major shareholders and the companies owned by such shareholders, entities owned by the directors of the Company where they also hold directorships and key management personnel of the Company and their close family members and retirement benefit plan. The transaction with related party are in normal course of business and are carried out at contracted rates and terms. Remuneration to key management personnel is disclosed in note 38 to the financial statements. Following is the summary of balances and transactions with the related parties.

	2020	2019
	-----Rupees-----	
38.1 Balances with Related Parties		
National Bank of Pakistan - (Parent company)		
Bank deposits	1,343,107	688,202
Sales commission payable	230,583	120,210
Utilities payable	621,000	534,000
Rent payable	825,848	551,769
Funds under management		
NBP Government Securities Liquid Fund		
Management fee receivable (inclusive of SST and FED)	46,611,959	47,519,600
Reimbursement of accounting and operational services	614,291	1,087,851
Reimbursement of marketing & selling expenses	3,691,760	-
NBP Mahana Amdani Fund		
Management fee receivable (inclusive of SST and FED)	11,017,814	11,023,357
Sales load receivable	2,261,021	464,750
Other receivable	288,628	288,628
Reimbursement of accounting and operational services	636,331	213,247
Reimbursement of marketing & selling expenses	2,545,986	852,961
NBP Income Opportunity Fund		
Management fee receivable (inclusive of SST and FED)	41,842,317	44,316,551
Sales load receivable	4,068,318	5,742,152
Reimbursement of accounting and operational services	1,010,668	2,736,730
Reimbursement of marketing & selling expenses	7,074,668	10,946,901
NBP Savings Fund		
Management fee receivable (inclusive of SST and FED)	3,778,649	3,597,157
Sales load receivable	1,855,110	919,114
Other Receivable	15,000	15,000
Reimbursement of accounting and operational services	302,327	494,506
Reimbursement of marketing & selling expenses	2,116,202	1,977,980
NBP Islamic Savings Fund		
Management fee receivable (inclusive of SST and FED)	6,169,150	6,215,617
Sales load receivable	3,401,091	2,190,169
Other receivable	28,174	268,174
Reimbursement of accounting and operational services	1,013,121	1,414,646
Reimbursement of marketing & selling expenses	7,094,831	5,658,572

	2020	2019
	-----Rupees-----	
NBP Money Market Fund		
Management fee receivable (inclusive of SST and FED)	48,184,946	67,954,093
Sales load receivable	904,369	1,581,292
Reimbursement of accounting and operational services	8,703,381	10,309,577
Reimbursement of marketing & selling expenses	52,529,586	-
NBP Islamic Sarmaya Izafa Fund		
Management fee receivable (inclusive of SST and FED)	25,460,208	32,191,221
Sales load receivable	21,216,860	25,454,503
Other receivable	606,981	846,981
Reimbursement of accounting and operational services	1,233,345	4,397,453
Reimbursement of marketing & selling expenses	17,717,016	17,589,847
NBP Balanced Fund		
Management fee receivable (inclusive of SST and FED)	13,540,104	14,277,790
Sales load receivable	876,790	856,908
Other receivable	833	833
Reimbursement of accounting and operational services	346,771	762,105
Reimbursement of marketing & selling expenses	4,946,204	3,019,169
NBP Stock Fund		
Management fee receivable (inclusive of SST and FED)	51,442,766	55,613,131
Sales load receivable	4,719,992	8,488,096
Reimbursement of accounting and operational services	3,355,082	6,920,898
Reimbursement of marketing & selling expenses	48,194,281	27,683,552
NBP Sarmaya Izafa Fund		
Management fee receivable (inclusive of SST and FED)	17,758,508	19,803,959
Sales load receivable	9,169,535	5,019,563
Other receivable	5,000	5,000
Reimbursement of accounting and operational services	309,379	1,178,613
Reimbursement of marketing & selling expenses	4,440,451	4,714,452
NBP Riba Free Savings Fund		
Management fee receivable (inclusive of SST and FED)	13,777,050	16,361,984
Sales load receivable	500,257	1,047,794
Other receivable	146,080	386,080
Reimbursement of accounting and operational services	1,421,969	3,161,277
Reimbursement of marketing & selling expenses	9,946,714	12,644,983
NBP Financial Sector Income Fund		
Management fee receivable (inclusive of SST and FED)	21,532,346	18,851,781
Sales load receivable	9,857,574	3,798,168
Other receivable	174,000	174,000
Reimbursement of accounting and operational services	2,549,759	2,055,500
Reimbursement of marketing & selling expenses	17,848,326	8,221,981
NAFA Pension Fund		
Management fee receivable (inclusive of SST and FED)	7,590,843	5,412,761
Sales load receivable	5,113,418	2,405,704
Other receivable	382,500	240,000

