



FINANCIAL REPORT 2022

FIRST IBL MODARABA

MISSION STATEMENT

Our mission is to strive for continued excellence in providing quality services to the business community as a whole, with the ultimate goal to increase the value of certificate holders.

VISION STATEMENT

Our vision is to establish First IBL Modaraba as the benchmark reference for all Islamic Financial Institutions for the provision of financial services in line with increasing needs of our esteemed customers and to become the premier financial service organization that provides the highest level of quality service while remaining innovative and responsive to ever-changing customer demands.

CORPORATE STRATEGY

We, First IBL Modaraba, being a multi purposes Modaraba and an Islamic financial institution, are engaged in various Shari'ah compliant products, namely; financing through Ijarah, Murabahah and Musharakah arrangements and investments in Shari'ah compliant securities.

In order to maintain diversified business activities in different sectors of economy, we do not only focus them for Corporate and SMEs Sectors but we also facilitate proprietorship and partnership firms and the individuals in their businesses, which play an effective and important role in the markets.

Keeping in light the present micro and macro economic scenarios in the country, we maintain and apply cautious and well maintained risk management policies in extending the new business rather we target the selective/ quality clientele so as to minimize the risk of default in the repayments.

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Corporate Information

Modaraba Management Company	IBL Modaraba Management (Pvt.) Limited
Board of Directors	Arslan Khan Khakwani Chairman Ibrahim Hassan Murad Director Iftikhar Hameed Khan Director Aamir Manzoor Chief Executive
Company Secretary	Hassan Fareed
Chief Financial Officer	Zeeshan Ahmed
Internal Auditor	Rana Rizwan Tariq
Sharia'ah Advisor	Dr. Salman Ahmed Khan
Legal Advisor	M/s. Holscott International [Legal services]
Bankers	Habib Bank Limited – Islamic Banking Meezan Bank Limited MCB Islamic Bank Limited The Bank of Punjab – Taqwa
Auditors to the Modaraba	Crow Hussain Chaudhury Chartered Accountants
Registrar	Corp Tec Associates (Pvt.) Limited 503 E, Johar Town, Lahore.
Registered/ Principal Office	Office No.4-L, Main Ferozpur Road, Gulberg3, Lahore. Telephone No. 042-35969435 & 36

NOTICE OF ANNUAL REVIEW MEETING (ARM)

Notice is hereby given to the certificate holders of First IBL Modaraba(FIBLM) that **Annual Review Meeting** [ARM] of certificate holders will be held on **Wednesday, October 26, 2022** at 11:00 a.m. at principal office of First IBL Modaraba, 4-L, Gulberg-III, Lahore to review the performance of First IBL Modaraba for the year ended **June 30, 2022.**

The persons entitled to attend the meeting will be those certificate holders whose names are entered in the register of certificate holders seven (7) days before October 26, 2022.

The certificate transfer books of FIBLM will remain close from October 20, 2022 to October 26, 2022 (both days inclusive)

Company Secretary
October 5, 2022



CHAIRMAN'S REVIEW REPORT

For the year ended June 30, 2022

Dear Valued Certificate Holders

السَّلَامُ عَلَيْكُمْ وَرَحْمَةُ اللَّهِ وَبَرَكَاتُهُ

I am pleased to be reporting on affairs of First IBL Modaraba for the year ended June 30, 2022 to our valued certificate holders.

In the year under review, due to the various economic and global challenges like Russian-Ukraine warfare and local political uncertainty Pakistan's economy witness critical challenges of economic slowdown. However, during this hard time our Modaraba has manage to break out from the hard state of affairs and managed meagre loss of Rs. 1.9 million.

We are committed towards fulfilling the mission of becoming the leading Modaraba in Pakistan by implementing our diversified financial and banking expertise. During the year Mr. Iftikhar Hameed Khan joined the Board who brings along an extensive diversified experience in the field of financial sector.

During the financial year 2022, the Board's overall performance and effectiveness has been assessed as satisfactory. The overall assessment is based on an evaluation of integral components, including vision, mission and values, engagement in strategic planning, formulation of policies, monitoring the business activates etc.

I once against express my sincere appreciation to my fellow Board Members for their time, energy and dedication during the year for the insights and expertise they each bring to overseeing Modaraba's activities.

Arslan Khan Khakwani

Chairman

September 29, 2022

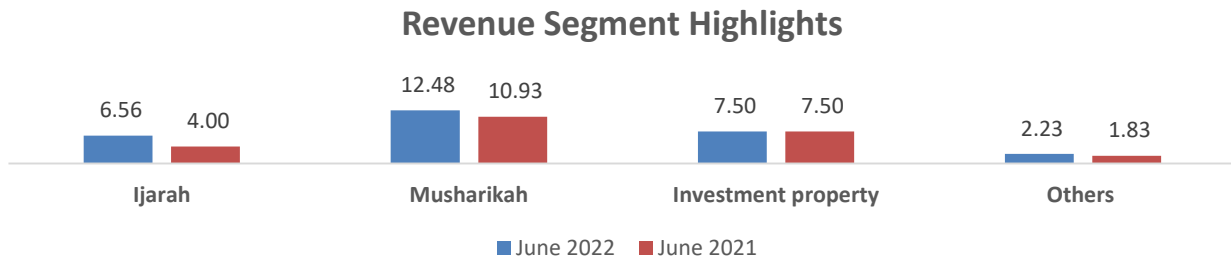
DIRECTORS' REPORT

The Board of Directors of IBL Modaraba Management (Private) Limited [IBLMM], the Management Company of First IBL Modaraba [FIBLM], is pleased to present the Audited Financial Statements of First IBL Modaraba for the year ended June 30, 2022 along with Auditors' Report thereon.

Performance Review:

Despite boom and bust situation in the Stock Market, political uncertainty in the country, Russian-Ukraine conflict elevated global commodity prices, high fuel prices and domestic inflation rates, rising interest rates, lingering supply constraints, ban on import and mounting uncertainties affected the global economic forecasts. Yet your Modaraba did managed to escape the tough situation and has managed to sustain a meager loss (after tax) of Rs. 1.967 million.

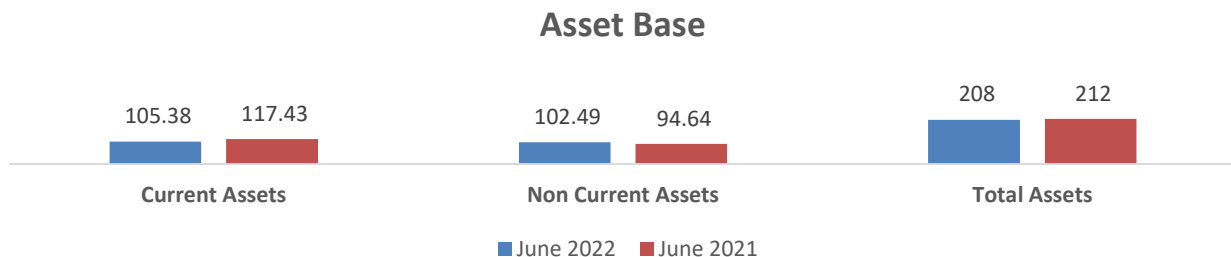
Revenue segment highlights are as follows:



Musharikah segment was the major income generating source during the period under review which contributed 43% in the gross revenue. Reason behind the investment of Rs.60.425 million in the musharikah financing to quality clients.

