

NIT KP Islamic Pension Fund
Condensed Interim Financial Statements
For the half year ended December 31, 2023

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

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TRUSTEE REPORT TO THE PARTICIPANTS

NIT KP ISLAMIC PENSION FUND

Report of the Trustee pursuant to Regulation 67D in conjunction with Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of NIT KP Islamic Pension Fund (the Fund) are of the opinion that National Investment Trust Limited being the Pension Fund Manager of the Fund has in all material respects managed the Fund during the period from December 14, 2023 to December 31, 2023 in accordance with the provisions of the constitutive documents of the Fund, the Voluntary Pension System Rules, 2005 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Further, in our opinion, the management fee, fee payable to Commission and other expenses paid from the Fund during the period are in accordance with the applicable regulatory framework.

Badiuddin Akber

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi, February 27, 2024

INDEPENDENT AUDITORS' REVIEW REPORT TO THE UNIT HOLDERS' OF NIT KP ISLAMIC PENSION FUND

Report on review of interim financial statements

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **NIT KP ISLAMIC PENSION FUND** (the Fund) as at **December 31, 2023**, and the related condensed interim income statement, condensed interim statement of other comprehensive income, condensed interim statement of movement in unitholders' fund and condensed interim statement of cash flows and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management Company (National Investment Trust Limited) is responsible for the preparation and presentation of the interim financial statements in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial statement based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matters

1. The engagement partner on the review resulting in this independent auditors' review report is **Muhammad Shaukat Naseeb.**

Grant Thornton Anjum Rahman

Chartered Accountants

Date:

Karachi

UDIN:

DRAFT

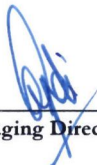
**NIT KP ISLAMIC PENSION FUND
STATEMENT OF ASSETS & LIABILITIES
AS AT 31 DECEMBER 2023**

		December 31, 2023				
		Unaudited				
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Equity Index Sub-Fund	Total
	Note	----- (Rupees) -----				
Assets						
Balances with bank	7	500,000	500,000	36,351,493	500,000	37,851,493
Preliminary expenses and flotation costs		-	-	321,643	-	321,643
Security deposits	8	-	-	100,000	-	100,000
Profit receivable	9	-	-	393,196	-	393,196
Total assets		500,000	500,000	37,166,332	500,000	38,666,332
Liabilities						
Payable to National Investment Trust Limited - Pension Fund Manager	10	-	-	440,737	-	440,737
Payable to Central Depository Company of Pakistan Limited - Trustee	11	-	-	3,214	-	3,214
Payable to Securities and Exchange Commission of Pakistan	12	-	-	758	-	758
Accrued expenses and other liabilities	13	-	-	18,106	-	18,106
Total liabilities		-	-	462,815	-	462,815
Net assets		500,000	500,000	36,703,517	500,000	38,203,517
Participants' funds (as per statement attached)		500,000	500,000	36,703,517	500,000	38,203,517
Number of units in issue	14	5,000	5,000	363,465	5,000	378,465
Net assets value per unit (in Rupees)		100.0000	100.0000	100.9823	100.0000	
Contingencies & Commitments	15					


The annexed notes from 1 to 20 form an integral part of the financial statement.

CM

For National Investment Trust Limited
(Pension Fund Manager)



Managing Director



Director



Director

**NIT KP ISLAMIC PENSION FUND
INCOME STATEMENT
FOR THE PERIOD ENDED FROM DECEMBER 14, 2023 TO DECEMBER 31, 2023**

December 31, 2023					
Unaudited					
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Equity Index Sub-Fund	Total
Note	----- (Rupees) -----				
Income					
Profit on bank deposits	-	-	393,196	-	393,196
Total income	-	-	393,196	-	393,196
Expenses					
Remuneration of National Investment Trust Limited Pension Fund Manager	-	-	9,480	-	9,480
Sindh Sales Tax on remuneration of Pension Fund Manager	-	-	1,232	-	1,232
Remuneration of Central Depository Company of Pakistan Limited - Trustee	-	-	2,844	-	2,844
Sindh Sales Tax on remuneration of Trustee	-	-	370	-	370
Annual fee - Securities and Exchange Commission of Pakistan	-	-	758	-	758
Auditors' remuneration	-	-	17,476	-	17,476
Amortisation of preliminary expenses and floatation costs	-	-	3,382	-	3,382
Insurance Expense	-	-	630	-	630
Total expenses	-	-	36,172	-	36,172
Net income for the period	-	-	357,024	-	357,024

The annexed notes from 1 to 20 form an integral part of the financial statement.