	2020	2019
	-----Rupees-----	
NAFA Islamic Pension Fund		
Management fee receivable (inclusive of SST and FED)	6,446,690	6,634,925
Sales load receivable	8,409,315	2,868,745
Other receivable	97,500	240,000
NAFA Islamic Principal Protected Fund-I		
Management fee receivable (inclusive of SST and	11,370,447	11,455,745
Sales load receivable	5,514,629	5,514,629
Other receivable	420,806	420,806
Reimbursement of accounting and operational services	1,076	1,076
NAFA Islamic Principal Protected Fund-II		
Management fee receivable (inclusive of SST and FED)	8,280,623	8,527,396
Sales load receivable	2,899,057	2,899,057
Other receivable	-	11,158
Reimbursement of accounting and operational services	27,934	117,307
Reimbursement of marketing & selling expenses	111,703	223,648
NBP Government Securities Savings Fund		
Management fee receivable (inclusive of SST and FED)	2,062,874	2,494,721
Sales load receivable	2,998,199	618,688
Other receivable	25,000	25,000
Reimbursement of accounting and operational services	255,102	650,307
Reimbursement of marketing & selling expenses	1,785,691	-
NAFA Islamic Principal Preservation Fund		
Management fee receivable (inclusive of SST and FED)	3,024,240	3,026,979
Sales load receivable	5,258,430	5,258,430
Other receivable	-	1,449
Reimbursement of accounting and operational services	57,252	583,224
NBP Islamic Stock Fund		
Management fee receivable (inclusive of SST and FED)	14,936,823	16,372,396
Sales load receivable	4,566,974	4,582,984
Other receivable	208,776	448,776
Reimbursement of accounting and operational services	1,133,409	2,102,700
Reimbursement of marketing & selling expenses	16,312,576	10,393,506
NBP Active Allocation Riba Free Savings Fund		
Management fee receivable (inclusive of SST and FED)	677,287	1,644,050
Other receivable	-	180,612
Reimbursement of accounting and operational services	28,837	251,963
Reimbursement of marketing & selling expenses	201,812	1,786,724
NBP Islamic Active Allocation Equity Fund		
Management fee receivable (inclusive of SST and FED)	2,389,765	3,870,023
Other receivable	-	126,379
Reimbursement of accounting and operational services	172,478	1,150,294
Reimbursement of marketing & selling expenses	2,476,411	4,120,743
NAFA Islamic Active Allocation Plan-I		
Management fee receivable (inclusive of SST and FED)	78,051	88,922
Sales load receivable	3,001,958	3,001,958
Reimbursement of accounting and operational services	4,494	205,722

	2020	2019
	-----Rupees-----	
NAFA Islamic Active Allocation Plan-II		
Management fee receivable (inclusive of SST and FED)	42,805	51,094
Sales load receivable	2,697,613	2,697,613
Other receivable	21,596	69,596
Reimbursement of accounting and operational services	5,612	160,963
NAFA Islamic Active Allocation Plan-III		
Management fee receivable (inclusive of SST and FED)	9,827	89,165
Sales load receivable	2,993,253	2,993,253
Other receivable	36,637	84,637
Reimbursement of accounting and operational services	31,605	207,108
NBP Financial Sector Fund		
Management fee receivable (inclusive of SST and FED)	806,488	2,229,540
Sales load receivable	1,397,528	1,203,521
Preliminary and flotation cost	-	-
Reimbursement of accounting and operational services	146,517	599,475
Reimbursement of marketing & selling expenses	2,090,524	2,395,726
NBP Islamic Money Market Fund		
Management fee receivable (inclusive of SST and FED)	458,865	358,700
Sales load receivable	2,235,612	88,660
Preliminary and flotation cost	21,975	1,361,547
Reimbursement of accounting and operational services	980,872	535,335
Reimbursement of marketing & selling expenses	6,882,785	-
NBP Islamic Regular Income Fund		
Preliminary and flotation cost	265,314	1,275,805
Sales load receivable	27,167	-
Reimbursement of accounting and operational services	26,768	94,611
Reimbursement of marketing & selling expenses	384,239	-
NBP Islamic Energy Fund		
Management fee receivable (inclusive of SST and FED)	1,434,151	1,892,795
Sales load receivable	3,011,295	1,866,923
Other receivable	-	77,664
Reimbursement of accounting and operational services	135,241	383,004
Reimbursement of marketing & selling expenses	1,949,868	1,849,465
NAFA Islamic Active Allocation Plan-IV		
Management fee receivable (inclusive of SST and FED)	13,090	29,746
Sales load receivable	125,502	1,513,734
Other receivable	20,088	68,088
Reimbursement of accounting and operational services	33,808	188,786
NAFA Islamic Active Allocation Plan-V		
Management fee receivable (inclusive of SST and FED)	15,214	32,730
Sales load receivable	-	942,916
Other receivable	25,326	73,326
Reimbursement of accounting and operational services	34,978	199,424

