

Annual Report
2022

First Tri-Star Modaraba



Managed by:
A.R.T. Modaraba Management (Private) Limited

Vision Statement

First Tri-Star Modaraba is committed to strive for excellence in all areas of its activity.

Mission Statement

We view our business objective of providing distinctive financial products and services that promote commerce and industry within the context of our overall objective of contributing to the nation's prosperity.

Core Value

1. Striving for continuous improvement and innovation with commitment and responsibility;
2. Treating stakeholders with respect, courtesy and competence;
3. Practicing highest personal and professional integrity;
4. Maintaining teamwork, trust and support, with open and candid communication;
5. Ensuring cost consciousness in all decisions and operations.

Statement of Ethics and Business Practices

The articulation of this statement is based on following points:

1. Questionable and improper payments or use of the Company's assets.
2. Political contributions.
3. Conflict of interest.
4. Books and records of the Company.
5. Payment of amounts due to customers, agents or distributors.
6. Reporting violations.
7. Means as important as the end.
8. Integrity and scrupulous dealings.
9. Strict observance of the laws of the country.
10. Giving and receiving gifts.

Board of Directors

Board of Directors: Mr. Ahmed Khizer Khan Non-Executive Chairman / Independent Director
Mr. Asad Ahmad Chief Executive
Ms. Marium Ahmad Non-Executive Director

Auditors: M/s. Crowe Hussain Chaudhury & Co.
Chartered Accountants

Audit Committee: Mr. Ahmed Khizer Khan Chairman
Ms. Marium Ahmad Member
Mr. Asad Ahmad Member

Shariah Advisor: Alhamd Shariah Advisory Services (Pvt) Ltd.

Bankers: Al Baraka Bank (Pakistan) Ltd.
Bank Al-Habib Ltd.
Habib Bank Ltd.
National Bank of Pakistan

Registered Office: A/33, Central Commercial Area,
Block 7/8, KCHSU,
Karachi.

Management Company: A.R.T. Modaraba Management (Pvt) Ltd.

Notice of Annual Review Meeting

Twenty Third Annual Review Meeting of the Certificate Holders of First Tri-Star Modaraba will be held on Friday, October 28, 2022 at 9.30 am at F/538, S.I.T.E., Karachi.

The Certificate Transfer Books shall remain closed from October 24, 2022 to October 31, 2022 (both days inclusive). Transfers received in order at the office of the Share Registrar before the close of business on October 21, 2022 will be considered in time for the purpose of attendance of the Annual Review Meeting.

By Order of the Board

Chief Executive

Dated: October 6, 2022
Place: Karachi

فرسٹ ٹرائی اسٹار مضاربہ | سالانہ رپورٹ

نوٹس برائے سالانہ جائزہ اجلاس

نوٹس ہذا کے ذریعے مطلع کیا جاتا ہے کہ فرسٹ ٹرائی اسٹار مضاربہ کے سرٹیفکیٹ ہولڈرز کا تیسواں (23واں) سالانہ جائزہ اجلاس عام (ARM) مورخہ 28 اکتوبر 2022ء بروز جمعہ صبح 09:30 بجے بمقام S.I.T.E.F/538 کراچی میں منعقد ہوگا:

سرٹیفکیٹ ٹرانسفر books مورخہ 24 اکتوبر 2022ء سے 31 اکتوبر 2022ء (بشمول دونوں ایام) تک بند رہیں گی۔ 21 اکتوبر 2022ء کو کاروبار بند ہونے سے پہلے شیئر رجسٹرار کے دفتر میں باقاعدہ موصول ٹرانسفرز کو سالانہ جائزہ اجلاس میں شرکت کے لئے بروقت شمار کیا جائے گا۔

بحکم بورڈ

چیف ایگزیکٹو

تاریخ: 06 اکتوبر، 2022ء

مقام: کراچی

Report of Directors

of A.R.T. Modaraba Management (Pvt) Limited

as on June 30, 2022

The Board of Directors of A.R.T. Modaraba Management (Pvt) Limited present the 32nd Annual Report of First Tri-Star Modaraba together with audited accounts for the year ended 30th June, 2022.

1. FINANCIAL RESULTS

Financial results are summarized as follows:

	2022	2021
	-----Rupees-----	
Revenue	28,043,530	39,363,176
Administrative expenses	<u>(28,679,233)</u>	<u>(23,947,905)</u>
	(635,703)	15,415,271
Other income	1,495,535	106,036
Financial Charges	<u>(3,828)</u>	<u>(2,878)</u>
	856,004	15,518,430
Modaraba Company's Management fee	(85,600)	(1,551,843)
Service sales tax on Management Company's fee	(11,128)	(201,740)
Provision for Sindh Workers' Welfare Fund	<u>-</u>	<u>(275,297)</u>
Profit before Taxation	759,276	13,489,550
Taxation	<u>(350,544)</u>	<u>-</u>
Profit for the year	<u><u>408,732</u></u>	<u><u>13,489,550</u></u>
Earnings per certificate - basic and diluted	<u><u>0.02</u></u>	<u><u>0.64</u></u>

2. BUSINESS

Your Modaraba continued generating revenue through rental income and income from running an educational institution which has established itself well within a short time.

3. DIVIDEND

The Board of Directors have recommended nil dividend for the year ended 30.06.2022.

4. BOARD OF DIRECTOR

The Board of Directors assumed their office with effect from 12th February, 2021 for 3 years.

5. AUDITORS

The present auditors M/s. Crowe Hussain Chaudhury & Co., Chartered Accountants, are due for retirement.

6. STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAME WORK

- a. The financial statements, prepared by the management of the Modaraba, present fairly it's state of affairs, the results of its operations, cash flows and change in equity.
- b. Proper books of accounts of the Modaraba have been maintained.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and departure therefrom has been adequately disclosed.
- e. The system of internal control is sound and designed and have been effectively implemented and monitored.
- f. There are no significant doubts upon the Modaraba's ability to continue as going concern.
- g. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- h. The Directors and CEO do not hold any interest in the certificates of the Modaraba other than that disclosed in the pattern of certificate holding.
- i. Key operating and financial data for the last six years in summarized form is annexed.
- j. During the year four (4) meetings of the Board of Directors were held, attendance by each Director is as follows:-

<u>Name of Director</u>	<u>No. of Meetings attended</u>
Mr. Asad Ahmad	04
Ms. Marium Ahmad	04
Mr. Ahmed Khizer Khan	04

- k. The pattern of certificate holdings is annexed.

7. ACKNOWLEDGMENTS

The Board would like to place on record its appreciation of hard work of the staff responsible for the Modaraba's affairs.

On behalf of the Board

Asad Ahmad
Chief Executive

Marium Ahmad
Director

Dated: October 04, 2022

ڈائریکٹرز رپورٹ

برائے A.R.T. مضاربہ مینجمنٹ (پرائیویٹ) لمیٹڈ

مورخہ 30 جون 2022ء

A.R.T. مضاربہ مینجمنٹ (پرائیویٹ) لمیٹڈ کے بورڈ آف ڈائریکٹرز 30 جون 2022ء کو اختتام پذیر سال کے لئے فرسٹ ٹرائی اسٹار مضاربہ کی بیسیویں (32 ویں) سالانہ رپورٹ کے ہمراہ پڑتال شدہ کھاتے ازراہ مسرت پیش کرتے ہیں۔

1. مالیاتی نتائج

مالیاتی نتائج کا خلاصہ حسب ذیل ہے:

2021ء	2022ء	
..... روپے.....		
39,363,176	28,043,530	آمدنی
(23,947,905)	(28,679,233)	انتظامی اخراجات
15,415,271	(635,703)	
106,036	1,495,535	دیگر آمدنی
(2,878)	(3,828)	مالیاتی اخراجات
15,518,430	856,004	
(1,551,843)	(85,600)	مضاربہ کمپنی کی انتظامی فیس
(201,740)	(11,128)	مینجمنٹ کمپنی کی فیس پر سروسز سیز ٹیکس
(275,297)	-	سندھ ورکرز ویلفیئر فنڈ کے لئے رقوم
13,489,550	759,276	نفع بمعہ ٹیکسیشن
-	(350,544)	ٹیکسیشن
13,489,550	408,732	مذکورہ برس کا منافع
0.64	0.02	فی سٹوٹیکٹ آمدنی - بنیادی و تجلیلی