2/2

**For National Investment Trust Limited
(Pension Fund Manager)**



Managing Director



Director



Director

**NIT KP ISLAMIC PENSION FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED FROM DECEMBER 14, 2023 TO DECEMBER 31, 2023**

	December 31, 2023				Total
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Equity Index Sub-Fund	
Net income for the period	-	-	357,024	-	357,024
Other comprehensive income for the period					
<i>Cummulative change in fair value through other comprehensive income (FVOCI)</i>	-	-	-	-	-
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>357,024</u>	<u>-</u>	<u>357,024</u>

The annexed notes from 1 to 20 form an integral part of the financial statement.

2/2

**For National Investment Trust Limited
(Pension Fund Manager)**



Managing Director



Director



Director

NIT KP ISLAMIC PENSION FUND
STATEMENT OF MOVEMENT IN PARTICIPANTS' FUNDS
FOR THE PERIOD ENDED FROM DECEMBER 14, 2023 TO DECEMBER 31, 2023

	December 31, 2023				Total
	Unaudited				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Equity Index Sub-Fund	
	(Rupees)				
Net assets at beginning of the period	-	-	-	-	-
Amount received on issue of units	500,000	500,000	36,346,493	500,000	37,846,493
	500,000	500,000	36,346,493	500,000	37,846,493
Other net income for the period	-	-	357,024	-	357,024
Total comprehensive income for the period	-	-	357,024	-	357,024
Net assets at end of the period	500,000	500,000	36,703,517	500,000	38,203,517

The annexed notes from 1 to 20 form an integral part of the financial statement.

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For National Investment Trust Limited
(Pension Fund Manager)



Managing Director



Director



Director

**NIT KP ISLAMIC PENSION FUND
CASH FLOW STATEMENT
FOR THE PERIOD ENDED FROM DECEMBER 14, 2023 TO DECEMBER 31, 2023**

	December 31, 2023				
	Unaudited				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Equity Index Sub-Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES	----- (Rupees) -----				
Net income for the period	-	-	357,024	-	357,024
(Increase) / decrease in assets					
Profit receivable	-	-	(393,196)	-	(393,196)
Preliminary expenses and flotation costs	-	-	(321,643)	-	(321,643)
Security deposits	-	-	(100,000)	-	(100,000)
	-	-	(814,839)	-	(814,839)
Increase / (decrease) in liabilities					
Payable to National Investment Trust Limited - Pension Fund Manager	-	-	440,737	-	440,737
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	3,214	-	3,214
Payable to Securities and Exchange Commission of Pakistan	-	-	758	-	758
Accrued expenses and other liabilities	-	-	18,106	-	18,106
	-	-	462,815	-	462,815
Net cash generated from operating activities	-	-	5,000	-	5,000
CASH FLOWS FROM FINANCING ACTIVITIES					
Amount received on issue of units	500,000	500,000	36,346,493	500,000	37,846,493
Net cash generated from financing activities	500,000	500,000	36,346,493	500,000	37,846,493
Net increase in cash and cash equivalents during the period	500,000	500,000	36,351,493	500,000	37,851,493
Cash and cash equivalents at beginning of the period	-	-	-	-	-
Cash and cash equivalents at end of the period	500,000	500,000	36,351,493	500,000	37,851,493

The annexed notes from 1 to 20 form an integral part of the financial statement.