	2020	2019
	-----Rupees-----	
NAFA Islamic Active Allocation Plan-VI		
Management fee receivable (inclusive of SST and FED)	15,406	16,262
Sales load receivable	441,516	441,516
Other receivable	11,920	59,920
Reimbursement of accounting and operational services	79,163	125,094
NAFA Islamic Active Allocation Plan-VII		
Management fee receivable (inclusive of SST and FED)	3,308	5,477
Sales load receivable	343,102	343,102
Other receivable	-	40,012
Reimbursement of accounting and operational services	28,789	84,849
NAFA Islamic Active Allocation Plan-VIII		
Management fee receivable (inclusive of SST and FED)	19,184	22,944
Other receivable	-	34,189
Reimbursement of accounting and operational services	122,717	322,931
Nafa Islamic Capital Preservation Plan-I		
Management fee receivable (inclusive of SST and FED)	15,374	23,617
Sales load receivable	227,348	227,348
Other receivable	155,857	203,857
Reimbursement of accounting and operational services	146,888	420,923
Nafa Islamic Capital Preservation Plan-II		
Management fee receivable (inclusive of SST and FED)	137,278	299,854
Sales load receivable	755,129	755,129
Other receivable	38,618	86,618
Reimbursement of accounting and operational services	104,412	86,618
Nafa Islamic Capital Preservation Plan-III		
Management fee receivable (inclusive of SST and FED)	160,721	297,516
Other receivable	69,878	69,878
Reimbursement of accounting and operational services	113,401	197,781
NBP Government Securities Plan I		
Management fee receivable (inclusive of SST and FED)	162,753	160,481
Sales load receivable	707,243	707,243
Other receivable	30,000	30,000
Reimbursement of accounting and operational services	72,636	95,888
Reimbursement of marketing & selling expenses	72,637	-
NAFA Islamic Capital Preservation Plan-IV		
Management fee receivable (inclusive of SST and FED)	137,713	213,039
Sales load receivable	-	48,747
Other receivable	30,493	30,493
Reimbursement of accounting and operational services	79,334	185,203
NBP Islamic Capital Preservation Plan-V		
Management fee receivable (inclusive of SST and FED)	82,314	103,921
Sales load receivable	-	43,394
Other receivable	1,764	1,764
Reimbursement of accounting and operational services	47,364	70,350

	2020	2019
	-----Rupees-----	
NBP Islamic Mahana Amdani Fund (formerly:		
Management fee receivable (inclusive of SST and FED)	4,326,584	5,727,619
Sales load receivable	3,507,390	11,159,588
Preliminary and flotation cost	1,183,535	1,183,535
Reimbursement of accounting and operational services	6,484,496	-
Reimbursement of marketing & selling expenses	45,391,488	-
NAFA Active Allocation Fund-II		
Other receivable	5,000	5,000
NAFA Active Allocation Fund-III		
Preliminary and flotation cost	-	4,499,840
Other receivable	338,475	-
NBP Government Securities Fund-I		
Other receivable	25,000	1,261,816
NBP Government Securities Plan-II		
Other receivable	15,000	15,000
NBP Government Securities Plan-III		
Other receivable	15,000	15,000
NBP Islamic Capital Preservation Plan-VI		
Other receivable	25,000	25,000
NBP Islamic Daily Dividend Fund		
Management fee receivable (inclusive of SST and FED)	791,747	-
Sales load receivable	1,376,676	-
Reimbursement of accounting and operational services	1,643,864	-
Reimbursement of marketing and selling expenses	5,973,051	-
Preliminary and flotation cost	1,371,077	-
NBP Islamic Income Fund		
Preliminary and flotation cost	560,000	-
NBP Pakistan Growth Exchange Traded Fund		
Preliminary and flotation cost	500,000	-
NBP Aitemad Education Plan	120,515	572,081
NBP Aitemad Retirement Plan	52,477	1,408,774
NBP Aitemad Wealth Plan	1,418,071	3,206,654
NBP Aitemad Wedding Plan	6,983	157,137
38.2 Transactions with related party		
National Bank of Pakistan - (Parent company)		
Sales commission expense paid	1,172,969	3,630,598
Utilities paid	7,458,000	6,866,208
Rent paid	9,739,847	7,389,574
NBP Islamic Banking Limited		
Lease liability paid	-	12,716,532
Rental Paid	-	9,965,950

	2020	2019
	-----Rupees-----	
Management Association of Pakistan - Common Directorship		
Fees & Subscription paid	950,465	-
Bank Islami Pakistan Limited - Common Directorship		
Subsidy on house loan	6,772,545	-
Institute of Financial Markets of Pakistan - Common Directorship		
Registration and examination fee paid for staff	330,000	-
Mutual Fund Association of Pakistan - Common Directorship		
Annual fee paid	2,267,304	-
National Clearing Company of Pakistan Limited - Common Directorship		
Annual fee paid	3,895,016	-
Pakistan Stock Exchange Limited - Common Directorship		
Fee for change of name of fund	47,500	-
Central Depository Company of Pakistan Limited - Common Directorship		
Subscription fee and security deposit	302,357	-
Dividend Paid		
National Bank of Pakistan	51,299,985	101,249,970
Alexandra Fund Management Limited	-	67,500,000
Dr. Amjad Waheed	5,937,500	18,750,000
Mudassir Husain Khan	-	8
Tariq Jamali	-	8
Kamal Amir Chinoy	-	8
Shehryar Faruque	-	8
Haider Amjad	1,187,500	-
Rohma Amjad	1,187,500	-
Funds under management		
NBP Government Securities Liquid Fund		
Management fee	10,310,444	24,769,070
Reimbursement of accounting and operational services	2,370,820	3,492,585
Reimbursement of marketing & selling expenses	15,581,885	-
NBP Income Opportunity Fund		
Management fee	38,508,112	49,097,182
Sales load	3,142,071	4,659,971
Reimbursement of accounting and operational services	4,820,169	5,742,591
Reimbursement of marketing & selling expenses	33,265,632	18,085,314
NBP Riba Free Savings Fund		
Management fee	43,782,080	40,067,589
Sales load	732,068	3,124,128
Reimbursement of accounting and operational services	6,043,832	5,596,221
Reimbursement of marketing & selling expenses	41,667,958	18,988,019