2. کاروبار

آپ کا مضاربہ کرائے اور جاری تعلیمی ادارے سے آمدنی حاصل کر رہا ہے جو مختصر عرصے میں خود مختار ہو گیا ہے۔

3. منافع منقسمہ

بورڈ آف ڈائریکٹرز نے 30.06.2022ء کو اختتام پذیر سال کے لئے صفر منافع منقسمہ تجویز کیا ہے۔

4. بورڈ آف ڈائریکٹرز

بورڈ آف ڈائریکٹرز نے عرصہ تین سال کے لئے 12 فروری 2021ء سے اپنی ذمہ داریاں سنبھالی ہیں۔

5. آڈیٹرز

حالیہ آڈیٹرز میسرز کرو حسین چوہدری اینڈ کو، چارٹرڈ اکاؤنٹنٹس ریٹائر ہونے والے ہیں۔

6. کاروباری و مالیاتی رپورٹنگ فریم ورک

(a) مضاربہ کی انتظامیہ کی تیار کردہ مالیاتی اسٹیٹمنٹس سرمایے میں تبدیلی، کیش فلو، آپریشنز کے نتائج اور کاروباری امور کی بہترین عکاسی کرتی ہیں۔

(b) مضاربہ کے کھاتوں کی صحیح کتابیں تیار کی گئی ہیں۔

(c) مالیاتی اسٹیٹمنٹس کی تیاری میں موافق اکاؤنٹنگ پالیسیوں کا اطلاق کیا گیا ہے اور اکاؤنٹنگ تخمینہ جات موزوں فیصلوں کی بنیاد پر لگائے گئے ہیں۔

(d) مالیاتی اسٹیٹمنٹس کی تیاری میں پاکستان میں رائج بین الاقوامی مالیاتی رپورٹنگ اسٹینڈرڈز کی پیروی کی گئی ہے اور اس میں کسی بھی قسم کے سقم کو مناسب انداز میں ظاہر اور واضح کیا گیا ہے۔

(e) داخلی نظم و نسق کا ایک مربوط سسٹم قائم اور موثر انداز میں نافذ کیا گیا ہے اور اس کی باقاعدہ نگرانی کی جاتی ہے۔

(f) مضاربہ کی کاروبار جاری رکھنے کی صلاحیت میں کوئی ابہام نہیں ہے۔

(g) لسٹنگ ضوابط میں بیان کردہ کارپوریٹ گورننس کی بہترین عمل داری میں کوئی سقم موجود نہ ہے۔

(h) سٹوکیٹ ہولڈنگ کی وضع میں بیان تفصیلات کے علاوہ ڈائریکٹرز اور CEO مضاربہ کے سٹوکیٹ میں کوئی دلچسپی نہیں رکھتے۔

(i) گذشتہ چھ سال کا اہم آپریٹنگ و مالیاتی ڈیٹا خلاصہ کی شکل میں ساتھ منسلک ہے۔

(j) مذکورہ سال کے دوران بورڈ آف ڈائریکٹرز کے چار (04) اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی حاضری حسب ذیل ہے:

ڈائریکٹر کا نام	اجلاس میں حاضری کی تعداد
جناب اسد احمد	04
محترمہ مریم احمد	04
جناب احمد خضر خان	04

.k. شیڈولنگ کی وضع لف ہذا ہے۔

.7. اظہار تشکر

بورڈ مضاربہ امور کے لئے ذمہ دار عملے کی ان تھک محنت کو خراج تحسین پیش کرتا ہے۔

منجانب بورڈ

مریم احمد
ڈائریکٹر

اسد احمد
چیف ایگزیکٹو

تاریخ: 04 اکتوبر 2022ء

INDEPENDENT AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet of **FIRST TRISTAR MODARABA** ("the Modaraba") as at June 30, 2022 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), for the year then ended 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 our audit.

These financial statements are the Modaraba company's [A.R.T. Management (Private) Limited] responsibility who is also responsible to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by the Modaraba Company, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

1. The Modaraba has an investment in the group company Tri Star Energy Limited (an unlisted associated company) amounting to Rs. 35.886 million (2021: Rs. 38.386 million) in contravention to Clause 10(i) of the Modaraba Regulations, 2021 relating to investment in unlisted securities whereof the Modaraba are not allowed to have investment exceeding 5% of its equity. Furthermore, both the companies i.e. Tri Star Energy Limited and Modaraba Management Company (A.R.T. Modaraba Management (Private) Limited) have the common Chief Executive which is again in contravention with the requirements of Clause 10(ii) of the Modaraba Regulations, 2021.
 2. As disclosed in note 15, the Modaraba has sold the shares of Tri-Star Energy Limited at par value during previous years. However, there were no agreement for sale of shares under which the selling price of shares had been agreed, in the absence of such agreement, we are unable to determine the impact if any, of the transaction on the un-appropriated profit of the Modaraba. Furthermore, the investment is measured at cost instead of fair value in contravention with the requirements of IFRS 9 and the accounting policy of investment (FVOCI) as adopted by the Modaraba.
- (a) in our opinion, except for the matters referred in para 1 and 2 above, proper books of accounts have been kept by the Modaraba Company in respect of the Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981;
- (b) in our opinion, except for the matters referred in para 1 and 2 above;
- (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba

Companies and Modaraba Rules, 1981, and are in agreement with the books of accounts and are further in agreement with accounting policies consistently applied;

- (ii) the expenditure incurred during the year was for the purpose of the Modaraba's business; and
 - (iii) except as mentioned in paragraph 1 above, the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the Modaraba;
- (c) in our opinion, except for the matters referred in para 1 and 2 above, and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981 in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at June 30, 2022 and of the profit or loss, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Modaraba and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Other Matter

Financial statements of the Modaraba for the year ended June 30, 2021 were audited by another firm of chartered accountants who in their report dated October 5, 2021 expressed a qualified opinion for the following reasons:

1. non compliance of clause 10 (i), (ii) of the Modaraba Regulations, 2021 related to investment in unlisted securities, common chief executive of Modaraba and the Management Company of Modaraba, respectively.
2. non determination of arm's length price of shares sold.
3. non payment of zakat and tax to the relevant authorities.

sd/-

Crowe Hussain Chaudhury & Co.
Chartered Accountants
Engagement Partner:
Imran Shaikh

Place: Karachi
Date: October 6, 2022
UDIN: AR202210207w9NUmB3vn

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Name of Company: First Tri-Star Modaraba

Year ended: June 30, 2022

The Modaraba Management Company (hereafter referred to as the Management Company) has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 3 as per the following:

- a. Male: 2
- b. Female: 1

2. The composition of Board is as follows:

<u>CATEGORY</u>	<u>NAMES</u>
Independent Director	Mr. Ahmed Khizer Khan
Non Executive Director	Ms. Marium Ahmad
Executive Director	Mr. Asad Ahmad
Female Director	Ms. Marium Ahmad

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including the Management Company.
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board of Directors/shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Chief Executive and one Director has the prescribed education and experience required for exemption under Clause 19(2) of Code of Corporate Governance (CCG) Regulations. Accordingly, they are exempt from attending directors' training program pursuant to the Clause 19(2) of the CCG Regulations. One director has attended and completed Directors' training course conducted by Institute of Cost and Management Accountants of Pakistan (ICMAP).

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the Financial statements before approval of the Board.

12. The Board has formed committees comprising of members given below:

Audit Committee:

<u>NAME</u>	<u>DESIGNATION</u>
Mr. Ahmed Khizer Khan	Chairman
Ms. Marium Ahmad	Member
Mr. Asad Ahmad	Member

The Board has not formed an HR and Remuneration Committee.

13. The terms of reference of the aforesaid committee have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:
 - a) Audit Committee 4 Quarterly meetings
15. The Board has set up an effective internal audit function/or has outsourced the internal audit function to who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or director of the Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of the Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

Karachi: October 4, 2022

Asad Ahmad
Chief Executive

REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **ART MODARABA MANAGEMENT COMPANY (PRIVATE) LIMITED**, the Management Company of **FIRST TRI-STAR MODARABA** (the Modaraba) for the year ended June 30, 2022 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Management Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Management Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

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 Regulations require 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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 procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Following instances of non-compliances with the requirement of the Regulations were observed which are not stated in the Statement of Compliance:

Reference	Description
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12	The board has not formed an HR and Remuneration Committee.
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Based on our review, except for the above instances of non-compliances, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance for and on behalf of the Company, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2022.