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**For National Investment Trust Limited
(Pension Fund Manager)**

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Managing Director

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Director

Handwritten signature

Director

NIT KP ISLAMIC PENSION FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED FROM DECEMBER 14, 2023 TO DECEMBER 31, 2023

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** NIT KP Islamic Pension Fund ("the Fund") was established under a Trust Deed executed between National Investment Trust Limited as Pension Fund Manager and Central Depository Company of Pakistan Limited (CDC) as trustee. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) on May 12, 2022 and the Trust Deed was executed on July 24, 2023.
- 1.2** National Investment Trust Limited has been licensed to act as a Pension Fund Manager under the Voluntary Pension Scheme Rules, 2005 through a certificate of registration issued by SECP. The registered office of the Pension Fund Manager is situated at 6th Floor, National Bank of Pakistan Building, I.I. Chundrigar Road, Karachi.
- 1.3** An agreement between the Government of Khyber Pakhtunkhwa (GOKP) through the Secretary to Government Finance Department and NITL, to appoint Pension Fund Manager to manage Pension Funds for its contributors (referred to as employees of KP) in accordance with Voluntary Pension System Rules, 2005 and the Khyber Pakhtunkhwa Contributory Provident Fund Rules 2022 (KPCPF Rules, 2022). The units are non-transferable except in the circumstances mentioned in VPS Rules and can be redeemed by surrendering to the Fund. Further, as per the offering document, no distribution of income or dividend is allowed from any of the sub-funds.
- 1.4** The objective of the Fund is to provide a secure source of retirement savings and regular income after retirement to the Employee(s) of KP Government. The allocation of the contributions between the various Sub-Funds at the date of opening of Individual Pension Account shall be allocated 100% to the Money Market Sub-Fund for a period of three years from the date of opening of employee's pension account and thereafter, shall be in accordance with the Allocation Policy applicable to the Employee(s) as mentioned in the Third Schedule of KPCPF Rules, 2022.
- 1.5** The Fund received Seed Money from Pension Fund Manager amounting to Rs. 31.5 million (i.e. Rs. 30 million in Money Market Sub Fund and Rs. 0.5 million in remaining each Sub-Fund) on December 13, 2023, against which 0.315 million units at the offer price of Rs. 100 each unit were issued. Accordingly, the Fund commenced its operations in KP IPF Money Market Sub Fund from December 14, 2023.
- 1.6** VIS reaffirmed rating of "AM1" on December 28, 2023 to the Pension Fund Manager and PACRA has maintained as asset manager rating of "AM1" with stable outlook on May 24, 2023 to the Pension Fund Manager.
- 1.7** Title to the assets of the Fund are held in the name of CDC as the Trustee of the Fund.

2 BASIS FOR PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Voluntary Pension Rules, 2005 (the VPS Rules) and the requirement of Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the VPS Rules and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the VPS Rules and requirements of the Trust Deed have been followed.

3 BASIS OF MEASUREMENT

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

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

NIT KP ISLAMIC PENSION FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED FROM DECEMBER 14, 2023 TO DECEMBER 31, 2023

4 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

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

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. In the process of applying the Fund's accounting policies, management has made the following accounting estimates and judgments which are significant to the financial statements and estimates with a significant risk of material adjustment in future years:

- a) Classification and valuation of financial instruments;(note 6),
- b) Impairment of financial instruments and (note6)
- c) Provision (note 6.2).

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are as follows:

5.1 Financial assets

IFRS 9 Financial Instruments

Effective from July 01 2018, the Fund has adopted IFRS 9: "Financial Instruments" which has replaced IAS 39: "Financial Instruments: Recognition and Measurement". The standard prescribes accounting and reporting requirements for recognition, classification, measurement and derecognition of financial assets and financial liabilities.

The IFRS 9 has replaced current categories of financial assets (Fair Value Through Profit and Loss (FVTPL), Available For Sale (AFS), held-to-maturity and loans and receivables) by the following classifications of Financial Assets:

- 1) Debt instruments at amortised cost;
- 2) Debt instruments at Fair Value Through Other Comprehensive Income (FVOCI), with gains or losses recycled to profit and loss on derecognition;
- 3) Equity instruments at FVOCI, with no recycling of gains or losses to profit and loss on derecognition;
- 4) Financial assets at Fair Value through Profit and Loss

As a result of the above assessment, all the investments will be classified as Fair Value Through Other Comprehensive Income based on the business model of the Fund.

While the SECP vide its letter dated November 21 2017, has deferred the applicability of requirements relating to impairment for debt securities on mutual funds till further instructions, the management has made an assessment of impairment under expected credit loss model of IFRS 9 for financial assets other than debt securities i.e. Bank Balances and other financial assets and concluded that impact is not material to the financial statements.