	2020	2019
	-----Rupees-----	
NBP Stock Fund		
Management fee	198,288,931	297,856,579
Sales load	5,024,395	7,532,589
Reimbursement of accounting and operational services	13,099,761	14,826,698
Reimbursement of marketing & selling expenses	166,325,553	59,686,455
Investments made	335,884,078	753,024,995
Investments redeemed	294,962,345	475,460,407
NBP Balanced Fund		
Management fee	21,553,157	31,809,202
Sales load	262,205	1,134,995
Reimbursement of accounting and operational services	1,422,770	1,590,461
Reimbursement of marketing & selling expenses	17,912,804	5,426,171
NBP Islamic Savings Fund		
Management fee	25,776,165	21,229,708
Sales load	19,204,860	4,061,020
Reimbursement of accounting and operational services	3,266,167	3,044,620
Reimbursement of marketing & selling expenses	22,565,838	9,372,440
NBP Islamic Sarmaya Izafa Fund		
Management fee	81,218,180	199,883,577
Sales load	22,984,383	21,448,467
Reimbursement of accounting and operational services	5,346,063	9,994,168
Reimbursement of marketing & selling expenses	66,696,899	39,976,715
Investments redeemed	-	46,725,068
NBP Money Market Fund		
Investments made	367,852,195	580,834,388
Investments redeemed	374,499,995	747,351,051
Dividend	2,326,371	1,521,148
Management fee	79,255,755	184,316,011
Sales load	663,480	471,942
Reimbursement of accounting and operational services	28,649,822	24,069,625
Reimbursement of marketing & selling expenses	187,692,406	-
NAFA Pension Fund		
Management fee	35,171,161	31,377,728
Sales load	2,396,207	617,071
Expenses incurred on behalf of fund	-	240,000
Investments made	-	4,922,203
Investments redeemed	-	46,211,393

	2020	2019
	-----Rupees-----	
NBP Financial Sector Income Fund		
Management fee	69,772,290	27,476,937
Sales load	9,538,576	4,578,466
Dividend	-	97,968
Investments made	188,466,673	336,456,174
Investments redeemed	263,526,859	265,078,454
Reimbursement of accounting and operational services	8,359,063	3,629,288
Reimbursement of marketing & selling expenses	58,104,946	12,596,195
NAFA Islamic Pension Fund		
Management fee	33,424,104	29,524,282
Sales load	4,903,159	1,595,860
Expenses incurred on behalf of fund	-	240,000
Investments made	-	3,829,991
Investments redeemed	-	41,103,469
NBP Sarmaya Izafa Fund		
Management fee	20,922,270	53,702,121
Sales load	3,672,541	3,396,404
Reimbursement of accounting and operational services	1,377,051	2,685,108
Reimbursement of marketing & selling expenses	17,131,165	10,740,425
Investments redeemed	-	38,637,512
NBP Savings Fund		
Management fee	9,966,609	6,757,253
Sales load	1,928,316	777,807
Reimbursement of accounting and operational services	1,132,823	930,563
Reimbursement of marketing & selling expenses	7,827,206	3,095,925
NBP Mahana Amdani Fund		
Management fee	4,622,418	3,164,288
Sales load	14,469,637	463,578
Dividend income	1,200,926	-
Expenses incurred on behalf of fund	-	288,628
Reimbursement of accounting and operational services	1,805,904	435,763
Reimbursement of marketing & selling expenses	8,907,509	1,368,579
Investments made	271,273,646	-
Investments redeemed	147,000,000	-
NAFA Islamic Principal Protected Fund-II		
Management fee	1,481,157	1,430,452
Reimbursement of accounting and operational services	111,973	117,307
Reimbursement of marketing & selling expenses	447,876	377,244
Other receivable	120,000	120,000
NBP Government Securities Savings Fund		
Management fee	2,508,334	3,797,732
Sales load	2,346,451	78,897
Dividend	-	4,133,874
Reimbursement of accounting and operational services	804,640	714,422
Reimbursement of marketing & selling expenses	5,405,442	-
Investments made	-	198,533,894
Investments redeemed	105,247,742	186,325,988