Place: Karachi
Date: October 6, 2022
UDIN: CR202210207Z9goTurOk

sd/-
Crowe Hussain Chaudhury & Co.
Chartered Accountants



Annual Shariah Advisor's Report

For the period ended June 30, 2022

We have conducted the Shariah review of the First Tri-Star Modaraba for the financial year ended June 30, 2022, by the requirements of the Shariah Compliance and Shariah Audit Mechanism for Modarabas. Based on our review, we report the following:

REVIEW OF OPERATIONS:

The followings were the major activities/developments in respect of Shariah that took place during this period:

BANK ACCOUNTS:

The Modaraba maintains bank accounts with Islamic banks while some current accounts operate with conventional banks. However, the Modaraba has a PLS (*dormant*) account in HBL conventional banking, this account should be closed promptly.

EQUITY INVESTMENTS:

Modaraba's equity investments were made in approved Shariah-compliant scripts and also sold out the previous non-compliant shares during the year.

DIVIDEND PURIFICATION:

Modaraba has effectively performed the process of dividend purification of equities and transferred charitable amounts to an approved charity.

INSURANCE:

The Modaraba has an insurance policy obtained from a conventional insurance company, we recommend converting this policy into Takaful policy from any Takaful company or Window Takaful Operator.

CONCLUSION:

Besides the above-mentioned improvements, the Management of First Tri-Star Modaraba has shown its sincerity to comply with Shariah Rulings; therefore, we are of the view that the business operations of First Tri-Star Modaraba are Shariah Compliant.

Mufti Muhammad Ibrahim Essa

CEO & Director

Alhamd Shariah Advisory Services (Pvt.) Limited

26th September 2022

Mufti Ubaid ur Rahman Zubairi

Director



Balance Sheet as at

	2022	2021
Note	-----Rupees-----	
CAPITAL AND RESERVES		
Authorised Capital 40,000,000 (2021: 40,000,000) Modaraba Certificates of Rs. 10 each	400,000,000	400,000,000
Issued, subscribed and paid-up certificate capital	6 211,631,040	211,631,040
Reserves	7 (29,749,542)	(17,867,983)
Certificate holders' equity	181,881,498	193,763,057
Deficit on revaluation of investments	8 (3,377,952)	(1,520,169)
NON CURRENT LIABILITIES		
Security deposits	9 2,280,000	1,650,000
CURRENT LIABILITIES		
Creditors, accrued and other liabilities	10 13,809,053	9,512,289
Due to associated undertakings	-	519,765
Unclaimed dividend	11 13,682,766	7,321,063
Total current liabilities	27,491,819	17,353,117
Contingencies and commitments	12 -	-
TOTAL LIABILITIES AND EQUITY	208,275,365	211,246,005

June 30, 2022

NON-CURRENT ASSETS

Fixed assets - tangible	13	8,209,942	13,245,576
Investment property	14	82,668,776	81,201,994
Long term deposit		58,500	58,500
Long term investments	15	35,898,870	35,901,481
Total non-current assets		126,836,088	130,407,551

CURRENT ASSETS

Short term investments	16	294,679	2,936,215
Rent receivable	17	6,000,000	-
Advance and deposits	18	70,833,455	32,971,622
Other receivables		1,960,144	8,578
Cash and bank balances	19	2,350,999	44,922,038
Total current assets		81,439,277	80,838,453

TOTAL ASSETS

208,275,365	211,246,005
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The annexed notes form an integral part of these financial statements.

Chief Executive

Director

Director

Chief Financial Officer

**PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2022**

	Note	2022 -----Rupees-----	2021
Revenue	20	28,043,530	39,363,176
Administrative expenses	21	<u>(28,679,233)</u> (635,703)	<u>(23,947,905)</u> 15,415,271
Other income	22	1,495,535	106,036
Financial charges		<u>(3,828)</u>	<u>(2,878)</u>
Profit before taxation		856,004	15,518,430
Modaraba Company's Management fee		(85,600)	(1,551,843)
Services sales tax on Managemet Company's fee		(11,128)	(201,740)
Provision for Sindh Workers' Welfare Fund		<u>-</u> 759,276	<u>(275,297)</u> 13,489,550
Taxation	23	(350,544)	-
Profit for the year		<u>408,732</u>	<u>13,489,550</u>
Earning per certificate	24	<u>0.02</u>	<u>0.64</u>

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

Chief Executive

Director

Director

Chief Financial Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		-----Rupees-----	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		759,276	13,489,550
Adjustments:			
Depreciation		10,100,345	10,498,458
Dividend income		(16,273)	(10,103)
		10,084,072	10,488,355
		10,843,348	23,977,905
Changes of Working Capital:			
(Increase)/decrease in current assets		(46,163,943)	13,871,769
Increase/(decrease) in current liabilities		11,630,796	4,626,264
		(34,533,147)	18,498,033
Income tax paid		(1,492,094)	(643,689)
Net cash generated from operating activities		(25,181,893)	41,832,249
CASH FLOW FROM INVESTING ACTIVITIES			
Dividend income		16,273	10,103
Capital expenditure incurred		(6,531,493)	(72,090)
Purchases of investments		(5,355)	(89,614)
Sale proceeds from disposal of investments		791,719	2,500,000
Net cash inflow from investing activities		(5,728,856)	2,348,399
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		(12,290,290)	(2,116,310)
Long term deposits		630,000	1,315,000
Net cash outflow from financing activities		(11,660,290)	(801,310)
Net increase in cash & cash equivalents during the year		(42,571,039)	43,379,337
Cash & cash Equivalent at the beginning of the year		44,922,038	1,542,701
Cash & cash Equivalent at the end of the year		2,350,999	44,922,038

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

Chief Executive

Director

Director

Chief Financial Officer

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022**

	2022	2021
	-----	-----
	Rupees	
Profit for the year	408,731	13,489,550
Items that will not be reclassified subsequently to profit and loss account		
Deficit on revaluation of investments classified as 'at fair value through other comprehensive income' - net	(444,147)	183,566
Items that will be reclassified to profit or loss in subsequent periods:		
Unrealized gain during the year on re-measurement of investment classified as available for sale	-	-
Total comprehensive income for the year	<u>(35,416)</u>	<u>13,673,116</u>

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

Chief Executive

Director

Director

Chief Financial Officer

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2022**

	Certificate Capital	Capital Reserve	Revenue Reserve		Total
		Statutory Reserve	General Reserve	Accumulated Loss	
-----Rupees-----					
Balance as at June 30, 2020	211,631,040	21,744,353	10,000,000	(60,985,575)	182,389,817
Profit for the year	-	-	-	13,489,550	13,489,550
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	13,489,550	13,489,550
Final dividend for the year ended June 30, 2020	-	-	-	(2,116,310)	(2,116,310)
Balance as at June 30, 2021	211,631,040	21,744,353	10,000,000	(49,612,336)	193,763,057
Profit for the year	-	-	-	408,731	408,731
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	408,731	408,731
Final dividend for the year ended June 30, 2021	-	-	-	(12,290,290)	(12,290,290)
Transfer of reserve		81,746	-	(81,746)	-
Balance as at June 30, 2022	211,631,040	21,826,099	10,000,000	(61,575,641)	181,881,498