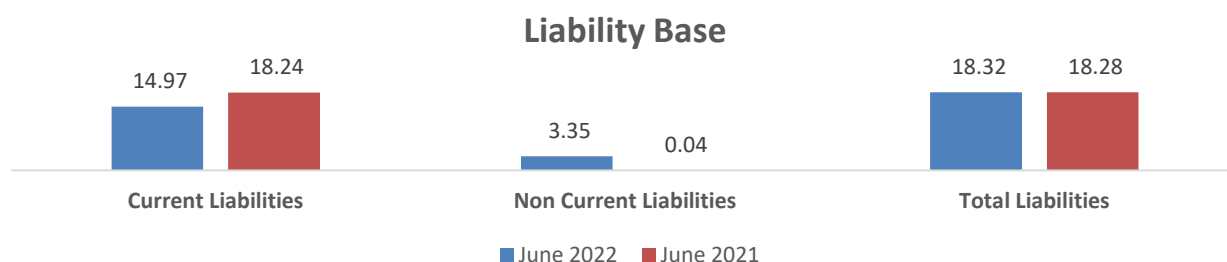
Despite of high inflationary rates, Modaraba managed to curtail its operating expenses and reported reduction of 2%.

Asset base highlights are as follows:



The management of Modaraba utilized its idle funds to its maximum hence reported decrease in cash and bank balance of 73.90%. Funds were invested in musharikah and ijarah segments which includes investment in micro finance domain at high profit rates. Investment if musharikah is amounting to Rs. 60.425 million and investment in ijarah is amounting to Rs.25.991 million.

Liability base highlights are as follows:



Attendance of board meetings:

During the financial year 2021-22 the attendance of board meeting was as follows:

Sr #	Name of director	No of meetings	No. of meetings attended	Leave or absence
1	Mr. Ibrahim Hassan Murad	04	04	0
2	Mr. Arslan Khan Khakwani	04	04	0
3	Mr. Aamir Manzoor	04	04	0
4	Mr. Iftikhar Hameed Khan	04	02*	0

*Mr. Iftikhar Hameed Khan was appointed an Independent Director on January 24, 2022 after approval from SECP.

Composition of board of directors:

During FY 2021-22 the numbers of directors were as follows:

Number of director	Male	Female	Total
Number of directors	04	0	04

The composition of board of director's during FY 2021-22 was as follows:

Sr #	Name of director	Type
1	Mr. Ibrahim Hassan Murad	Non-Executive
2	Mr. Arslan Khan Khakwani	Non-Executive
3	Mr. Iftikhar Hameed Khan (Appointed on January 24, 2022)	Independent
4	Mr. Aamir Manzoor	CEO/ Executive Director

Operating data for six years:

The operating data for six (06) years is annexed to this report.

Pattern of certificate holding:

The detailed pattern of certificate holding as required under the Code of Conduct is annexed to this report.

There has been no trading in the certificates of Modaraba by any of its Directors, CEO, CFO, Company Secretary or their spouses and minor children unless specified in the financial statements.

Stock Market Review:

Pakistan's stock market's performance has posted a boom-and-bust situation during FY2022 due to geo-political tension, especially Russian-Ukraine conflict and domestic political uncertainty. During July 2021 to June 2022, the benchmark KSE-100 index

declined from 47,356 points to 41,540 points. During this period, the index closed at its highest point of 48,112 in August, 2021. The turnover in shares reached its peak in September 2021, indicating that investors were actively investing in the market. However, the market activity slowed down in February and March 2022 due to the geo-political and domestic political uncertainty.

The major development of this year in the equity market is the issuance of Initial Public Offerings (IPOs). During FY2022, five companies issued shares through IPOs on the main board of Pakistan Stock Exchange (PSX), while two companies were listed on the newly introduced Growth Enterprise Market (GEM) Board.

Economic Review:

Global coordinated efforts gradually brought the pandemic under control and the world was recovering from the devastating effects of COVID-19. However In early 2022, the Russian-Ukraine conflict elevated global commodity prices, fueled inflation and domestic inflation rates further. Threats from high inflation, rising interest rates, lingering supply constraints, and mounting uncertainties affected the global economic forecasts

Political instability in the country also led to a huge increase in economic uncertainty. Uncertainty at individual, firm, and government levels has negatively affected the economy.

Pakistan's economy in FY2022 has witnessed an estimated GDP growth of 5.97 percent. This unsustainable growth has triggered macroeconomic imbalances. Unfortunately, the weak economic management has resulted in the deterioration of the exchange rate, high inflation and widened the twin deficits, thus bringing Pakistan to the verge of a financial crisis.

A surge in global commodity prices is exerting pressure on imports by significantly pushing up import payments. Resultantly, the sizeable trade deficit of US\$32.9 billion during FY2022 was partially financed by significant workers' remittances. Thus, in the period under discussion, the current account posted a deficit of US\$ 13.8 billion compared to a deficit of US\$ 0.5 billion during the same period last year.

During FY2022, the agriculture sector recorded a remarkable growth of 4.40 percent and surpassed the target of 3.5 percent and last year's growth of 3.48 percent. This growth is mainly driven by high yields, attractive output prices and supportive government policies, better availability of certified seeds, pesticides, and agriculture credit.

The performance of Large-Scale Manufacturing (LSM) stood tremendous with 10.4 percent growth during FY2022 as compared to growth of 4.2 percent same period last year. The prudent measures and continuous support along with rising global demand, easy access to credit, and partially subsidized energy supplies bode well in boosting the business sentiments and achieving higher growth of LSM.

Future Outlook:

Keeping in view the flood aftershocks, low buying power in the country, high inflation, high interest rates and political uncertainty in the country, the management is taking very calculated steps so that the profitability can be increased/ maintained.

Auditors:

The present auditors M/s. Crowe Hussain Chaudhry & Co Chartered Accountant, being due for retirement, have offered themselves for re-appointment for the year ending June 30, 2023. Their appointment has been confirmed by the Board, subject to approval by the Registrar Modaraba.

Acknowledgement:

The Board remains thankful to Securities & Exchange Commission of Pakistan, Registrar Modaraba, State Bank of Pakistan, and NBFBI & Modaraba Association of Pakistan for providing us their usual support and guidance.

The Board appreciates and pays gratitude to the certificate holders and customers for entrusting their confidence on us and we assure them to maintain adequate internal controls, providing personalized services and also an ideal environment of good corporate governance in all areas of the activities.

Finally, the Board appreciates the dedication and hard work put in by the management and all staff members of First IBL Modaraba.

For & On behalf of the Board

Aamir Manzoor
Chief Executive

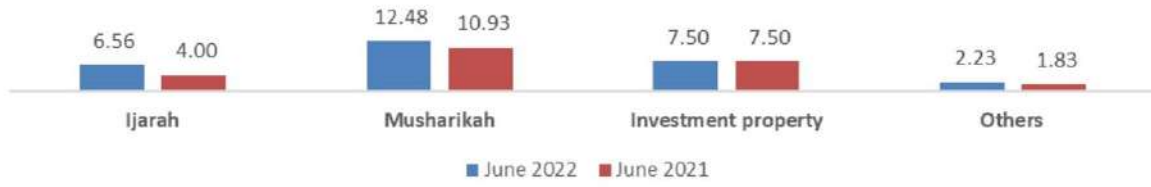
Date: September 29, 2022

ڈائریکٹرز کی رپورٹ

میسرز آئی بی ایل مضاربہ مینجمنٹ (پرائیویٹ) لمیٹڈ (آئی بی ایل ایم ایم)، جو فرسٹ آئی بی ایل مضاربہ (ایف آئی بی ایل ایم) کی مینجمنٹ کمپنی ہے، کا بورڈ آف ڈائریکٹرز، 30 جون 2022 کو اختتام پذیر ہونے والے سال کی تصدیق شدہ (آڈیٹڈ) مالیاتی دستاویزات (اسٹیٹمنٹس) بمع آڈیٹر کی رپورٹ کو پیش کرتے ہوئے خوشی محسوس کرتا ہے۔

مالیاتی نتائج:

اسٹاک مارکیٹ میں تیزی اور ہلچل، ملک میں غیر یقینی سیاسی صورتحال، روس اور یوکرائین کے تنازعے کی وجہ سے اجناس کی قیمتوں میں اضافہ، ایندھن کی بلند قیمتیں و ملک میں بلند افراط زر، شرح سود میں اضافہ، درآمدات پر پابندی اور بین الاقوامی طور پر بڑھتی ہوئی غیر یقینی صورتحال نے عالمی معیشت کو متاثر کیا۔ باوجود اسکے آپکا مضاربہ ان مشکل حالات میں بھی اپنی بھرپور کوششوں سے معمولی بعد از ٹیکس نقصان پر قائم رہا۔ آمدن کے طبقات کی جھلکیاں درج ذیل ہیں۔

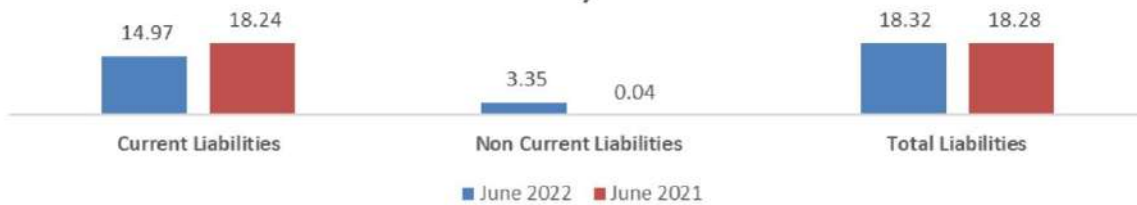


زیر نظر مدت کے دوران یہ میں مشارک فنانسنگ آمدنی پیدا کرنے کا سب سے بڑا ذریعہ رہا جس سے مجموعی آمدن کا 43 فیصد حصہ کمایا گیا۔ معیاری کلائینٹس کو مشارک فنانسنگ کی مد میں 60.425 بلین روپے کی فنانسنگ کی گئی۔

بلند افراط زر کے باوجود مضاربہ اپنے آپریٹنگ اخراجات میں 2 فیصد کمی کرنے میں کامیاب رہا۔ اثاثہ جات کی بنیادی جھلکیاں درج ذیل ہیں۔



مضاربہ کی انتظامیہ نے فنڈز کو بہترین مصرف میں لاتے ہوئے کاروبار کیا اور بینک بیلنس میں 73.90 فیصد کمی دیکھائی۔ فنڈ کی سرمایہ کاری مشارک اور اجارہ طبقات میں کی گئی جس میں بلند منافع کا حامل مائیکرو فنانسنگ بھی شامل ہے۔ مشارک میں 60.425 بلین روپے جبکہ اجارہ میں 25.991 بلین روپے کی سرمایہ کاری کی گئی۔ واجب الادا ذمہ داریوں کی بنیادی جھلکیاں درج ذیل ہیں۔



بورڈ کی اجلاس (میٹنگ) میں حاضری:

نمبر شمار	ڈائریکٹر کا نام	اجلاس کی تعداد	شرکت	غیر حاضری
1	جناب ابراہیم حسن مراد	04	04	0
2	جناب ارسلان خان خاکوانی	04	04	0
3	جناب عامر منظور	04	04	0
4	جناب افتخار حمید خان*	04	02*	0

جناب افتخار حمید خان کی ایس ای سی پی سے منظوری کے بعد 24 جنوری 2022 کو بطور آزاد ڈائریکٹر تقرر کی گئی۔

بورڈ آف ڈائریکٹرز کی ساخت:

مالی سال 2021-22 میں بورڈ آف ڈائریکٹرز کی تعداد درج ذیل تھی۔

ڈائریکٹر کی تعداد	مرد	عورت
ڈائریکٹر کی تعداد	04	0

مالی سال 2021-22 میں بورڈ آف ڈائریکٹرز کی ساخت درج ذیل تھی۔

نمبر شمار	ڈائریکٹر کا نام	قسم
1	جناب ابراہیم حسن مراد	غیر ایگزیکٹو
2	جناب ارسلان خان خاکوانی	غیر ایگزیکٹو
3	جناب افتخار حمید خان (تقرری 24 جنوری 2022)	آزاد
4	جناب عامر منظور	چیف ایگزیکٹو

چھ سالوں کا آپریٹنگ ڈیٹا (اعداد و شمار):

مضار بہ کے گذشتہ 6 سالوں کا آپریٹنگ ڈیٹا اس رپورٹ کے ساتھ منسلک ہے۔

سرٹیفیکیٹ رکھنے کا رجحان:

کارپوریٹ گورننس کے ضابطہ کے مطابق سرٹیفیکیٹ رکھے جانے کا رجحان کی تفصیل اس رپورٹ کے ساتھ منسلک ہے۔

مضار بہ کے سرٹیفیکیٹس میں کسی ڈائریکٹر، ای او، ای ایف او، کمپنی سیکریٹری یا ان کے شریک حیات یا نابالغ بچوں کی طرف سے کوئی خرید و فروخت نہیں ہوئی تا وقتیکہ اس کو مالیاتی دستاویزات میں ظاہر نہ کیا گیا ہو۔

سٹاک مارکیٹ کا جائزہ:

پاکستان کی سٹاک مارکیٹ کی کارکردگی نے مالی سال 2022 کے دوران جغرافیائی سیاسی کشیدگی، خاص طور پر روس یوکرین تنازعہ اور ملکی سیاسی اور غیر یقینی صورتحال کی وجہ سے تیزی اور ابتری کی صورتحال پیدا کی ہے۔ جولائی 2021 سے جون 2022 کے دوران شیخ مارک انڈیکس 47.356 پوائنٹس سے 41.540 پوائنٹس گر گیا۔ اگست 2021 کے دوران یہ میں انڈیکس اپنی بلند ترین سطح 48.112 پوائنٹس پر بند ہوا۔ حصص کا کاروبار ستمبر 2021 میں اپنے عروج پر پہنچ گیا جس سے ظاہر ہوا کہ سرمایہ کار نے مارکیٹ میں سرمایہ کاری کی۔ تاہم مارچ 2022 میں مارکیٹ کی سرگرمیاں جغرافیائی و ملکی غیر یقینی صورتحال کی وجہ سے سست رہی۔ حصص مارکیٹ کی سال کی سب سے بڑی پیش رفت IPO کا اجراء ہے۔ مالی سال 2022 کے دوران پانچ اداروں نے IPO کے ذریعے اپنے حصص سٹاک ایکسچینج کے مرکزی بورڈ پر آویزاں کئے۔ جبکہ دو کمپنیاں نئے متعارف کروائے گئے گروتھ انٹرپرائیز بورڈ پر درج کی گئیں۔

اقتصادی جائزہ:

عالمی سطح پر مرمیوں کا دوشوں کی بنا پر وبائی مرض پر ہندرج قابو پایا گیا اور دنیا میں کووڈ 19 کے اثرات میں نمایاں کمی آرہی ہے۔ تاہم 2022 کے اوائل میں روس و یوکرائن تنازعہ نے اجناس کی عالمی قیمتوں میں اضافہ کر کے افراط زر کو مزید بڑھوتری دی۔ بلند افراط زر، بڑھتی ہوئی شرح سود، سپلائی میں تاخیر اور غیر یقینی صورتحال سے جنم لینے والے خطرات سے عالمی اقتصادی پیشنگوئیاں متاثر ہوئیں۔

ملک میں سیاسی عدم استحکام کی وجہ سے معاشی بے یقینی میں بھی بے پناہ اضافہ ہوا۔ غیر یقینی صورتحال نے انفرادی، اداروں اور حکومتی بنیادوں پر بھی معیشت پر برا اثر ڈالا ہے۔ سال 2022 میں پاکستانی معیشت میں جی ڈی پی کی شرح نمو 5.97 فیصد متوقع ہے۔ اس ناپائیدار نمونے میکرو عدم توازن کو جنم دیا ہے۔ بد قسمتی سے کمزور معاشی نظام کے نتیجے میں زرمبادلہ کے ذخائر میں کمی، مہنگائی میں اضافہ ہوا جس نے پاکستان کو مالیاتی بحران کے دہانے پر پہنچا دیا۔