	2020	2019
	-----Rupees-----	
NBP Islamic Principal Preservation Fund		
Reimbursement of accounting and operational services	-	525,972
NAFA Islamic Active Allocation Plan-I		
Management fee	17,430	189,912
Reimbursement of accounting and operational services	65,144	377,578
NBP Islamic Stock Fund		
Management fee	69,200,052	111,590,285
Sales load	12,340,682	5,582,888
Reimbursement of accounting and operational services	4,571,829	5,083,839
Reimbursement of marketing & selling expenses	58,040,583	22,318,063
NBP Riba Free Savings Fund		
Management fee	3,545,224	17,601,410
Reimbursement of accounting and operational services	338,536	1,383,962
Reimbursement of marketing & selling expenses	2,291,036	4,299,551
NBP Islamic Active Allocation Equity Fund		
Management fee	15,332,696	36,416,684
Reimbursement of accounting and operational services	1,010,389	1,940,944
Reimbursement of marketing & selling expenses	12,477,512	7,283,329
NAFA Islamic Active Allocation Plan-II		
Management fee	16,304	157,121
Reimbursement of accounting and operational services	28,166	344,460
NAFA Islamic Active Allocation Plan-III		
Management fee	137,949	376,475
Reimbursement of accounting and operational services	219,818	511,902
NAFA Islamic Active Allocation Plan-IV		
Management fee	138,662	296,059
Reimbursement of accounting and operational services	167,224	420,465
Sales load	111,063	-
NAFA Islamic Active Allocation Plan-V		
Management fee	215,491	498,801
Sales load (reversal)/income	(10,785)	-
Reimbursement of accounting and operational services	215,171	564,186
NAFA Islamic Active Allocation Plan-VI		
Management fee	178,530	306,513
Reimbursement of accounting and operational services	176,732	336,649
NAFA Islamic Active Allocation Plan-VII		
Management fee	35,516	128,158
Investments made	-	49,981,246
Reimbursement of accounting and operational services	41,244	170,586
NAFA Islamic Active Allocation Plan-VIII		
Management fee	165,722	441,846
Reimbursement of accounting and operational services	191,805	600,717

	2020	2019
	-----Rupees-----	
NBP Islamic Energy Fund		
Management fee	8,339,224	23,822,676
Sales load	1,621,929	1,205,075
Investments made	-	13,526,483
Investments redeemed	-	43,220,892
Reimbursement of accounting and operational services	549,315	1,111,771
Reimbursement of marketing & selling expenses	6,884,146	4,764,538
NBP Financial Sector Fund		
Management fee	11,572,440	23,228,088
Sales load	171,687	1,965,943
Reimbursement of accounting and operational services	760,187	1,161,406
Reimbursement of marketing & selling expenses	9,338,338	4,645,622
NBP Islamic Money Market Fund		
Management fee	4,187,813	11,484,624
Sales load	2,311,713	61,270
Reimbursement of accounting and operational services	3,466,104	1,237,546
Reimbursement of marketing & selling expenses	24,105,722	-
NAFA Islamic Capital Preservation Plan-I		
Management fee	304,167	536,528
Reimbursement of accounting and operational services	415,747	1,236,039
NAFA Islamic Capital Preservation Plan-II		
Management fee	1,971,737	5,372,376
Reimbursement of accounting and operational services	256,429	647,005
NAFA Islamic Capital Preservation Plan-III		
Management fee	2,084,736	5,685,530
Sales load income/(reversal)	-	(818,814)
Reimbursement of accounting and operational services	271,702	608,313
NAFA Islamic Capital Preservation Plan-IV		
Management fee	1,356,215	2,728,682
Reimbursement of accounting and operational services	178,966	345,990
Sale load (reversal)/income	(43,139)	12,478,037
NAFA Islamic Capital Preservation Plan-V		
Management fee	795,510	839,157
Reimbursement of accounting and operational services	108,690	81,497
Sale load	(38,402)	7,279,768
NBP Government Securities Plan-I		
Management fee	1,672,818	575,345
Sales load	-	625,879
Reimbursement of accounting and operational services	278,801	95,888
Reimbursement of marketing and selling expenses	278,801	95,888

	2020	2019
	-----Rupees-----	
NBP Islamic Mahana Amdani Fund		
Management fee	40,011,716	13,473,151
Sales load	136,171,327	42,330,312
Reimbursement of accounting and operational services	18,939,580	1,721,567
Reimbursement of marketing and selling expenses	130,703,256	-
Dividend	-	4,000,962
Investments made	-	153,267,849
Investments redeemed	-	153,267,849
NBP Islamic Regular Income Fund		
Sales load	22,575	1,466
Reimbursement of accounting and operational services	109,300	134,162
Reimbursement of marketing & selling expenses	1,362,895	-
Dividend income	5,670,527	-
Investments made	102,712,478	328,844,397
Investments redeemed	97,892,530	226,599,118
NBP Islamic Daily Dividend Fund		
Management fee	2,679,014	-
Sales load	1,218,296	-
Reimbursement of accounting and operational services	2,452,632	-
Reimbursement of marketing & selling expenses	7,588,695	-
Administrative fee income	16,408,992	8,887,505
Saving Funds - sales load income		
NBP Aitemad Education Plan	1,549,718	2,858,778
NBP Aitemad Retirement Plan	2,349,542	3,057,962
NBP Aitemad Wealth Plan	29,924,249	44,360,674
NBP Aitemad Wedding Plan	1,399,434	2,379,082

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39 PROVIDENT FUND

The amount included contribution to provident fund amounting to Rs. 33.92 million (2019: Rs. 30.40 million), the particulars of which are as follows:

	2020	2019
	-----Rupees-----	
Size of the fund	98,743,956	76,443,398
Percentage of investments made	93%	93%
Fair value of investments	92,370,518	71,139,053
Cost of investments made	92,202,807	71,767,209

39.1 Break-up of investments in terms of amount and percentage of the size of the provident fund based on unaudited financial statements are as follows:

	2020		2019	
	Investment	Investment	Investment	Investment
	as a % of	as a % of	as a % of	as a % of
	size of fund	size of fund	size of fund	size of fund
	Rupees		Rupees	
Bank deposit	82,220,829	83%	61,666,211	81%
Listed securities	10,149,689	10%	9,472,842	12%
	<u>92,370,518</u>	<u>93%</u>	<u>71,139,053</u>	<u>93%</u>

39.2 The investment of the provident fund have been made in accordance with the provisions contained in section 218 of the Companies Act, 2017 and rules formulated thereunder.