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

Chief Executive

Director

Director

Chief Financial Officer

Last Six Years Results at a Glance

	2022	2021	2020	2019	2018	2017	2016
<u>Financial Position</u>							
Paid-up Capital (Rs.)	211,613,040	211,613,040	211,613,040	211,613,040	211,613,040	211,613,040	211,613,040
Reserves (Rs.)	(29,372,388)	(17,867,983)	(29,241,223)	(31,515,489)	(2,806,047)	(5,125,579)	(7,129,279)
Fixed Assets-WDV (Rs.)	90,878,718	94,447,570	104,873,938	116,297,736	126,477,225	139,263,912	188,842
Investments (Rs.)	38,837,696	38,837,696	40,854,130	42,760,141	67,537,000	70,825,158	76,066,550
Current Assets (Rs.)	81,789,821	80,838,453	50,858,387	36,146,024	21,487,549	5,491,871	8,584,549
Current Liabilities (Rs.)	27,465,209	17,353,117	13,370,542	15,081,238	11,354,987	12,538,430	19,600,972
<u>Income</u>							
Gain/ (Loss) on sale of investments	-	-	-	-	-	(631,294)	-
Dividend Income	16,273	10,103	12,506	16,832	30,743	50,170	32,614
Net Profit/(Loss) for the year	785,886	13,489,550	2,274,266	(20,424,594)	2,319,532	2,003,700	4,133,531
Accumulated Profit/(Loss)	(61,273,917)	(49,612,336)	(60,985,576)	(63,259,842)	(34,550,400)	(36,406,025)	(37,182,279)
<u>Statistics & Ratios</u>							
Operating Profit/(Loss) Ratio (%)	(0.02)	0.39	0.08	(102.44)	12.89	55.42	87.10
Net Profit/(Loss) Ratio (%)	0.03:1	0.34:1	0.08:1	(102.44):1	0.13:1	0.29:1	0.44:1
Current Ratio							
Paid-up Value Per Share (Rs.)	10	10	10	10	10	10	10
Earning/ (Loss) Per Share (Rs.)	0.040	0.640	0.110	(0.965)	0.110	0.095	0.195
Breakup value per Share (Rs.)	8.61	9.16	8.62	8.51	9.87	9.76	9.66
Net Assets (Rs in Million)	182.259	193.763	182.389	180.115	208.825	206.505	204.502
Net Asset Value Per Share (Rs.)	8.61	9.16	8.62	8.51	9.87	9.76	9.66
Cash Dividend (%)	-	6%	1%	-	1%	-	-
Bonus Dividend (%)	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

1 LEGAL STATUS AND NATURE OF THE BUSINESS

First Tri-Star Modaraba was formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed thereunder and is managed by A.R.T. Modaraba Management (Private) Ltd. It is a perpetual, multipurpose and multidimensional Modaraba. The Modaraba is listed on Pakistan Stock Exchange Limited. The registered office of the Modaraba is situated at A/33, Central Commercial Area, Block 7/8, KCHSU, Main Shahrah-e-Faisal, Karachi.

The Modaraba is engaged in the following activities:

- i) Renting out its building
- ii) Running an educational institution

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

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

International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act 2017;

Provisions of and directions issued under the Companies Act 2017;

Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulation for Modarabas; and

Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act 2017.

Where the provisions of and directives issued under the Companies Act, 2017, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modaraba differ from IFRS Standards and IFAS, the provision of and directives issued under the Companies Act, 2017 the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modarabas have been followed.

2.2 BASIS OF MEASUREMENT

These financial statements have been prepared on the historical cost basis except for the measurement at fair value of certain financial instruments in accordance with the requirements of IFRS - 9 "Financial Instruments", wherever applicable.

Permissible Islamic financial products including Murabaha (as a liability) and Musharaka have been used by the Modaraba, in line with similar industry practices. The accounting and presentation of the same are in line with the substance of the transaction and are limited to the extent of actual amount of facility utilized and mutually agreed mark-up / profit thereon. Accordingly, purchases, sales and Musharaka profits / reserves are not reflected in these financial statements except for Murabaha facility (as an asset) which has been accounted for in line with Islamic Financial Accounting Standard - 1.

These financial statements have been prepared following accrual basis of accounting except for cash flow information.

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements have been presented in Pakistan Rupees, which is the functional and presentation currency of the Modaraba. All information presented has been rounded off to the nearest Rupee.

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

Standards, amendments to approved accounting standards effective in current year

There were certain amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 01, 2022. However, these are considered not to be relevant or to have any significant effect on the Corporation's financial reporting and operations and, therefore, have not been disclosed in these financial statements.

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

There is a standard and certain other amendments to accounting and reporting standards that are not yet effective and are considered either not to be relevant or to have any significant impact on the Company's financial statements and operations and, therefore, have not been disclosed in these financial statements.

4 USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Modarabas accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial estimates are as follows:

- Useful lives of depreciable assets
- Provision for income taxes
- Provision against Ijarah and Musharaka receivables
- Impairment of non financial assets

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Fixed assets - tangible

The principal accounting policies applied in the preparation of these financial statement are set out below. These policies have been consistently applied to all the years presented.

5.1.1 Assets in own use and depreciation

Fixed assets are stated at cost less accumulated depreciation and any impairment loss.

Depreciation is charged to income applying the reducing balance method whereby the depreciable amount of an asset is written off over its estimated useful life. Depreciation is charged at rates stated in note 10.

Depreciation on additions is charged from the month during which the asset is put to use. For disposals during the year, depreciation is charged up to the month preceding the month of disposal.

The assets residual value and useful lives are reviewed at each financial year end, and adjusted if impact on depreciation is significant.

The profit or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense. Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

5.2 Capital work in progress

Capital work in progress is stated at cost accumulated up to the balance sheet date and represents expenditure incurred on property plant and equipment in the course of construction. These expenditures are transferred to relevant category of property, plant and equipment as and when the assets start operation.

5.3 Trade Debts, loans, deposits, interest accrued and other receivables

These are classified at amortized cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

5.4 Financial instruments

a) Initial recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value, amortised cost or cost as the case may be.

b) Classification of financial assets

The Company classifies its financial instruments in the following categories:

- at fair value through profit or loss
- at fair value through other comprehensive income ("FVTOCI"), or
- at amortised cost.

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flows characteristics.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

the contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

the contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

c) Classification of financial liabilities

The Company classifies its financial liabilities in the following categories:

at fair value through profit or loss ("FVTPL"), or
at amortised cost.

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

**d) Subsequent measurement
Financial assets at FVTOCI**

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognised in other comprehensive income / (loss).

Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognised at fair value, and subsequently carried at amortised cost, and in the case of financial assets, less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise. Where management has opted to recognise a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income / (loss). Currently, there are no financial liabilities designated at FVTPL.

e) Impairment of financial assets

The Company recognises loss allowance for Expected Credit Loss (ECL) on financial assets measured at amortised cost and FVTOCI at an amount equal to lifetime ECLs except for the financial assets in which there is no significant increase in credit risk since initial recognition or financial assets which are determined to have low credit risk at the reporting date, in which case 12 months' ECL is recorded. The following were either determined to have low or there was no increase in credit risk since initial recognition as at the reporting date:

- bank balances;
- receivable from employee
- receivables from NCCPL and others

Loss allowance for trade receivables are always measured at an amount equal to life time ECLs.

Life time ECLs are the ECLs that results from all possible default events over the expected life of a financial instrument. 12 months ECLs are portion of ECL that result from default events that are possible within 12 months after the reporting date.

Lifetime ECL is only recognised if the credit risk at the reporting date has increased significantly relative to the credit risk at initial recognition. Further, the Company considers the impact of forward looking information (such Company's internal factors and economic environment of the customers) on ECLs. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity and the cash flows that the Company expects to receive).

Provision against financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

f) Derecognition

Financial assets

The Company derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to statement of changes in equity.

Financial liabilities

The Company derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of profit or loss and other comprehensive income.

Offsetting of financial assets and financial liabilities

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

5.5 Stores and spares

All stores, spares and loose tools either imported or purchased locally are charged to income when consumed and are valued at cost, which is determined on a first-in-first-out basis. Spares-in-transit are values at cost accumulated to the balance sheet date. A provision is made for any excess of book value over net realizable value.

The Modaraba reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence, if there is any change in usage pattern and physical form of related stores, spares and loose tools.

5.6 Musharaka and Ijarah

Musharaka and Ijarah finance are recognized initially at cost, less attributable transaction costs. Subsequent to initial recognition, these are stated at net of provision and suspense income. Provision is made in accordance with the prudential regulations for Modarabas issued by SECP and is charged to profit and loss account currently.

5.7 Revenue recognition

Revenue from sale of goods is recognized when control of goods is transferred to customers.

Profit on Musharaka receivables and finances are accounted for on the basis of expected rate of profit. The effect of adjustments, if any, between actual rate and expected rate of profit is accounted for at the time of determinations of the actual rate. Unrealized Musharaka income is excluded from profit on Musharaka receivables in accordance with the requirement of Prudential Regulations for Modarabas issued by SECP.

Rental income from investment property is recognized on a straight line basis over the term of the lease.

Return on investment and deposits with banks are recognized on an accrual basis.