عالمی اجناس کی قیمتوں میں اضافہ درآمدی ادائیگیوں پر نمایاں دباؤ ڈال رہا ہے۔ اس طرح زیر جائزہ مدت میں تجارتی خسارہ گذشتہ سال کے 0.5 بلین ڈالر کے مقابلے میں 13.8 بلین ڈالر کا خسارہ ہوا۔

مالی سال 2022 کے دوران زرعی شعبے نے پچھلے سال کے 3.48 فیصد کی نمو کے مقابلے میں 4.40 فیصد کی غیر معمولی نمو دیکھائی اور 3.5 فیصد کے ہدف کو عبور کیا۔ ترقی کی بنیادی وجہ پیداوار میں اضافہ پر کٹش قیمتیں، معاون حکومتی پالیسی، تصدیق شدہ بیج اور قرضوں کی دستیابی کی وجہ سے ہوئی۔

بڑے پیمانے پر مینوفیکچرنگ کی کارکردگی پچھلے سال کی 4.2 فیصد کی نمو کے مقابلے میں 10.4 فیصد کی بہترین سطح پر رہی۔ بڑھتی ہوئی عالمی طلب، قرض تک آسان رسائی، اور توانائی پر سبسڈی نے بہترین نمو حاصل کرنے میں خاص کردار ادا کیا۔

مستقبل کا منظر نامہ:

سیلاب کی وجہ سے ملک میں کمزور قوت خرید، بلند شرح سود، اور غیر یقینی سیاسی صورتحال کو مد نظر رکھتے ہوئے انتظامیہ انتہائی نپے تلے اقدامات اٹھا رہی ہے تاکہ منافع میں اضافہ برقرار رکھے۔

آڈیٹرز:

موجودہ آڈیٹرز میسرز کرو حسین چوہدری اینڈ کو، چارٹرڈ اکاؤنٹینٹس نے دوبارہ تقرری کے لیے اپنی خدمات پیش کی ہیں۔ بورڈ کرو حسین چوہدری اینڈ کو، چارٹرڈ اکاؤنٹینٹس کو بطور بیرونی آڈیٹر 30 جون 2023 کے اختتام تک کے لیے تقرری کی توثیق کر چکا ہے جو رجسٹرڈ مضاربہ، ایس ای سی پی، اسلام آباد کی منظوری سے مشروط ہے۔

اعتراف:

بورڈ سیکریٹریٹز اینڈ ایچ جی کمیشن آف پاکستان، رجسٹرڈ مضاربہ، بینک دولت پاکستان اور NBFی اینڈ مضاربہ ایسوسی ایشن کا ان کی حمایت اور رہنمائی کرنے پر احسان مندی کا اظہار کرتا ہے۔

بورڈ اپنے سرٹیفیکیٹ کنندگان اور کسٹمرز کے اعتماد کرنے کو سراہتا ہے اور ان کا شکر گزار ہے اور انکو اس بات کا یقین دلاتا ہے کہ ہم مناسب اندرونی نگرانی کے نظام کو برقرار رکھیں گے اور خدمات کی فراہمی میں ذاتی توجہ اور بہتر کارپوریٹ گورننس کی ادائیگی کیلئے تمام شعبوں میں مثالی ماحول کو بھی برقرار رکھیں گے۔

آخر میں بورڈ فرسٹ آئی بی ایل مضاربہ کی انتظامیہ اور تمام عملے کے خلوص اور سخت محنت کو سراہتا ہے۔

عام منظور

چیف ایگزیکٹو آفیسر

29 ستمبر 2022

COMPARITIVE FINANCIAL SUMMARY
BALANCE SHEET

(Rs in Million)

Year Ended June 30.	2016	2017	2018	2019	2020	2021
CURRENT ASSETS						
Cash and bank balances	20.70	13.91	23.50	32.05	44.16	52.11
Ijarah rental receivables	0.99	0.38	0.44	1.30	1.24	0.13
Advances, prepayments & other receivables	12.34	10.35	9.21	13.18	8.53	6.61
Short term investments	36.18	7.64	5.93	2.90	3.83	4.74
Short term musharikhah receivables	-	-	-	-	8.00	0.60
Current portion of musharikhah receivables	14.41	42.39	65.06	50.71	27.24	53.24
Current portion of murabaha receivables	18.34	-	0.50	-	-	-
Total Current Assets	102.96	74.67	104.64	100.13	92.99	117.43
NON-CURRENT ASSETS						
Long term musharikhah receivables	-	29.03	1.89	20.18	42.63	26.85
Long term advances and deposits	2.71	2.71	2.62	2.62	2.62	2.62
Investment Property	82.08	77.08	72.08	67.08	62.08	57.08
Fixed assets under Ijarah arrangements	35.64	42.29	40.13	36.85	26.97	6.63
Fixed assets under own use	0.78	2.57	2.85	3.35	2.41	1.45
Intangible assets	0.08	-	-	-	-	-
Total Non-current Assets	121.30	153.68	119.58	130.08	136.71	94.64
Total Assets	224.26	228.35	224.22	230.21	229.70	212.06
CURRENT LIABILITIES						
Creditors, accrued & other liabilities	5.20	1.49	1.06	1.77	1.37	0.83
Short term borrowing	10.00	15.00	-	-	-	-
Musharikhah profit payable	1.43	1.43	1.43	1.43	1.43	-
Musharikhah finance	4.20	0.70	0.70	0.70	0.70	0.70
Current portion of non current liabilities	5.08	7.73	11.11	14.37	18.89	5.83
Provision for taxation	-	-	-	-	-	-
Unclaimed profit distribution	9.48	9.37	10.48	10.48	10.67	10.88
Total current Liabilities	35.38	35.72	24.79	28.76	33.06	18.24
NON CURRENT LIABILITIES						
Long term security deposits	10.05	9.76	10.16	10.01	3.67	0.04
Total non current Liabilities	10.05	9.76	10.16	10.01	3.67	0.04
EQUITY						
Issued, subscribed & paid up capital	201.88	201.88	216.88	216.88	216.88	216.88
Reserves	41.06	43.06	43.07	44.01	44.81	45.39
Revenue Reserve and Unappropriated profit	(69.73)	(68.81)	(75.98)	(72.08)	(72.30)	(72.85)
Modaraba certificate deposit money	-	-	-	-	-	-
Total Equity	173.21	176.13	183.96	188.81	189.39	189.42
Un realized gain on revaluation on investment	5.63	6.74	5.32	2.64	3.59	4.37
	224.26	228.35	224.22	230.21	229.70	212.06

COMPARITIVE FINANCIAL SUMMARY PROFIT & LOSS SUMMARY

(Rs in Million)

Year Ended June 30.	2016	2017	2018	2019	2020	2021
INCOME						
Income from Ijarah	12.72	15.49	20.23	9.55	7.70	4.00
Profit on murabaha investments	2.25	-	0.06	0.01	-	-
profit on musharikhah investments	3.61	6.34	6.71	8.47	9.38	10.93
Sub-total	18.58	21.83	27.00	18.03	17.08	14.93
OTHER INCOME						
income from investment property	7.50	7.50	7.50	7.50	7.50	7.50
Profit on deposits	1.54	1.42	0.14	0.74	1.70	1.19
Income from short term investments	6.29	0.48	-	-	0.05	0.13
Dividend Income						0.045
Reversal of provision against non performing musharikhah	9.85	10.24	0.00	8.63	0.00	0.00
Reversal of musharikhah profit held in suspense account	0.00	2.98	0.00	0.00	0.18	0.20
balances written back	0.00	0.54	0.00	0.00	0.00	0.00
Other income	0.16	2.40	1.05	1.77	0.87	0.27
Sub-total	25.34	25.56	8.69	18.64	10.29	9.33
Total Income	43.91	47.39	35.69	36.67	27.37	24.26
EXPENSES						
Operating Expenses	21.49	23.97	21.19	17.82	16.45	16.51
Depreciation on assets under ijarah	10.83	11.75	13.63	12.80	6.41	3.28
Other operating expenses	0.67	0.47	0.82	0.83	0.02	1.07
Total Expenses	32.98	36.19	35.64	31.44	22.88	20.86
Taxation	-	0.09				
Profit/ (loss) before Management Fee	10.93	11.11	0.05	5.23	4.49	3.40
Management Fee	1.09	1.11	0.00	0.52	0.44	0.34
Provision for WWF	-	-	-	-	-	0.14
Net Profit	9.84	10.00	0.04	4.70	4.04	2.91