NIT KP ISLAMIC PENSION FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED FROM DECEMBER 14, 2023 TO DECEMBER 31, 2023

6 Financial assets

Classification

There are three principal classification categories for financial assets:

- Measured at Amortized cost ("AC")
- Fair value through other comprehensive income (FVTOCI)
- Fair value through profit and loss (FVTPL)

Debt instruments

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

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

A debt instrument is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument held for trading purposes is classified and measured at FVTPL.

In addition, on initial recognition, the Fund may irrevocably designate a debt instrument that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Fund determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Fund's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- The objectives for the portfolio, in particular, whether management's strategy focuses on earning contractual revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected);

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Fund's original expectations, the Fund does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Assessments whether contractual cash flows are solely payments of principal and interest (SPPI)

As a second step of its classification process, the Fund assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

NIT KP ISLAMIC PENSION FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED FROM DECEMBER 14, 2023 TO DECEMBER 31, 2023

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Fund applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Equity Instruments

On initial recognition of an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

An equity instrument held for trading purposes is classified and measured at FVTPL.

Initial Measurement

Investments are initially measured at their fair value except in the case of financial assets recorded at FVTPL, transaction costs are added to, or subtracted from, this amount.

Subsequent Measurement

Debt instruments at amortised cost (FVTAC)

After initial measurement, such debt instruments are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the effective interest rate.

Debt instruments at fair value through profit or loss (FVTPL)

Financial assets at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss.

Debt instruments at fair value through other comprehensive income (FVTOCI)

Financial assets at FVOCI are recorded in the statement of financial position at fair value. Changes in fair value are recorded in other comprehensive income.

Equity instruments at fair value through other comprehensive income

Upon initial recognition, the Fund occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The Fund's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established, except when the Fund benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

Financial assets at fair value through profit and loss

Financial assets at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss. Dividend income from equity instruments measured at FVTPL is recorded in profit or loss when the right to the payment has been established.

Impairment

The fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost and FVOCI. The fund recognises loss allowances for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

NIT KP ISLAMIC PENSION FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED FROM DECEMBER 14, 2023 TO DECEMBER 31, 2023

Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the Income Statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, in accordance with the provisioning policy duly approved by the Board of Directors of the Management Company. The provisioning policy approved by the Board of Directors has been placed on the Management Company's website as required under the SECP's circular.

Financial Liabilities

Derecognition

The Fund derecognises a financial asset when the contractual right to the cash flows from the financial asset expires or it transfers the right to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Offsetting of financial assets and liabilities

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

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

6.1 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund and include underwriting commission, commission to the bankers to the issue, brokerage paid to the members of the stock exchanges and other expenses. These costs have been amortised over a period of five years commencing from the date of complete receipt of proceeds against Seed Capital Units subscribed by the Seed Investor as per the requirements set out in the Trust Deed of the Fund.

6.2 Provisions

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

6.3 Taxation

The income of the Fund is exempt from Income Tax under clause 57 (3) (viii) of Part I of the Second Schedule to the Income Tax Ordinance, 2001.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A(i) of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

Deferred Tax

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit.

The deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on enacted tax rates.

NIT KP ISLAMIC PENSION FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED FROM DECEMBER 14, 2023 TO DECEMBER 31, 2023

6.4 Issue, allocation, reallocation and redemption of units

Contribution received in the individual pension account after deduction of applicable front end fee is used to purchase the units of sub-funds of the pension fund according to the Allocation Scheme selected by the participant. The units are allotted at the net assets value notified by the Pension Fund Manager at the close of the business day for each sub-fund on the date on which funds are actually realized against application after deduction of front end fee. The front end fee, if any, is payable to the distributors and the Pension Fund Manager.

The Pension Fund Manager makes reallocation of the sub-fund units between the sub-funds at least once a year to ensure that the allocation of the sub-fund units of all the Participants are according to the allocation schemes selected by the Participants. In case of withdrawal before retirement, units are redeemed at the net assets value of each of the Sub-Fund as of the close of the business day on which such request is received by the distributor before the cut off time.

Redemption of units is recorded on acceptance of application for redemption.

In case of retirement of the participant, units are redeemed at the net assets value of each of the Sub-Fund as of the close of the business day on which retirement age is reached.

In case of change of Pension Fund Manager, units are redeemed at the net assets value of each of the Sub-Fund as of the close of the business day corresponding to the date of change specified by the participant.