Ijarah / lease rental income is recognized on an accrual basis.

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

Capital gains or losses arising on sale of investments are taken to income in the period in which they arise.

5.8 Taxation

5.8.1 Current

Provision for current taxation is made on taxable income at the prevailing rates of tax after taking into account tax credits available, if any. The income of non-trading Modarabas is exempt from tax provided that not less than 90% of their profits are distributed to the certificate-holders. The Modaraba has decided to continue availing tax exemption and hence no provision has been made in these financial statements for tax liability for the current year.

5.8.2 Deferred

Deferred tax is recognized 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 tax base. This is recognized on the basis of expected manner of the realization and the settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognized to the extent that future taxable profits will be available against which the deductible temporary differences can be utilized. Deferred tax assets are reduced to the extent that is no longer probable that the related tax benefit will be realized.

However, deferred tax liability has not been provided in these financial statements as the management believes that the future income of Modaraba will not be taxable in the foreseeable future due to the fact that the Modaraba intends to continue availing the tax exemption through profit distribution to the extent of 90 percent of distributable profit.

5.9 Borrowings and their costs

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of that asset.

5.10 Provisions

Provisions are recognized when the Modaraba has a present obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

5.11 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash at bank and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

5.12 Trade and other payables

Trade and other payables are recognised initially at fair value plus directly attributable cost, if any, and subsequently measured at amortised cost.

5.13 Foreign currency translation

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into Pak Rupees at exchange rate prevailing at the date of transaction. All non-monetary items are translated into rupees at exchange rate prevailing on the date of transaction or on the date when fair values are determined. Exchange differences are included in income currently.

5.14 Profit distribution to certificates holders

Profit distribution to certificates holders is recognized as liability in the period in which such distribution is announced.

5.15 Impairment of assets

a Financial assets

The modaraba recognizes loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortized cost, except in the case of calculation of impairment provision on financial assets where the requirements of the Prudential Regulations for Modaraba prevail.

the Modaraba measures loss allowances at an amount equal to life time ECLs, except for other securities and bank balances which are measure at 12 months expected credit losses. Since this assets are short term in nature, therefore, no credit loss is expected on these balances.

b Non financial assets

The Modaraba assesses at each balance sheet date whether there is any indication that fixed assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in income currently. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount over its estimated useful life.

5.16 Segment reporting

A segment is a distinguishable component of the Modaraba that is engaged in business activities from which the Modaraba earns revenues and incur expenses and its results are regularly reviewed by the Modaraba's Chief Operating Decision Maker to make decision about resources to be allocated to the segment and assess its performance. Further, discrete financial information is available for each segment.

Based on internal management reporting structure, services provided and products produced and sold, the Modaraba is organized into 'Income from property' and 'Educational institution' segments.

Management monitors the operating results of above mentioned segments separately for the purpose of making decisions about resources to be allocated and for assessing performance.

5.17 Investment property

Investment properties comprise of building that is held for rental yields. Investment properties are initially measured at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is charged to income applying the reducing balance method whereby the depreciable amount of an asset is written off over its estimated useful life. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate, at each balance sheet date.

5.18 Earnings per certificate

Earnings per certificate is calculated by dividing the profit after taxation for the year by the weighted average number of certificates outstanding during the year.

5.19 Trade date accounting

All 'regular way' purchases and sales of quoted equity securities are recognized on the trade date i.e. the date that the Modaraba commits to purchase / sell the asset. 'Regular way' purchases or sales of quoted investments require delivery within two working days after the transaction date as per stock exchange regulations.

6 Issued, subscribed and paid-up certificate capital

2022	2021	Note	2022	2021
No of shares			-----Rupees-----	
11,900,000	11,900,000	Modaraba Certificates of Rs. 10 each fully paid in cash.	119,000,000	119,000,000
2,180,000	2,180,000	Bonus certificates of Modaraba of Rs. 10 each issued as fully paid.	21,800,000	21,800,000
7,083,104	7,083,104	Modaraba Certificates of Rs.10 issued for acquisition	70,831,040	70,831,040
			211,631,040	211,631,040

7 Reserves

Capital reserves

Statutory Reserve	7.1		21,826,099	21,744,353
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Revenue reserves

General Reserve			10,000,000	10,000,000
Accumulated loss			(61,575,641)	(49,612,336)
			(51,575,641)	(39,612,336)
			(29,749,542)	(17,867,983)

7.1 This represents profit set aside to comply with requirement of Prudential Regulations for Modarabas issued by SECP, which is not available for distribution.

8 Deficit on revaluation of investments

	2022	2021
	-----Rupees-----	
Market value of investments	36,193,549	38,837,696
Less: Cost of investments	39,571,501	40,357,865
	(3,377,952)	(1,520,169)
Deficit on revaluation at beginning of the year	(912,011)	(912,011)
Deficit arisen during the year	(444,147)	-
	(1,356,158)	(912,011)

9 Security deposits

	9.1		2,280,000	1,650,000
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9.1 These represent deposits from students on admission

10 Creditors, accrued and other liabilities

	2022	2021
	-----Rupees-----	
Accrued expenses	1,127,782	1,656,393
Management fee	85,600	1,551,843
Sales tax payable on Management fees	296,207	285,079
Workers' Welfare Fund	275,297	275,297
Income tax payable	5,235,285	2,343,889
Zakat payable	6,788,882	3,399,788
	13,809,053	9,512,289

11 Contingencies And Commitments

There are no contingencies and commitments as on June 30, 2022 (2021 : Nil)

12 Fixed assets - tangible

Particulars	2022								
	Air-condition & Refrigeration	Motor Car	Furniture & Fixture	Office Equipment	Computer	Electric Installation	Kitchen Appliances	Building	Total
-----Rupees-----									
As at June 30 2021									
Cost	119,700	412,250	4,635,379	564,319	232,700	366,200	63,990	15,425,300	21,819,838
Accumulated Depreciation	(82,137)	(411,455)	(1,957,835)	(408,542)	(219,555)	(99,240)	(6,399)	(5,389,098)	(8,574,262)
Net book amount	37,563	795	2,677,544	155,777	13,145	266,960	57,591	10,036,202	13,245,576
Year ended June 2022									
Gross carrying amount									
Balance July 01, 2021	119,700	412,250	4,635,379	564,319	232,700	366,200	63,990	15,425,300	21,819,838
Additions	-	5,899,293	16,200	-	-	-	-	-	5,915,493
Transfer to investment property	-	-	-	-	-	-	-	(15,425,300)	(15,425,300)
Balance June 30, 2022	119,700	6,311,543	4,651,579	564,319	232,700	366,200	63,990	-	12,310,031
Accumulated Depreciation									
Balance July 01, 2021	82,137	411,455	1,957,835	408,542	219,555	99,240	6,399	5,389,098	8,574,262
Depreciation charge for the year	3,756	590,088	269,104	15,578	3,944	26,696	5,759	-	914,925
Transfer to investment property	-	-	-	-	-	-	-	(5,389,098)	(5,389,098)
Balance June 30, 2022	85,893	1,001,544	2,226,939	424,120	223,498	125,936	12,158	-	4,100,088
Net book amount	33,807	5,309,999	2,424,640	140,199	9,202	240,264	51,832	-	8,209,942
As at June 30 2022									
Cost	119,700	6,311,543	4,651,579	564,319	232,700	366,200	63,990	-	12,310,031
Accumulated Depreciation	(85,893)	(1,001,544)	(2,226,939)	(424,120)	(223,498)	(125,936)	(12,158)	-	(4,100,088)
Net book amount	33,807	5,309,999	2,424,640	140,199	9,202	240,264	51,832	-	8,209,942
Rate	10%	20%	10%	10%	30%	10%	10%	10%	