FIRST IBL MODARABA

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 FOR THE YEAR ENDED JUNE 30, 2022

The company has complied with the requirements of the Regulations in the following manner:-

1. The total number of directors are 4 as per the following,-

- * a. Male: 4
- ** b. Female: 0

* The requirement of minimum 7 directors does not apply to Modaraba as Modaraba is being managed by a Management Company which is Private Limited by its nature.

** Steps are being taken for appointment of Female Director on the Board of Directors.

2. The composition of the Board is as follows:

Category	Names
Independent Director*	Mr. Iftikhar Hameed Khan
Executive Director	Mr. Aamir Manzoor
Non-Executive Director	Mr. Ibrahim Hasan Murad Mr. Arslan Khan Khakwani - Chairman

*Mr. Naveed Amin, Independent Director resigned on March 31, 2021. In his place Mr. Iftikhar Hameed Khan was appointed on January 24, 2022 as an Independent Director.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the 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 the Board/ 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 the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. All the Directors on the Board have not acquired certification under Directors' Training Program as prescribed.

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:

a) Audit Committee

Mr. Iftikhar Hameed Khan	Chairman*
Mr. Ibrahim Hasan Murad	Member
Mr. Arslan Khan Khakwani	Member

b) HR and Remuneration Committee

Mr. Iftikhar Hameed Khan	Chairman*
Mr. Arslan Khan Khakwani	Member
Mr. Ibrahim Hasan Murad	Member

* Mr. Iftikhar Hameed Khan was appointed as Chairman Audit Committee and Chairman of HR & R Committee as an Independent Director on January 24, 2022 as office of the Chairman remained vacant for the first 2 quarters of the current financial year.

13. The terms of reference of the aforesaid committees 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*	2
b) HR & Remuneration Committee	0

* Audit Committee Meetings were not held for first two quarters of the current year because office of the Chairman remained vacant as Mr. Iftikhar Hameed Khan was appointed as an independent director on January 24, 2022.

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 regulations 3, 8, 32, 33 and 36 of the Regulations have been complied with except 6, 7, 27(1)(i)(ii) and 27(2)(i)
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36:

Sr. No.	Regulation No.	Description	Explanation
1	19	By June 30, 2022, all directors shall acquire certification under director training program.	Directors' Training Program shall be organized for Directors by or before end of June 30, 2023.
2	28(2)	The Chairman of HR & R Committee shall be independent director.	Mr. Iftikhar Hameed Khan, Chairman of HR & R Committee was not appointed for first two quarters of the year, due to casual vacancy of an independent director.
3	28(3)	HR & R Committee shall meet at least once in a financial year.	HR & R Committee meeting was not held in the financial year because quorum of meeting was not completed due to non availability of committee members .
4	31(2)	Appraisal of Head of Internal Audit shall be done jointly by Chairman of audit committee and CEO.	Appraisal of Head of Internal Auditor could not be done as HR & R Committee meeting was not held in the financial year because quorum of meeting was not completed.

Aamir Manzoor
 Chief Executive
 September 29, 2022

**INDEPENDENT AUDITOR’S REVIEW REPORT TO THE MEMBERS
OF
FIRST IBL MODARABA
REVIEW REPORT 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 IBL Modaraba Management (Private) Limited (“the Company”) for and on behalf of First IBL 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 Company of the Modaraba. Our responsibility is to review whether the Statement of Compliance reflects the status of the Modaraba 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 Modaraba 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 Modaraba corporate governance procedures and risks.

The Regulations require the Modaraba 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. 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.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Modaraba compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Modaraba for the year ended June 30, 2022.

Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where these are stated in the Statement of Compliance:

Sr. No.	Paragraph Reference	Description
1.	18	At least one Female Director is not elected on the Board of Directors of the Company of the Modaraba.
2.	18	Audit Committee was not comprised of three members for first two quarters of the year as required under clause 27 of the Regulations.
3.	18	The Chairman of the Audit Committee was not appointed for first two quarters of the year, due to casual vacancy of an independent director, as required under clause 27 of the Regulations.
4.	18	Audit Committee meetings were not held for first two quarters of the year as required under clause 27 of the Regulations.
5.	18	Application for appointment of Independent Director was not filed within 90 days of occurrence of its casual vacancy as required under clause 26 of the Modaraba Regulations.
6.	19	None of the Directors have acquired the prescribed certification under the Directors' Training Program as required under clause 19 of the Regulations.
7.	19	The Chairman of the Human Resource & Remuneration Committee was not present due to casual vacancy of an independent director for first two quarters of the year. Meeting of the Human Resource & Remuneration Committee was not held in the financial year as required under clause 28 of the Regulations.
8.	19	Performance appraisal of Head of Internal Audit is not done jointly by the Chairman of Audit Committee and Chief Executive Officer as required under clause 31 of the Regulations.

Lahore

Dated: September 29, 2022

UDIN: CR202210051rlphE2PVu

CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants

AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet of **First IBL 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 [IBL Modaraba 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:

- a) We were appointed auditor of the Modaraba during June 30, 2021, we were unable to verify balances of Rs. 570,544 included in "Advances, prepayments and other receivables" and deposits of Rs. 1,098,760 included in "Long term advances" due to non-availability of any records / information / direct confirmations. Our audit opinion on the financial statements for the year ended June 30, 2021 was modified accordingly. Our opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.
- b) in our opinion, except for the possible effects of matter described in above para (a) 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;
- c) in our opinion, except for the possible effects of matter described in above para (a);

- (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 accordance with the accounting policies consistently applied except for the changes as stated in note 6 with which we concur;
 - (ii) the expenditure incurred during the year was for the purpose of the Modaraba's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the Modaraba;
- d) in our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of matter described in above para (a) 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 affairs as at June 30, 2022 and of the loss, comprehensive loss, its cash flows and changes in equity for the year then ended; and
- e) No Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

LAHORE

Dated: September 29, 2022
UDIN No. AR202210051LRj70WQBI

CROWE HUSSAIN CHAUDHURY & CO.

Chartered Accountants
Engagement Partner: Amin Ali

SHARI'AH ADVISOR'S REPORT FOR THE YEAR ENDED June 30, 2022

I have conducted the Shari'ah review of First IBL Modaraba managed by IBL Modaraba Management (Pvt.) Ltd. for the year ended June 30, 2022 in accordance with requirement of the Shari'a Compliance and Shari'ah Audit Mechanism for Modaraba.

I acknowledge and certify that as Sharia Advisor of the Modaraba, the financial arrangements, contracts and transactions entered into by the company with its customers, stake holders and participants are in compliance with the requirements of Sharia rules and principles.