39.3 The aforementioned information is based on un-audited financial statements of the Fund as at June 30, 2020 and 2019.

40 OPERATING SEGMENTS

The Company functions as a single operating segment. Income derived from the management fee of open-end collective investment schemes and discretionary portfolio advisory fee. Income is also earned in respect of sale load attributable to Management Company.

41 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

41.1 Financial risk factors

The Company is exposed to the

- Credit risk;
- Liquidity risk; and
- Market risk.

The Board of Directors (the Board) of the Company has the overall responsibility for establishment and oversight of the Company's risk management framework. To assist the Board in discharging its oversight responsibility, the management has been made responsible for identifying, monitoring and managing the Company's financial risk exposure. The Company's overall risk management program focuses on the under predictability of financial markets and seek to minimize potential adverse effects on the Company's financial performance.

41.2 Credit risk

Credit risk is a risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of financial instruments or contracts are entered into with same party, or when counter parties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly effected by change in economics, political or other conditions. Concentration of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

	Note	2020 -----Rupees-----	2019
Due from funds under management and discretionary portfolio advisory clients	13	839,247,746	719,141,267
Loan to employees	9	15,761,552	14,918,630
Deposits	10	63,493,434	50,574,361
Advances	14	28,976,662	42,567,971
Other receivable	15	6,955,125	42,168,316
Bank balances	19	12,978,103	8,403,120
		<u>967,412,622</u>	<u>877,773,665</u>

41.2.1 This is receivable from mutual funds under management of the Company, having good credit rating.

	2020	2019	
Funds under management	Ranking / Stability	Ranking / Stability	Agency
NBP Money Market Fund	AA	AA	PACRA
NBP Islamic Mahana Amdani Fund	A	A	PACRA
NBP Stock Fund	3 Star	3 Star	PACRA
NBP Financial Sector Income Fund	A+	A+	PACRA
NBP Riba Free Savings Fund	A	A	PACRA
NBP Islamic Savings Fund	A-	A-	PACRA
NBP Islamic Sarmaya Izafa Fund	4 Star	3 Star	PACRA
NBP Income Opportunity Fund	A	A	PACRA
NBP Islamic Daily Dividend Fund	AA	-	PACRA
NBP Islamic Stock Fund	3 Star	3 Star	PACRA
NBP Government Securities Liquid Fund	AAA	AAA	PACRA
NBP Mahana Amdani Fund	AA-	AA-	PACRA
NBP Islamic Money Market Fund	AA	AA	PACRA
NBP Balanced Fund	4 Star	4 Star	PACRA
NBP Savings Fund	A	A	PACRA
NBP Sarmaya Izafa Fund	3 Star	3 Star	PACRA
NBP Government Securities Savings Fund	AA-	AA-	PACRA
NBP Financial Sector Fund	4 Star	-	PACRA
NBP Islamic Energy Fund	2 Star	-	PACRA
NBP Government Securities Plan I	AA-	AA-	PACRA
NBP Islamic Regular Income Fund	4 Star	-	PACRA
NBP Active Allocation Riba Free Savings Fund	-	A-	PACRA
NBP Islamic Active Allocation Equity Fund	-	3 Star	PACRA

Rating of banks with which deposits are kept are as follows :

Bank	2020		2019		Agency
	Short-term	Long-term	Short-term	Long-term	
National Bank of Pakistan	A-1+	AAA	A1+	AAA	PACRA
Bank Al-Habib Limited	A1+	AA	A1+	AA+	PACRA
MCB Islamic Bank Limited (Formerly NIB Bank Limited)	A1	A	A1	A	PACRA
MCB Bank Limited	A1+	AAA	A1+	AAA	PACRA
BankIslami Pakistan	A1	A+	A1	A+	PACRA

41.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in raising funds to meet its obligations and commitments associated with financial instruments. 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. Company manages liquidity risk by monitoring future cash flows on a day-to-day basis.

The Company's approach to manage 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.

The table below summaries the maturity profile of the financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity date. However, the assets and liabilities that are receivable / payable on demand including bank balances and investments have been included in the maturity grouping of upto three months.