Particulars	2021								
	Air-condition & Refrigeration	Motor Car	Furniture & Fixture	Office Equipment	Computer	Electric Installation	Kitchen Appliances	Building	Total
-----Rupees-----									
As at June 30 2020									
Cost	119,700	412,250	4,627,279	564,319	232,700	366,200	-	15,425,300	21,747,748
Accumulated Depreciation	(77,963)	(411,257)	(1,660,330)	(391,233)	(213,921)	(69,578)	-	(19,427,114)	(22,251,396)
Net book amount	41,737	993	2,966,949	173,086	18,779	296,622	-	(4,001,814)	(503,648)
Year ended June 2021									
Gross carrying amount									
Balance July 01, 2020	119,700	412,250	4,627,279	564,319	232,700	366,200	-	70,115,000	76,437,448
Transferred to investment property	-	-	-	-	-	-	-	(54,689,700)	(54,689,700)
Additions	-	-	8,100	-	-	-	63,990	-	72,090
Disposals	-	-	-	-	-	-	-	-	-
Balance June 30, 2021	119,700	412,250	4,635,379	564,319	232,700	366,200	63,990	15,425,300	21,819,838
Accumulated Depreciation									
Balance July 01, 2020	77,963	411,257	1,660,330	391,233	213,921	69,578	-	19,427,114	22,251,396
Transferred to investment property	-	-	-	-	-	-	-	(15,153,149)	(15,153,149)
Depreciation charge for the year	4,174	199	297,505	17,309	5,634	29,662	6,399	1,115,134	1,476,014
Disposals	-	-	-	-	-	-	-	-	-
Balance June 30, 2021	82,137	411,455	1,957,835	408,542	219,555	99,240	6,399	5,389,098	8,574,262
Net book amount	37,563	795	2,677,544	155,777	13,145	266,960	57,591	10,036,202	13,245,576
As at June 30 2021									
Cost	119,700	412,250	4,635,379	564,319	232,700	366,200	63,990	15,425,300	21,819,838
Accumulated Depreciation	(82,137)	(411,455)	(1,957,835)	(408,542)	(219,555)	(99,240)	(6,399)	(5,389,098)	(8,574,262)
Net book amount	37,563	795	2,677,544	155,777	13,145	266,960	57,591	10,036,202	13,245,576
Rate	10%	20%	10%	10%	30%	10%	10%	10%	

13 Investment property

Particulars	BuildingRupees.....
Year ended June 2022	
<u>Cost</u>	
Balance July 01, 2020	70,115,000
Transferred from fixed assets - tangible	54,689,700
Additions/(disposals)	-
Balance June 30, 2021	<u>124,804,700</u>
Balance July 01, 2021	124,804,700
Transferred from fixed assets - tangible	15,425,300
Additions	616,000
Disposals	-
Balance June 30, 2022	<u>140,846,000</u>
<u>Accumulated Depreciation</u>	
Balance July 01, 2020	19,427,114
Transferred from fixed assets - tangible	15,153,149
Depreciation charge for the year	9,022,444
Disposals	-
Balance June 30, 2021	<u>43,602,706</u>
Balance July 01, 2021	43,602,706
Transferred from fixed assets - tangible	5,389,098
Additions/Disposal	-
Depreciation charge for the year	9,185,420
Balance June 30, 2022	<u>58,177,224</u>
Net book amount	<u>82,668,776</u>
As at June 30 2022	
Cost	140,846,000
Accumulated Depreciation	<u>(58,177,224)</u>
Net book amount	<u>82,668,776</u>
Rate	<u>10%</u>

14 Long term investments	Note	2022	2021
		-----Rupees-----	
At fair value through other comprehensive income (FVOCI)			
Shares and certificates of listed companies & associated undertaking	14.1	12,870	15,481
Shares of unlisted associated companies	14.2	35,886,000	35,886,000
		35,898,870	35,901,481

14.1 Investments in listed companies

No. of Shares/Certificates		Name of Company/ Associated Undertaking	2022		2021	
			Cost	Fair Value	Cost	Fair Value
2022	2021		Rupees	Rupees	Rupees	Rupees
833	476	Image Pakistan Ltd	11,176	11,470	5,821	12,733
400	400	Tri-Star Power Limited	8,634	1,400	8,634	2,748
			19,810	12,870	14,455	15,481
		Less: Fair Value Adjustment	(6,940)		(1,026)	
		Fair Value	12,870		15,481	

14.2 Investment of Unlisted companies

No. of Shares/Certificates		Name of Company/ Associated Undertaking	2022	2021
			Cost	Cost
2022	2021		Rupees	Rupees
3,588,600	3,588,600	Tri-Star Energy Limited	35,886,000	35,886,000
		(Percentage Holding)		
12%	12%	Less: Fair Value Adjustment	-	-

15 Short term investments

At fair value through other comprehensive income (FVOCI)

No. of Shares/Certificates		Name of Company	2022		2021	
			Cost	Fair Value	Cost	Fair Value
2022	2021		Rupees	Rupees	Rupees	Rupees
437	437	Orix Modaraba	7,305	6,992	7,305	7,648
70	70	First IBL Modaraba	1,860	420	1,860	209
-	455	Orix Leasing Pakistan Limited	-	-	9,938	11,716
132	132	Saudi Pak Leasing Limited	2,349	-	2,349	3,000
-	12	Bank AL Habib Limited	-	-	23	841
-	86	Soneri Bank Limited	-	-	315	843
-	28	Samba Bank Limited	-	-	500	187

No. of Shares/Certificates		Name of Company	2022		2021	
			Cost	Fair Value	Cost	Fair Value
			Rupees	Rupees	Rupees	Rupees
-	851	Saritow Spinning Mills Ltd (Azam Tex)	-	-	12,375	11,191
-	100	Faisal Spinning Mills Limited	-	-	3,115	42,000
239	218	Sana Industries Limited	13,849	14,340	13,849	12,241
-	242	Nishat Chunian Limited	-	-	2,882	12,170
140	140	Nishat Mills Limited	3,533	10,347	3,533	13,062
120	120	Din Textile Mills Ltd.	-	14,520	-	10,800
127	127	Jubilee Spinning & Weaving Mills Limited	2,004	700	2,004	721
301	301	Kohinoor Industries Limited	11,264	1,839	11,264	2,571
-	20	Hinopak Motors Limited	-	-	1,660	12,243
-	6,000	Engro Corporation Limited	-	-	246,032	1,767,660
-	100	Sanofi-Aventis (Aventis) Limited	-	-	16,064	92,100
259	259	Packages Limited	7,816	103,305	7,816	141,207
-	2,000	Cherat Cement Limited	-	-	83,600	354,760
1,226	1,226	Shell Pakistan Limited	88,544	142,216	88,544	214,795
-	1,000	Pakistan State Oil Company limited	-	-	415,215	224,250
			138,524	294,679	930,243	2,936,215
Fair Value Adjustment			156,155		2,005,972	
Fair Value			294,679		2,936,215	

Companies delisted/Trading suspended

No. of Shares/Certificates		Name of Company	2021		2020	
			Cost	Fair Value	Cost	Fair Value
			Rupees	Rupees	Rupees	Rupees
400	400	Islamic Investment Bank Limited	2,757	-	2,757	-
5	5	Innovative Investment Bank Limited	4,545	-	4,545	-
102,350	102,350	Mohib Exports Limited	2,436,070	-	2,436,070	-
500	500	Business & Industries insurance Company Limited	5,000	-	5,000	-
230	230	Mohammad Farooq Textile Mills Ltd.	7,743	-	7,743	-
264	264	Dewan Salman Fibre Limited	6,622	-	6,622	-
600	600	Mian Mohd. Sugar Mills Limited	6,000	-	6,000	-
17,671	17,671	Mohib Textile Mills Limited	897,530	-	897,530	-
10,000	10,000	Sunshine Cloth Limited	160,900	-	160,900	-
132,020	132,020		3,527,167	-	3,527,167	-

The fair value of investments of companies which are under suspension and delisted by Pakistan Stock Exchange Limited is taken as nil.