During the review I have verified the following in compliance with Shariah mechanism:

- The transactions of Musharakah were reviewed on random selection basis.
- Declarations, description of assets, relevant purchase invoices, sequence and order of the documents and time difference between purchases and declaration where applicable were reviewed to obviate the possibility of fictitious transactions.
- Sharia Compliance Checklists (SCC) of transactions was also reviewed on random basis.
- During the year, credit approvals, customer-specific transaction process flows, text of documents and security documents were reviewed to ensure Shariah compliance while offering financing products to the customers.
- Random physical inspections and concrete measures were taken to verify the purchase evidences and invoices of financing transactions, thus further improving the quality of internal controls.
- Other related documents and procedures followed by different functional areas were found proper.
- During the year onsite training has been given to the staff.
- There is no receipt of charity during the financial year accordingly no amount was credited into charity account.

Conclusion

In this context of detailed Shari'ah review carried by the undersigned for the Year ended June 30, 2022, transactions during the period executed by FIBLM were found satisfactory as required by Shari'ah Audit Mechanism.

Dr. Mufti Salman Ahmad Khan
Shari'ah Advisor
September 09, 2022

FIRST IBL MODARABA
BALANCE SHEET AS AT JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
ASSETS			
Current Assets			
Cash and bank balances	7	13,599,668	52,113,573
Short term investments	8	2,773,160	4,737,279
Ijarah rentals receivable	9	1,212,881	126,560
Short term musharaka receivables	10	27,500,000	600,000
Advances, prepayments and other receivables	11	5,017,505	4,918,627
Advance income tax		1,317,777	1,693,272
Current portion of long term musharaka receivables	12	54,413,221	53,241,647
		105,834,212	117,430,958
Non-Current Assets			
Long term musharaka receivables	12	25,837,812	26,846,434
Long term advances and deposits	13	20,500	2,619,260
Investment property	14	52,083,550	57,083,578
Fixed assets under ijarah arrangements	15	23,753,364	6,634,853
Fixed assets under own use	16	792,809	1,454,397
		102,488,035	94,638,522
Total Assets		208,322,247	212,069,480
LIABILITIES			
Current Liabilities			
Creditors, accrued and other liabilities	17	906,227	826,423
Musharaka finances payable		700,000	700,000
Current portion of long term security deposits	18	2,525,855	5,834,050
Unclaimed dividend		10,834,598	10,883,905
		14,966,680	18,244,378
Non-Current Liabilities			
Long term security deposits	18	3,353,880	39,080
Total Liabilities		18,320,560	18,283,458
NET ASSETS		190,001,687	193,786,022
REPRESENTED BY:			
Certificate capital	19	216,875,000	216,875,000
Statutory reserves	20	45,394,252	45,394,252
Accumulated loss		(74,820,117)	(72,853,017)
		187,449,135	189,416,235
Unrealized gain on revaluation of investments - Fair value through OCI	21	2,552,552	4,369,787
		190,001,687	193,786,022
CONTINGENCIES AND COMMITMENTS	22	-	-

The annexed notes from 1 to 38 form an integral part of these financial statements.

For IBL Modaraba Management (Private) Limited
(Modaraba Management Company)

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

FIRST IBL MODARABA
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		Rupees	Rupees
INCOME FROM OPERATION			
Income from ijarah rentals		6,563,947	4,002,135
Profit on musharaka investments		12,476,687	10,927,659
		19,040,634	14,929,794
OTHER INCOME			
Income from investment property		7,495,440	7,495,440
Profit on deposits		1,713,461	1,191,360
Dividend income		38,784	45,466
Unrealized gain on re-measurement of investments		-	128,159
Other income	23	255,126	269,414
		9,502,811	9,129,839
Reversal of suspension of ijarah income-net		225,770	198,950
TOTAL INCOME		28,769,215	24,258,583
EXPENSES			
Operating expenses	24	(16,177,733)	(16,507,705)
Balances written off	25	(5,259,304)	-
Depreciation on assets under ijarah	15	(5,408,633)	(3,281,133)
Unrealized loss on re-measurement of investments		(146,884)	-
Provision and suspension of doubtful musharaka receivables	11 & 12	(2,806,131)	-
Finance cost	26	-	(1,069,808)
		(29,798,685)	(20,858,646)
(LOSS) / PROFIT BEFORE MANAGEMENT COMPANY'S FEE		(1,029,470)	3,399,937
Modaraba Company's management fee	27	-	(339,994)
Provision for Worker's Welfare Fund		-	(142,173)
(LOSS) / PROFIT BEFORE TAXATION		(1,029,470)	2,917,770
Taxation			
- Prior year		(578,015)	-
- Current period		(359,615)	-
NET (LOSS) / PROFIT FOR THE YEAR		(1,967,100)	2,917,770
(Loss) / Earnings per Modaraba Certificate - Basic and Diluted	28	(0.09)	0.13

The annexed notes from 1 to 38 form an integral part of these financial statements.

For IBL Modaraba Management (Private) Limited
(Modaraba Management Company)

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

FIRST IBL MODARABA

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

	2022	2021
	Rupees	Rupees
Net (Loss) / Profit for the Year	(1,967,100)	2,917,770
<i>Other comprehensive income</i>		
<i>Items that will not be reclassified subsequently to profit and loss</i>		
Unrealized gain on re-measurement of investments through OCI	(1,817,235)	781,497
<i>Items that may be reclassified subsequently to profit and loss</i>		
Other comprehensive (loss) / income for the year	(1,817,235)	781,497
Total Comprehensive (Loss) / Income for the Year	<u>(3,784,335)</u>	<u>3,699,267</u>

The annexed notes from 1 to 38 form an integral part of these financial statements.

For IBL Modaraba Management (Private) Limited
(Modaraba Management Company)

CHIEF EXECUTIVE OFFICE

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

FIRST IBL MODARABA
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash (Used in) / Generated from Operations	29	(17,265,679)	20,367,730
<i>Increase in non-current assets:</i>			
- Long term musharaka		(162,952)	(10,220,829)
Purchase of fixed assets under ijarah arrangements		(25,991,900)	(646,498)
Proceeds from disposal of assets on terminating ijarah		117,399	945,732
Income taxes paid		(562,135)	(256,278)
Finance cost paid		-	(1,069,808)
Net Cash (Used in) / Generated from Operating Activities		(43,865,267)	9,120,049
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets under own use		(312,080)	-
Proceeds from disposal of fixed assets under own use		8,000	-
Dividend income received		254,606	-
Profit received on bank deposits		1,978,783	1,368,435
Receipt of customers' security deposits		3,471,360	135,660
Net Cash Generated from Investing Activities		5,400,669	1,504,095
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid	28.1	(49,307)	(2,669,315)
Net Cash Used in Financing Activities		(49,307)	(2,669,315)
Net (Decrease) / Increase in Cash and Cash Equivalents		(38,513,905)	7,954,829
Cash and cash equivalents at the beginning of the year		52,113,573	44,158,744
Cash and Cash Equivalents at the End of the Year		13,599,668	52,113,573

The annexed notes from 1 to 38 form an integral part of these financial statements.

For IBL Modaraba Management (Private) Limited
(Modaraba Management Company)

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

FIRST IBL MODARABA

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

Particulars	Certificate Capital	Reserves		Total Equity
		Statutory Reserve	Accumulated Loss	
	Rupees			
Balance as at June 30, 2020	216,875,000	44,810,698	(72,304,233)	189,381,465
Comprehensive Income for the Year				
Net profit for the year	-	-	2,917,770	2,917,770
Other comprehensive income for the year	-	-	-	-
Total Comprehensive Income for the Year	-	-	2,917,770	2,917,770
Transferred to statutory reserve (Note 20)	-	583,554	(583,554)	-
Transactions with Owners				
Profit distribution for the year ended June 30, 2020	-	-	(2,883,000)	(2,883,000)
Balance as at June 30, 2021	216,875,000	45,394,252	(72,853,017)	189,416,235
Comprehensive Income for the year				
Net loss for the year	-	-	(1,967,100)	(1,967,100)
Other comprehensive income for the year	-	-	-	-
Total Comprehensive Loss for the Year	-	-	(1,967,100)	(1,967,100)
Balance as at June 30, 2022	216,875,000	45,394,252	(74,820,117)	187,449,135

The annexed notes from 1 to 38 form an integral part of these financial statements.