6.5 Net Assets Value per unit

The Net Assets Value (NAV) per unit, as disclosed on the Statement of Assets and Liabilities, is calculated by dividing the net assets of each of the Sub-Fund by the number of units in circulation of that Sub-Fund at the end of the reporting period.

6.6 Revenue recognition

- Realised gains / (losses) arising on sale of debt instruments are included in the income statement on the date at which the transaction takes place.

Realised gains / (losses) arising on sale of equity instruments classified at Fair value through other comprehensive income are included in the statement of comprehensive income on the date at which the transaction takes place.

- Unrealised appreciation / (diminution) arising on re-measurement of investments classified as fair value through other comprehensive income are included in the statement of comprehensive income in the period in which they arise.

- Dividend income is recognised when the right to receive dividend is established i.e. on the date of book closure of the investee company / institution declaring the dividend.

- Mark-up on bank deposits and mark-up / return on debt and government securities is recognised using effective yield method.

- Income on commercial papers is recognised on a time proportion basis using effective yield method.

6.7 Distributions to the unit holders

Distribution of dividend or bonus units are not allowed under VPS rules 2005.

6.8 Earnings per unit (EPU)

Earnings per unit (EPU) has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

6.9 Cash and cash equivalents

Cash and cash equivalents comprise of saving accounts maintained with banks. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

NIT KP ISLAMIC PENSION FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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6.10 Derivatives

Derivative instruments are initially recognized at Fair value and subsequent to the initial measurement each derivative instrument is premeasured to its fair value and the resultant gain or loss is recognized in the income statement.

7 BALANCES WITH BANK

		December 31, 2023				
		Unaudited				
Note	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Equity Index Sub-Fund	Total	
(Rupees)						
	Savings accounts	500,000	500,000	36,351,493	500,000	37,851,493
	Total	500,000	500,000	36,351,493	500,000	37,851,493

7.1 The balances in saving accounts carry profit rates ranging from 15.5% to 21.00% per annum.

8 SECURITY DEPOSITS

		December 31, 2023				
		Unaudited				
Note	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Equity Index Sub-Fund	Total	
(Rupees)						
	Central Depository Company of Pakistan Limited	-	100,000	-	100,000	
		-	100,000	-	100,000	
	9 PROFIT RECEIVABLE	-	393,196	-	393,196	
	- Savings Accounts	-	393,196	-	393,196	

10 PAYABLE TO NATIONAL INVESTMENT TRUST LIMITED - PENSION FUND

Remuneration of Pension Fund Manager	10.1	-	9,480	-	9,480
Sindh Sales Tax	10.2	-	1,232	-	1,232
Preliminary expenses and flotation costs		-	325,025	-	325,025
Security deposit		-	105,000	-	105,000
		-	440,737	-	440,737

10.1 As per rule 11 of the Voluntary Pension System Rules, 2005, the Pension Fund Manager has charged its remuneration at the rate upto 0.5% p.a for each sub fund of the average annual net assets for the current period. The remuneration is paid on monthly basis in arrears.

10.2 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% on the remuneration of the Pension Fund Manager through Sindh Sales Tax on Services Act, 2011.

11 PAYABLE TO CENTRAL DEPOSITORY PAKISTAN LIMITED - TRUSTEE

		December 31, 2023				
		Unaudited				
Note	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Equity Index Sub-Fund	Total	
(Rupees)						
	Trustee remuneration	-	2,844	-	2,844	
	Sindh Sales Tax on Trustee remuneration	-	370	-	370	
		-	3,214	-	3,214	

11.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net assets of the Fund. Based on the Trust Deed, the tariff structure applicable to the Fund as at December 31, 2023 is as follows:

Net assets	Tariff
Upto Rs.1,000 million	Rs.0.3 million or 0.15% p.a of net assets, whichever is higher
Exceeding Rs.1,000 million upto Rs.3,000 million	Rs.1.5 million plus 0.10% p.a of net assets exceeding Rs.1,000 million
Exceeding Rs.3,000 million upto Rs.6,000 million	Rs.3.5 million plus 0.08% p.a of net assets exceeding Rs.3,000 million
Exceeding Rs.6,000 million	Rs.5.9 million plus 0.06% p.a of net assets exceeding Rs.6,000 million

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The Trustee vide its email dated December 14, 2023 has agreed to receive remuneration at the rate of 0.15% p.a of net asset. Accordingly the Management Company has charged and paid the Trustee's remuneration on the same basis. The remuneration is paid to the Trustee monthly in arrears.