	Note	2022 -----Rupees-----	2021
16 Rent Receivable			
Unsecured considered good Image Pakistan Limited		6,000,000	-
		6,000,000	-
16.1	These represents amounts receivable in respect of rental property.		
17 Advance and Deposits			
Advance income tax - net		3,233,455	1,451,622
Advance for purchase of solar panels	17.1	67,600,000	31,400,000
Conservancy charges receivable		-	120,000
		70,833,455	32,971,622
17.1	The advance is paid to related party "Habib Jamal & Co" for purchase of solar panels, subsequent to the year end the solar panels have been received and the advance has been adjusted accordingly.		
18 Cash and Bank Balances			
Cash in hand		1,829,224	5,014,471
Bank balances			
- Saving account	18.1	8,434	8,434
- Current account		513,341	5,099,133
- Cheques-in-hand		-	34,800,000
		521,776	39,907,568
		2,350,999	44,922,038
18.1	This carries profit at rates ranging from 4% to 6% (2021: 4% to 6%).		
19 Revenue			
Rental income		11,280,000	31,800,000
Tuition fee		12,856,750	4,042,241
Short courses fee		2,446,780	3,125,935
Admission Fee		1,460,000	395,000
		28,043,530	39,363,176
20 Administrative Expenses			
Entertainment		251,880	12,361
Registrar services		143,670	333,469
Postage and telegram		3,320	3,890
General expenses		26,918	10,464
Salaries, wages, and other benefits		11,544,973	7,263,867
Advertisement		163,433	288,672
Printing and stationary		25,331	123,694
Auditors' remuneration	20.1	280,000	270,000
Fees and subscription		846,364	961,605
Computer expenses		-	7,685
Conveyance expenses		12,692	8,714
Security expenses		-	61,474
Communication charges		-	1,000
Janitorial expenses		404,140	293,770
Generator expenses		-	10,000
Electricity expenses		2,244,906	1,605,665
Fuel and gas		5,212	67,830
Water expenses		110,178	76,336
Repair and maintenance		85,600	699,344

	Note	2022	2021
		-----Rupees-----	
Shariah advisory fee		366,120	366,120
Books & professional publication		208,805	243,443
Supplies - college activity		183,854	238,406
Charity		2,048	-
Medical expenses		-	1,390
Watch and ward		199,402	235,628
Fire fighting expenses		-	16,380
IT Services		170,968	137,400
Conferences / courses / seminars		12,000	25,000
Insurance		113,119	-
Endowment fund contribution	20.2	1,010,000	-
Canteen expenses		156,825	85,841
Open day expenses		7,130	-
Depreciation		10,100,345	10,498,458
		28,679,233	23,947,905
20.1 Auditors' remuneration			
Audit fee		250,000	250,000
Out of pocket		30,000	20,000
		280,000	270,000
20.2 Endowment fund contribution			
This contribution is made to the endowment fund of the "Imperial College" as per the requirements of the Higher Education Commission of Pakistan for registration of the College.			
21 Other Income			
Dividend income	21.1	16,273	10,103
CAIE fee		-	15,828
Gain on sales of investment		1,240,388	-
Canteen sales		158,455	76,105
Processing fee		39,525	-
Other income		3,894	-
Laboratory charges		-	4,000
Reversal of prior year liability		37,000	-
		1,495,535	106,036
21.1 Dividend Income			
First Elite Capital Modaraba		30	-
First IBL Modaraba		-	9
Bank Al Habib Ltd		84	54
Faisal Spining Mills Ltd		2,145	-
Nishat (Chunian) Ltd		1,936	242
Nishat Mills Ltd		560	560
Orix Leasing Pakistan		1,820	1,453
Orix Modaraba		1,267	1,093
Packages Limited		7,123	5,828
Sana Industries Ltd		686	171
Kohinoor Industries		-	226
Soneri Bank Ltd		129	108
Samba Bank Ltd		17	21
Askari Bank Ltd		-	338
Image Pakistan Limited		476	-
		16,273	10,103
22 Taxation	Note	2022	2021
		-----Rupees-----	
Current year		350,544	-
Prior year		-	-
		350,544	-
23 Earnings per certificate			
Profit before Taxation		408,731	13,489,550
No. of Ordinary Certificates		21,163,104	21,163,104
Earnings per certificate		0.02	0.64

24 Transaction With Related Parties

Transactions	Relationship	2022	2021
		-----Rupees-----	
Disposal of unlisted shares of Tri Star Energy Ltd to Marium Ahmad.	Key management personnel's relative	-	2,500,000
Rental income - Image Pakistan Ltd.	Associated undertaking	6,000,000	9,000,000
Advance paid for purchase of solar panels Habib Jamal & Co.	Associated undertaking	36,200,000	31,400,000
Accrued income received from Image Pakistan Ltd.	Associated undertaking	-	26,300,000
Accrued income received from Tri-Star Industries (Pvt). Ltd.	Associated undertaking	-	9,000,000
Rental income - Habib Jamal & Co.	Associated undertaking	-	9,000,000
Rental income received from Habib Jamal & Co.	Associated undertaking	-	9,000,000
Rental income - Indus Battery Ind. (Pvt) Ltd.	Associated undertaking	-	9,000,000
Accrued income received from Indus Battery Ind. (Pvt) Ltd.	Associated undertaking	-	9,000,000
Reimbursement of Electric Expenses from Indus Battery Ind. (Pvt) Ltd.	Associated undertaking	-	1,800,000
Accrued income received from Image Embroidered Fabric	Associated undertaking	-	9,000,000

The Modaraba is availing the rent free space provided by the director for carrying on the operations of the "Imperial College".

Balance as at the year end

Payable to Modaraba Management Company		85,600	1,551,843
Advance paid for purchase of solar panels Habib Jamal & Co.	17	67,600,000	31,400,000
Investment in Tri - Star Energy	Associated undertaking	35,886,000	35,886,000
Investment in Image Pakistan Ltd.	Associated undertaking	11,470	12,733
Investment in Tri-Star Power Limited	Associated undertaking	1,400	2,748
Receivable from Image Pakistan Ltd.	16.1	6,000,000	-

25 Financial instrument and related disclosures

25.1 Financial risk management

The Modaraba's objective in managing risks is the creation and protection of Certificate holder's value. Risk is inherent in the Modaraba activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Modaraba's continuing profitability. The Modaraba is exposed to market risk (which includes profit rate risk and price risk), credit risk and liquidity risk arising from the financial instruments it holds.

The Modaraba primarily invests in Ijarah (lease) assets, musharaka and diversified portfolio of listed securities. Such investments are subject to varying degrees of risk, which emanate from various factors that include but are not limited to:

- Credit risk
- Liquidity risk
- Market risk

25.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge its 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 counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Modaraba's performance to developments affecting a particular industry.

Credit risk of the Modaraba arises principally from the trade debts, loans and advances, trade deposits, other receivables and deposits with banks and financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk at the reporting date is as follows:

	2022	2021
	-----Rupees -----	
Long term deposit	58,500	58,500
Rent receivable	6,000,000	27,000,000
Investments	36,193,549	38,837,696
Other receivables	1,960,144	8,578
Bank balances	521,776	39,907,568
	<u>44,733,969</u>	<u>105,812,341</u>

25.3 Liquidity risk

The Modaraba defines liquidity risk as the risk that funds will not be available to meet liabilities as they fall due.

A range of tools is used for the management of liquidity. These comprise commitment and under writings guidelines, key balance sheet ratios and medium-term funding requirements. Moreover, day-to-day monitoring of future cash flows takes place and suitable levels of liquid reserves are maintained by the business.

2022				
	Upto one year	One year to five years	Over five years	Total
-----Rupees -----				
Financial assets				
Long term deposit	-	58,500	-	58,500
Long term investments	-	35,898,870	-	35,898,870
Rent receivable	6,000,000	-	-	6,000,000
Short term investments	294,679	-	-	294,679
Other receivables	1,960,144	-	-	1,960,144
Cash and bank balances	2,350,999	-	-	2,350,999
(a)	<u>10,605,822</u>	<u>35,957,370</u>	<u>-</u>	<u>46,563,192</u>
Financial liabilities				
Creditors, accrued and other liabilities	1,127,782	-	-	1,127,782
Security deposits	-	-	2,280,000	2,280,000
(b)	<u>1,127,782</u>	<u>-</u>	<u>2,280,000</u>	<u>3,407,782</u>
On-balance sheet gap (a-b)	<u>9,478,040</u>	<u>35,957,370</u>	<u>(2,280,000)</u>	<u>43,155,410</u>

2021				
	Upto one year	One year to five years	Over five years	Total
-----Rupees -----				
Financial assets				
Long term deposit	-	58,500	-	58,500
Long term investments	-	35,901,481	-	35,901,481
Rent receivable	-	-	-	-
Short term investments	2,936,215	-	-	2,936,215
Other receivables	8,578	-	-	8,578
Cash and bank balances	44,922,038	-	-	44,922,038
(a)	<u>47,866,831</u>	<u>35,959,981</u>	<u>-</u>	<u>83,826,812</u>
Financial liabilities				
Creditors, accrued and other liabilities	1,656,393	-	-	1,656,393
(b)	<u>1,656,393</u>	<u>-</u>	<u>-</u>	<u>1,656,393</u>
On-balance sheet gap (a-b)	<u>46,210,438</u>	<u>35,959,981</u>	<u>-</u>	<u>82,170,419</u>

25.4 Market risk

Market risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of the changes in the market prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. Market risk comprise of three types of risks : currency risk, interest rate risk and other price risk.