For IBL Modaraba Management (Private) Limited
(Modaraba Management Company)

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

FIRST IBL MODARABA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Note 1

Legal Status and Nature of Business

First IBL Modaraba ("the Modaraba") is a multi purpose, perpetual and multi dimensional Modaraba formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and rules framed thereunder, having its registered office at Office No. 4-L, Main Ferozepur Road, Gulberg 3, Lahore. The Modaraba is managed by IBL Modaraba Management (Private) Limited (Modaraba Management Company) incorporated in Pakistan under the repealed Companies Ordinance 1984, (now the Companies Act, 2017) and registered with the Registrar of Modaraba Companies and Modarabas.

The Modaraba is listed on Pakistan Stock Exchange Limited. It commenced its operations on October 19, 1989 and is currently engaged in various Islamic modes of financing and operations including ijarah, musharaka and murabaha arrangements.

Note 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), International Accounting Standards (IAS) and Islamic Financial Accounting Standards (IFASs) as are notified under the provisions of the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017, Modaraba Companies and Modarabas (Flotation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modarabas issued by the Securities and Exchange Commission of Pakistan (hereinafter referred to as the relevant laws).

Wherever the requirements of the approved accounting standards differ from the relevant laws, the relevant laws have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except short term investments that are measured at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees which is Modaraba's functional and presentation currency. All financial information presented in Pak Rupees has been rounded off to the nearest rupee unless otherwise stated.

Note 3

Key Estimates and Judgments

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Modaraba's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period affected. Actual results may differ from these estimates.

Note 3, Key Estimates and Judgments - Continued..

In the process of applying the Modaraba's accounting policies, the management has made the following estimates and judgments which are significant to the financial statements:

3.1 Useful lives, pattern of flow of economic benefits and impairment

The Modaraba's management determines the useful lives and related depreciation charge, the residual values and impairment of its fixed assets and investment property on regular basis as disclosed in note 5.3, 5.4, 14, 15 & 16 to the financial statements. These are reviewed at the end of each reporting period and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets and the residual values, the same is changed to reflect the changed pattern. Such change is accounted for as change in accounting estimate in accordance with International Accounting Standard (IAS) 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

3.2 Provision against non performing financing

The Modaraba reviews its overdue receivables from *ijarah* and *musharaka* as disclosed in note 5.2, 9, 10 & 12 to the financial statements at each reporting date to assess whether subjective provision should be recorded in the profit and loss account, in addition to the mandatory provisions required in accordance with the Prudential Regulations issued by the Securities and Exchange Commission of Pakistan. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provision.

3.3 Impairment of other financial assets

Provision is recognized based on management judgment regarding the recoverability of balance as disclosed in note 5.10 & 8 to the financial statements. Balances considered bad and irrecoverable are written off when identified.

3.4 Provision for taxation

As disclosed in note 5.9 to the financial statements, provision has been made in these financial statements for income taxes in accordance with Income tax Ordinance, 2001.

For the above purposes, and also in respect of making an estimate for income tax currently payable by the Modaraba (if so required), the management considers the current income tax laws and the decisions of the appellate authorities on certain issues.

3.5 Valuation of short term investments

The Modaraba has recorded its short term investments by using quotations from Pakistan Stock Exchange as disclosed in note 8 to the financial statements. This valuation is subjective to market price fluctuation and therefore, cannot be determined with precision.

Note 4

Changes in Accounting Standards, Interpretations and Pronouncements**4.1 Standards, interpretations and amendments to approved accounting standards which became effective during the year**

The following amendments to existing standards and interpretations have been published and are mandatory for the year ended July 01, 2022 and are considered to be relevant to the Modaraba's financial statements:

Note 4, Changes in Accounting Standards, Interpretations and Pronouncements - Continued...

Note 4.1, Standards, interpretations effective during the year - Continued...

Standard or Interpretation	Effective Date (Period beginning on or after)
IFRS 16 Leases [Amendments]	June 01, 2021
IFRS 7 Financial Instruments: Disclosures [Amendments]	January 01, 2021
IFRS 9 Financial Instruments	January 01, 2021

4.2 Standards, interpretation and amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting and reporting standards as applicable in Pakistan and relevant to the Modaraba, would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective Date (Period beginning on or after)
IAS 1 Presentation of Financial Statements [Amendments- Classification of liabilities as current and non-current]	January 1, 2023
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors [Amendments]	January 1, 2023
IAS 12 Income Taxes [Amendments]	January 1, 2023
IAS 16 Property, Plant and Equipment [Amendments]	January 1, 2022
IAS 37 Provisions, Contingent Liabilities and Contingent Assets [Amendments]	January 1, 2022
IFRS 9 Financial Instruments	January 1, 2021
Annual improvements to IFRS Standards 2018-2020	January 1, 2022

The Modaraba is currently evaluating the potential impact on its financial statements.

Note 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 periods presented, unless stated otherwise.

5.1 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 consist of cash in hand and balances with banks.

5.2 Musharaka investment

Musharaka investments are stated net of provision. Provision is recognized in accordance with prudential regulations for Modarabas issued by SECP or on the estimate of management, whichever is higher. Bad debts are written off when identified.

*Note 5, Summary of Significant Accounting Policies - Continued...**Note 5.3, Investment property - Continued...***5.3 Investment property**

Investment property, which is property held to earn rentals and/or for capital appreciation, including property under construction for such purposes, is measured initially at its cost, including transaction costs. Subsequent to initial recognition the Modaraba values its investment property, which is held to earn rentals and / or for capital appreciation purposes, using the cost model i.e. at cost less any accumulated depreciation and any identified impairment loss.

Depreciation on investment property is charged to income on straight-line method over its estimated useful life at the rates specified in note 14 to the financial statements. Depreciation on additions to investment property is charged from the month in which a property is available for use while no depreciation is charged for the month in which the property is disposed off.

Investment properties are derecognized either when they are disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit and loss in the period of derecognition.

Compensation from third parties for investment property that is impaired, lost or given up is recognized in profit or loss when the compensation becomes receivable.

5.4 Fixed assets**Assets given to customers under ijarah arrangements**

Leased assets are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged to income by applying the straight line method whereby the cost of an asset less salvage value is written off over the leased period, which is considered to be the estimated useful life of the asset. Depreciation on additions and disposals during the year is charged proportionately from the date of commencement of the lease to the date of its maturity / termination.

Assets in own use - Tangible

Operating fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged to income by applying the straight-line method at the rates given in note 16.

Depreciation on additions to operating fixed assets is charged from the month in which the asset is acquired while no depreciation is charged for the month in which the asset is disposed off.

Maintenance and normal repairs are charged to income as and when incurred. Subsequent costs are included in assets' carrying amounts when it is probable that future economic benefits associated with the item will flow to the Modaraba and the cost of the item can be measured reliably. Gain or loss on disposal of assets is charged to the profit and loss account in the year of disposal.

An item of operating fixed assets and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on derecognition of an item of operating fixed assets is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognized in as other income in profit and loss account.

5.5 Creditors and other liabilities

Creditors and other liabilities are measured at cost which is the fair value of the consideration to be paid in future for goods and services received whether billed to the Modaraba or not.

*Note 5, Summary of Significant Accounting Policies - Continued...***5.6 Provisions**

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Future operating losses are not provided for.

5.7 Contingent Liability

A contingent liability is disclosed when the Modaraba has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Modaraba; or the Modaraba has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

5.8 Revenue recognition

Revenue from ijarah and murabaha is recognized as per the requirements of the Islamic Financial Accounting Standards (IFASs). Repayment schedule is agreed at the start. Payments are usually due over the period of contract at different dates.