	2020				Total
	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	
ASSETS					
Loans to employees	2,020,514	5,706,902	8,034,136	-	15,761,552
Deposits	633,000	-	40,769,460	22,090,974	63,493,434
Prepayments	840,316	21,563,723	559,641	-	22,963,680
Receivable from funds under management and discretionary portfolio advisory clients	472,264,222	-	-	369,628,324	841,892,546
Investments at fair value through profit or loss	280,824,921	-	-	-	280,824,921
Advances	28,976,662	-	-	-	28,976,662
Other Receivable	7,197,273	-	242,148	-	7,439,421
Cash and bank balances	14,703,103	-	-	-	14,703,103
	807,460,011	27,270,625	49,605,385	391,719,298	1,276,055,319
LIABILITIES					
Liabilities against assets subject to finance lease	15,762,816	47,235,490	126,454,341	-	189,452,647
Liabilities against assets right of use assets	42,873,943	84,282,481	168,292,645	-	295,449,069
Trade and Other payables	134,112,638	-	-	427,807,579	561,920,217
	192,749,397	131,517,971	294,746,986	427,807,579	1,046,821,933

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	2019				Total
	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	
ASSETS					
Loans to employees	1,756,788	5,263,592	7,898,250	-	14,918,630
Deposits	-	-	-	50,574,361	50,574,361
Prepayments	10,600,147	31,800,441	2,462,176	-	44,862,764
Receivable from funds under management and discretionary portfolio advisory clients	349,512,943	-	-	369,628,324	719,141,267
Investments at fair value through profit or loss	278,964,952	-	-	-	278,964,952
Advances	42,567,971	-	-	-	42,567,971
Other Receivable	37,396,382	1,792,142	3,465,666	-	42,654,190
Cash and bank balances	9,766,585	-	-	-	9,766,585
	<u>730,565,768</u>	<u>38,856,175</u>	<u>13,826,092</u>	<u>420,202,685</u>	<u>1,203,450,720</u>
LIABILITIES					
Liabilities against assets subject to finance lease	15,139,039	43,140,480	109,273,688	-	167,553,207
Trade and Other payables	102,773,966	-	-	423,865,919	526,639,885
	<u>117,913,005</u>	<u>43,140,480</u>	<u>109,273,688</u>	<u>423,865,919</u>	<u>694,193,092</u>

41.4 Market risk

Market risk is the risk that changes in market interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

(i) Interest rate risk

Interest rate risk is the risk that the value of the financial instruments will fluctuate due to changes in the market interest rates. As of June 30, 2020, the Company is exposed to such risk in respect of loans and obligations under finance lease. The investment committee of the Company reviews the portfolio of the Company on a regular basis to ensure that the risk is managed within acceptable limits.

The Company's interest rate sensitivity related to financial instruments as at June 30, 2020 can be determined as follows:

	Interest rate	2020					Total
		Upto 3 Months	3 months to 1 year	1 year to 5 years	Over 5 Years	Not Exposed to interest rate	
ASSETS							
		-----Rupees-----					
Loans to employees	5.00%	2,020,514	5,706,902	8,034,136	-	-	15,761,552
Deposits		-	-	-	-	63,493,434	63,493,434
Prepayments		-	-	-	-	22,963,680	22,963,680
Receivable from funds under management and discretionary portfolio advisory clients		-	-	-	-	839,247,746	839,247,746
Investments at fair value through profit or loss		-	-	-	-	280,824,921	280,824,921
Other Receivable		-	-	-	-	6,955,125	6,955,125
Cash and bank balances		-	-	-	-	5,334,210	5,334,210
		<u>2,020,514</u>	<u>5,706,902</u>	<u>8,034,136</u>	<u>-</u>	<u>1,218,819,116</u>	<u>1,234,580,668</u>
LIABILITIES							
Liabilities against assets subject to finance lease	11.15%	15,762,816	47,235,490	126,454,341	-	-	189,452,647
Liabilities against assets right of use assets	15.13%	42,873,943	84,282,481	168,292,645	-	-	295,449,069
Trade and Other payables		170,163,886	-	-	-	391,756,331	561,920,217
		<u>228,800,645</u>	<u>131,517,971</u>	<u>294,746,986</u>	<u>-</u>	<u>391,756,331</u>	<u>1,046,821,933</u>

NBP FUND MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

	Interest rate	2019					Total
		Upto 3 Months	3 Months to 1 year	1 year to 5 years	Over 5 Years	Not Exposed to interest rate	
ASSETS							
Rupees							
Loans to employees	5.00%	1,756,788	5,263,592	7,898,250	-	-	14,918,630
Deposits		-	-	-	-	50,574,361	50,574,361
Prepayments						44,862,764	44,862,764
Receivable from funds under management and discretionary portfolio advisory clients		-	-	-	-	719,141,267	719,141,267
Investments at fair value through profit or loss		-	-	-	-	278,964,952	278,964,952
Other Receivable		-	-	-	-	42,412,042	42,412,042
Cash and bank balances		-	-	-	-	4,317,770	4,317,770
		<u>1,756,788</u>	<u>5,263,592</u>	<u>7,898,250</u>	<u>-</u>	<u>1,140,273,156</u>	<u>1,155,191,786</u>
LIABILITIES							
Liabilities against assets subject to finance lease	11.15%	15,139,039	43,140,480	109,273,688	-	-	167,553,207
Trade and Other payables		13,505,148	-	-	-	513,134,737	526,639,885
		<u>28,644,187</u>	<u>43,140,480</u>	<u>109,273,688</u>	<u>-</u>	<u>513,134,737</u>	<u>694,193,092</u>

(ii) Foreign currency risk

Foreign exchange risk is the risk that the value of financial asset or a liability will fluctuate due to change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies. Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivable/payable from/to the foreign entities.