25.5 Management of market risks

The management modaraba manages market risk by monitoring exposure on securities by following the internal risk management policies and investment guidelines approved by the board of directors of the management Modaraba.

The Modaraba is exposed to currency risk and interest rate risk only.

25.6 Price risk

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

25.7 Interest rate risk

The Modaraba believes that it is not exposed to major concentrations of interest rate risk. The Modaraba places the cash and cash equivalents available for short term periods with banks and financial institutions.

26 Fair Value of Financial Instruments

The carrying value of financial instruments reflected the financial statement approximate their fair values.

	2022	2021
	-----Rupees -----	
26.1 Financial instruments by category		
At amortised cost		
Cash and bank balances	2,350,999	44,922,038
Other receivables	1,960,144	8,578
Rent receivable	6,000,000	-
Long term deposit	58,500	58,500
At fair value through other comprehensive income		
Investments	36,193,549	38,837,696
(a)	<u>46,563,192</u>	<u>83,826,812</u>
Financial liabilities		
At amortised cost		
Creditors, accrued and other liabilities	1,127,782	1,656,393
Security deposits	2,280,000	1,650,000
(b)	<u>3,407,782</u>	<u>3,306,393</u>
(a-b)	<u>43,155,410</u>	<u>80,520,419</u>

Fair value sensitivity analysis for fixed rate instruments

The Modaraba does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rates at the reporting date would not affect profit and loss

The Modaraba does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rates at the reporting date would not affect profit and loss account.

26.2 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

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

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of financial asset fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Modaraba determine fair values using valuation techniques unless the fair value cannot be reliably measured.

For assets that are recognised in the financial statements at fair value on a recurring basis, the Modaraba recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between different levels of fair values mentioned above.

The table below shows the carrying amounts and fair values of a financial asset and financial liability including their fair value hierarchy for financial instruments measured at fair value. It does not include the fair value information of financial assets and financial liabilities not measured at fair value if the carrying amount is reasonable approximation of fair value.

	2022			
	Rupees			
	Carrying amount / Cost	Level 1	Level 2	Level 3
Financial instruments by category				
At amortised cost				
Cash and bank balances	2,350,999	-	-	-
Other receivables	1,960,144	-	-	-
Due from associated undertakings	6,000,000	-	-	-
Long term deposit	58,500	-	-	-
At fair value through other comprehensive income				
Investments	36,193,549	307,549	35,886,000	-
Financial liabilities				
At amortised cost				
Creditors, accrued and other liabilities	3,407,782	-	-	-
Security deposits				
The carrying value of financial instruments reflected the financial statement approximate their fair values.				
	2021			
	Rupees			
	Carrying amount / Cost	Level 1	Level 2	Level 3
Financial instruments by category				
At amortised cost				
Cash and bank balances	44,922,038	-	-	-
Other receivables	8,578	-	-	-
Rent receivable	-	-	-	-
Long term deposit	58,500	-	-	-
At fair value through other comprehensive income				
Investments	38,837,696	2,951,696	35,886,000	-
Financial liabilities				
At amortised cost				
Creditors, accrued and other liabilities	1,656,393	-	-	-
Security deposits	1,650,000	-	-	-

27 Segment Information

Segment revenue, segment result, cost, assets and liabilities for the year ended are as follows:

	June 30, 2022			Total
	Income from property	Educational Institution	Unallocated	
	-----Rupees-----			
Segment revenue	<u>11,280,000</u>	<u>16,763,530</u>	<u>-</u>	<u>28,043,530</u>
RESULT				
Segment result				
Operating expenses	11,110,345	17,568,888	-	28,679,233
Financial and other charges	-	3,828	-	3,828
	<u>11,110,345</u>	<u>17,572,716</u>	<u>-</u>	<u>28,683,061</u>
Operating Profit	169,655	(809,186)	-	(639,531)
Other income	-	-	1,495,535	1,495,535
(Loss) / profit for the year	<u>169,655</u>	<u>(809,186)</u>	<u>1,495,535</u>	<u>856,004</u>
Other information				
Segment assets	88,668,776	8,209,942	111,396,646	208,275,365
Total assets	<u>88,668,776</u>	<u>8,209,942</u>	<u>111,396,646</u>	<u>208,275,365</u>
Segment liabilities	-	2,280,000	27,491,819	29,771,819
Total liabilities	<u>-</u>	<u>2,280,000</u>	<u>27,491,819</u>	<u>29,771,819</u>
Net assets	<u>88,668,776</u>	<u>5,929,942</u>	<u>83,904,827</u>	<u>178,503,546</u>
Capital expenditure	<u>-</u>	<u>5,915,493</u>	<u>-</u>	<u>5,915,493</u>

28 Capital Management

The Board's policy is to maintain a sound capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors of management company monitors the return on capital, which the Modaraba defines as net profit after taxation divided by total Certificate holders' equity. The Board of Directors also monitors the level of dividend to ordinary Certificate holders. There were no changes to the Modaraba's approach to capital management during the year and the Modaraba is not subject to externally imposed capital requirements.

29 Remuneration to directors, chief executive

29.1 No remuneration paid to the directors, or chief executive of the Modaraba Management Company during the year (2021: nil)

30 Reclassification

Following reclassification has been made during the year

From	To	Rupees
Fixed assets - tangible	Investment property	10,036,202
(Cost)	Cost	15,425,300
(Accumulated depreciation)	Accumulated depreciation	(5,389,098)

31 Number of employees

Total number of employees at end of the year	4	1
Average number of employees for the year	3	1

32 Date of Authorization for issue

These financial statements were authorized for issue on October 4, 2022 by the Board of Directors of the Modaraba Management Company.

33 General

33.1 Figures of pervious year have been reclassified and rearranged wherever necessary for the purpose of comparison.

33.2 Figures have been rounded off to the nearest rupees.

Chief Executive

Director

Director

Chief Financial Officer

**Pattern of Certificate Holding
As At June 30, 2022**

Number of Certificate Holders	Certificate Holding		Total Certificates Held
	From	To	
477	1 -	100	25,922
700	101 -	500	204,019
563	501 -	1,000	402,236
652	1,001 -	5,000	1,368,900
86	5,001 -	10,000	584,962
20	10,001 -	15,000	244,735
14	15,001 -	20,000	244,686
5	20,001 -	25,000	114,655
6	25,001 -	30,000	171,413
1	30,001 -	35,000	33,275
3	35,001 -	40,000	113,153
1	45,001 -	50,000	46,780
3	50,001 -	55,000	158,625
1	65,001 -	70,000	68,654
1	70,001 -	75,000	70,561
2	85,001 -	90,000	176,500
1	100,001 -	105,000	103,132
1	115,001 -	120,000	115,863
1	130,001 -	135,000	133,291
1	195,001 -	200,000	198,621
1	410,001 -	415,000	414,384
1	540,001 -	545,000	543,500
1	670,001 -	675,000	670,067
1	700,001 -	705,000	701,000
1	830,001 -	835,000	832,440
1	1,420,001 -	1,425,000	1,422,000
1	2,525,001 -	2,530,000	2,526,120
1	3,985,001 -	3,990,000	3,987,518
1	5,485,001 -	5,490,000	5,486,092
2,548			21,163,104

**CATEGORIES OF CERTIFICATE HOLDERS
AS AT JUNE 30, 2022**

Categories of Certificate Holders	No. of Shares Held	Percentage
Directors, Chief Executive Officer and their spouses and Minor Children	4,945,402	23.37
Associated Companies, Undertakings and Related Parties	5,319,187	25.13
NIT & ICP	64,766	0.31
Banks, Development Finance Institutions, Non-Banking Financial Institutions and Mutual Funds	217,565	1.03
Investment, Modaraba & Leasing Companies	158,116	0.75
Joint Stock Companies	17,268	0.08
Other Companies	127,113	0.60
General Public (Local)	10,313,687	48.73
	21,163,104	100.00