- 11.2 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% on the remuneration of the Trustee through Sindh Sales Tax on Services Act, 2011.

12 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee payable to Securities and Exchange Commission of Pakistan (SECP) in accordance with rule 36 of Voluntary Pension Fund System Rules, 2005 where by the fund is required to pay SECP an amount 25th of 1% of average annual net asset value of each of the pension sub fund.

13 ACCRUED EXPENSES AND OTHER LIABILITIES

December 31, 2023

Unaudited

	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Equity Index Sub-Fund	Total
	(Rupees)				
Auditors' remuneration	-	-	17,476	-	17,476
Insurance Expense Payable	-	-	630	-	630
	-	-	18,106	-	18,106

14 NUMBER OF UNITS IN ISSUE

December 31, 2023

Unaudited

	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Equity Index Sub-Fund	Total
	(Numbers of units)				
Total units in issue at beginning of the period	-	-	-	-	-
Units issued during the period	5,000	5,000	363,465	5,000	378,465
Units redeemed during the period	-	-	-	-	-
Reallocation during the period	-	-	-	-	-
Total units in issue at end of the period	5,000	5,000	363,465	5,000	378,465

15 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at December 31, 2023.

16 TOTAL EXPENSE RATIO (TER)

The total expense ratio in money market sub-fund (all the expenses, including government levies, incurred during the period divided by average net asset value for the period) is 1.06% per annum. Total expense ratio (excluding government levies) in these sub-funds are 0.98% per annum. These ratios are within the maximum limit of 2% for money market sub-fund prescribed under 67(g) of NBFC Regulation 2008.

17 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

- 17.1 Connected persons include National Investment Trust Limited being the Pension Fund Manager, Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes managed by the Pension Fund Manager, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Pension Fund Manager or the net assets of the Fund and directors and officers of the Pension Fund Manager and unit holders holding 10 percent or more units of the Fund.
- 17.2 Transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 17.3 Remuneration payable to pension fund manager and the trustee is determined in accordance with the provisions of the voluntary pension system, rules and trust deed respectively.

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17.4 Details of the transactions with connected persons and balances with them, if not disclosed elsewhere in these financial statements, are as follows:

17.5 Transactions during the period:

	December 31, 2023				Total
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Equity Index Sub-Fund	
Unaudited					
(Rupees)					
National Investment Trust Limited - Pension Fund Manager					
Remuneration of Pension Fund Manager	-	-	9,480	-	9,480
Sindh Sales Tax on Pension Fund Manager's remuneration	-	-	1,232	-	1,232
Central Depository Company of Pakistan Limited - Trustee					
Trustee remuneration	-	-	2,844	-	2,844
Sindh Sales Tax on remuneration of Trustee	-	-	370	-	370
(Number of Units)					
National Investment Trust Limited - Pension Fund Manager					
Issue of units	5,000	5,000	300,000	5,000	315,000
(Rupees)					
Issue of units	500,000	500,000	30,000,000	500,000	31,500,000

18 Amount outstanding as at period end:

	December 31, 2023				Total
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Equity Index Sub-Fund	
Unaudited					
(Number of Units)					
National Investment Trust Limited - Pension Fund Manager					
Units held	5,000	5,000	300,000	5,000	315,000
(Rupees)					
Amount of units held	500,000	500,000	30,294,690	500,000	31,794,690
Pension Fund Manager's Remuneration	-	-	9,480	-	9,480
Sindh Sales Tax payable	-	-	1,232	-	1,232
Central Depository Company of Pakistan Limited - Trustee					
Remuneration payable	-	-	2,844	-	2,844
Sindh Sales Tax on Trustee remuneration	-	-	370	-	370

19. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorised for issue on 23 FEB 2024 by the Board of Directors of Management company.

20 GENERAL

Figures have been rounded off to the nearest thousand rupees unless otherwise specified.

For National Investment Trust Limited
(Pension Fund Manager)


Managing Director


Director


Director