The Company's exposure to foreign currency risk is as follows:

Assets	2020		2019	
	Rupees	US \$	Rupees	US \$
Other receivables				
- receivable from union pay	-	-	33,722,500	205,500
- advisory fee receivable	<u>1,083,112</u>	<u>6,486</u>	<u>5,015,660</u>	<u>42,506</u>

Sensitivity analysis

A five percent strengthening / weakening of Rupee against US Dollar on June 30th would have increased / decreased equity and profit and loss account by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	2020	2019
Effects of US Dollars gain/loss	<u>54,156</u>	<u>1,936,908</u>

(iii) Other price risk

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

The investments of Company are classified as investments at fair value through profit or loss is subject to price risk. The sensitivity analysis below have been determined based on the exposure to valuation gains and losses for investment portfolio of the Company. The analysis is prepared on the amount of investments at the balance sheet date. 15% increase or decrease in financial instrument prices are used when reporting price risk internally to key management personnel and represents management's assessment of the reasonably possible change in financial instruments rates.

If prices of investment securities (NAV in case of mutual funds units) had been 15 percent higher/lower, the Company's profit for the year ended June 30, 2020 would increase/decrease by Rs. 29.55 million (2019: Rs. 29.36 million).

42 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value of the financial instrument is the amount for which an asset could be sold or exchanged, or a liability can be settled, between knowledgeable willing parties in an arm's length transaction.

Underlying the definition of fair value is the presumption that the Company is 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 value of investments in units of open-end collective investment schemes and pensions funds are based on the net assets value announced by the Company at each reporting date. The estimated fair value of all other financial 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 reprised.

The fair value of investments in units of open-end collective investment schemes and pensions funds are based on the net assets value announced by the Company at each reporting date. The estimated fair value of all other financial 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 reprised.

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values. The methods used for determining fair value of each class of financial assets and liabilities are disclosed in respective policy notes.

42.1 Fair value hierarchy

The Fund uses the following hierarchy in determining and disclosing the fair value of financial instruments by the following valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities.

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

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

As at 30 June 2019, the Company has investments at fair value through profit and loss measured using level 1 valuation technique.

	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
2020				
Short term investments at fair value through profit or loss account	280,824,921	-	-	280,824,921
	<u>280,824,921</u>	<u>-</u>	<u>-</u>	<u>280,824,921</u>
2019				
Short term investments at fair value through profit or loss account	278,964,952	-	-	278,964,952
	<u>278,964,952</u>	<u>-</u>	<u>-</u>	<u>278,964,952</u>

43 CAPITAL RISK MANAGEMENT

The NBFC regulations set out minimum capital which an asset management company is required to maintain. The Company currently meets those requirements and will be able to meet the requirements of increased capital either by retention of profits or by injection of further equity from the parent. The company's objective when managing capital is to maintain a strong capital base to support development of its activities and to provide returns to its shareholders.

The Non- Banking Finance Companies and Notified Entities Regulations, 2008 set the minimum capital requirement for NBFCs. As per the requirement, minimum capital for carrying out investment advisory and asset management services at June 30, 2020 is Rs. 230 million. As at June 30, 2020 the Company is in compliance with the above capital requirement.

	Note	2020 -----Rupees-----	2019
Liabilities against assets subject to finance lease	21	189,452,647	167,553,207
Lease liabilities against right of use assets	22	295,449,069	-
Deferred liabilities - gratuity	23	219,342,815	175,948,035
Trade and other payables	24	561,920,217	526,396,159
Dividend payable		35,387,515	-
Less: cash and bank balances	19	(14,703,103)	(9,766,585)
Excess of net cash over debt/ net debt (A)		1,286,849,160	860,130,816
Total shareholders' equity	20	1,095,561,251	1,008,481,987
Total equity and liabilities (B)		2,382,410,411	1,868,612,803

Gearing Ratio (A/B) 54.01% 46.03%

44 NUMBER OF EMPLOYEES

	2020 -----Number-----	2019
Employees as at June 30		
Permanent	439	361
Contractual	775	692
Average number of employees during the year		
Permanent	400	321
Contractual	734	577

45 EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

The Board of Directors in their meeting held on September 17, 2020 have proposed for the year ended June 30, 2020, final cash dividend of Rs. 3.7 per share i.e. 37% (2019: Rs. 3.8 per share) amounting to Rs. 92.5 million (2019: Rs. 95 million) for approval by the members of the Company in the Annual General Meeting to be held on October 16, 2020. These financial statements for the year ended June 30, 2020 do not include the effect of the proposed cash dividend, which will be recognized in the financial statements for the year ending on June 30, 2021.

46 IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

The Securities and Exchange Commission of Pakistan vide its Circular no. 26 of 2020 dated August 31, 2020 required the Companies to evaluate the impact of COVID-19 on the carrying amount of assets and liabilities or items of income or expenses. The management of the Company has evaluated and concluded that there are no material implications of COVID-19 that require specific disclosure in these financial statements.

47 GENERAL

Amounts have been rounded off to the nearest Rupee.

48 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on September 17, 2020.



CHIEF EXECUTIVE OFFICER



DIRECTOR