Ijarah rentals

Ijarah income is recognized in income on an accrual basis as and when the rental becomes due, unless another systematic basis is more representative of the time pattern in which the benefit of the use derived from the leased asset is diminished.

Musharaka profit

Profit on diminishing musharaka financings is recognized on accrual basis. Additional profit, if any, is recognized on declaration by the investee company in accordance with terms of issue.

Rental income

Rental income from investment properties is recognized on accrual basis.

Dividend income

Dividend income is recognized in profit and loss as other income when:

- the Modaraba's right to receive payment have been established;
- it is probable that the economic benefits associated with the dividend will flow to the Modaraba; and
- the amount of the dividend can be measured reliably.

Return on deposit accounts

Return on deposits with bank is recognized on accrual basis.

*Note 5, Summary of Significant Accounting Policies - Continued...**Note 5.9, Taxation - Continued...***5.9 Taxation*****Current***

Under the current tax law, the income of a non-trading Modaraba is exempt from income tax provided that the Modaraba distributes ninety percent (90%) of its profits for the year, as cash dividend to the certificate holders, after appropriating statutory reserves. Where such profit is not distributed, provision for tax is made on taxable income at the current tax rates applicable to the Modaraba after taking into account available tax exemptions and tax credits, if any.

Deferred

Deferred taxation is accounted for using the balance sheet liability method providing for temporary 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. Deferred tax liabilities are generally recognized for all taxable temporary timing differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated based on the rates that have been enacted or notified for subsequent enactment up to the reporting date and are expected to apply to the period when the difference arises.

5.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

5.10.1 Financial assets

All financial assets are recognized at the time when the Modaraba becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognized and derecognized, as applicable, using trade-date accounting or settlement date accounting.

Classification

The management determines the classification of its financial assets at the time of initial recognition and classifies its financial assets in the following categories:

a) Financial assets at amortized cost

A financial asset is measured at amortized cost if 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 specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) Financial assets at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if the financial 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.

*Note 5, Summary of Significant Accounting Policies - Continued...**Note 5.10.1, Financial Assets - Continued...***c) Financial assets at fair value through profit and loss**

A financial asset is measured at fair value through profit and loss unless it is measured at amortized cost or at fair value through other comprehensive income. However, the Modaraba can make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit and loss to present subsequent changes in fair value in other comprehensive income unless these are held for trading in which case these have to be measured at fair value through profit or loss. The equity investments of the Modaraba held in short term investments are classified at fair value through profit and loss because they are frequently traded.

Reclassification

When the Modaraba changes its business model for managing financial assets, it reclassifies all affected financial assets accordingly. The Modaraba applies the reclassification prospectively from the reclassification date.

In case of reclassification out of the amortized cost measurement category to fair value through profit and loss measurement category, fair value of the financial asset is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortized cost and fair value is recognized in profit and loss.

In case of reclassification out of fair value through profit and loss measurement category to the amortized cost measurement category, fair value of the financial asset at the reclassification date becomes its new gross carrying amount.

In case of reclassification out of fair value through other comprehensive income measurement category to the amortized cost measurement category, the financial asset is reclassified at its fair value at the reclassification date. However, the cumulative gain or loss previously recognized in other comprehensive income is removed from equity and adjusted against the fair value of the financial asset at the reclassification date. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

In case of reclassification out of fair value through profit and loss measurement category to the fair value through other comprehensive income measurement category, the financial asset continues to be measured at fair value.

In case of reclassification out of fair value through other comprehensive income measurement category to the fair value through profit and loss measurement category, the financial asset continues to be measured at fair value. The cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit and loss as a reclassification adjustment at the reclassification date.

Initial recognition and measurement

All financial assets are recognized at the time when the Modaraba becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized on trade-date – the date on which the Modaraba commits to purchase or sell the asset. The Modaraba initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit and loss, transaction costs.

Subsequent measurement

Financial assets carried at amortized cost are subsequently measured using the effective interest method. Gain or loss on financial assets not part of hedging relationship is recognized in profit and loss when the financial asset is derecognized, reclassified, through the amortization process or in order to recognize impairment gains or losses.

*Note 5, Summary of Significant Accounting Policies - Continued...**Note 5.10, Financial instruments - Continued...*

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Modaraba recalculates the gross carrying amount of the financial asset and recognizes a modification gain or loss in profit and loss.

Financial assets 'at fair value through other comprehensive income' are marked to market using the closing market rates and are carried in the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are recognized in other comprehensive income. Interest calculated using the effective interest rate method is credited to the profit and loss account. Dividends on equity instruments are credited to the profit and loss account when the Modaraba's right to receive payments is established.

Financial assets 'at fair value through profit and loss' are marked to market using the closing market rates and are carried in the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the profit and loss in the period in which these arise.

Fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unlisted securities), the Modaraba measures the investments at cost less impairment in value, if any.

Derecognition

Financial assets are derecognized when:

- the contractual rights to receive cash flows from the assets have expired; or
- the Modaraba has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - a) the Modaraba has transferred substantially all the risks and rewards of the asset; or
 - b) the Modaraba has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The difference between the carrying amount and the consideration received is recognized in profit and loss.

If the Modaraba transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognizes either a servicing asset or a servicing liability for that servicing contract.

When the Modaraba has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Modaraba continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Modaraba also recognizes an associated liability which cannot be offset with the related asset. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Modaraba has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Modaraba could be required to repay.

*Note 5, Summary of Significant Accounting Policies - Continued...**Note 5.10, Financial instruments - Continued...*

If the Modaraba's continuing involvement is in only a part of a financial asset, the Modaraba allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer.

Impairment of financial assets

The Modaraba directly reduces the gross carrying amount of a financial asset when it has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

The Modaraba recognizes the impairment at each reporting date for outstanding Ijarah and musharakah receivables on the basis of Prudential Regulations issued for Modarabas by the Securities and Exchange Commission of Pakistan (SECP) and subjective evaluation as per IFRS 9.

For other financial assets, the Modaraba recognizes a loss allowance for expected credit losses on a financial asset measured at amortized cost and through other comprehensive income. In case of financial assets measured at fair value through other comprehensive income, loss allowance is recognized in other comprehensive income and carrying amount of the financial asset in the balance sheet is reduced.

The Modaraba measures, at each reporting date, the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. Where the credit risk on a financial instrument has not increased significantly since the initial recognition, the Modaraba measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Modaraba recognizes the amount of expected credit losses (or reversal), that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized, in the profit and loss.

5.10.2 Financial liabilities***Initial recognition and measurement***

All financial liabilities are recognized at the time when the Modaraba becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified, at initial recognition, as financial liabilities at amortized cost except for financial liabilities at fair value through profit and loss, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.

The Modaraba does not reclassify any of its financial liabilities.

Financial liabilities are initially recognized at fair value minus transaction costs for all financial liabilities not carried at fair value through profit and loss. Financial liabilities carried at fair value through profit and loss are initially recognized at fair value and transaction costs are recognized in the profit and loss account.

Subsequent measurement***Financial liabilities at fair value through profit and loss***

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit and loss.

*Note 5, Summary of Significant Accounting Policies - Continued..**Note 5.10, Financial instruments - Continued..*

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

The amount of change in the fair value that is attributable to changes in the credit risk of financial liability is presented in other comprehensive income and the remaining amount of change in the fair value of the liability is presented in profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit and loss are designated at the initial date of recognition, and only if it eliminates or significantly reduces a measurement or recognition inconsistency or a group of financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Modaraba's key management personnel. The Modaraba has not designated any financial liability as at fair value through profit or loss.

All other liabilities

All other financial liabilities are measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in profit and loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in profit and loss account.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the profit and loss account. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit and loss.

If the Modaraba repurchases a part of a financial liability, the Modaraba allocates the previous carrying amount of the financial liability between the part that continues to be recognized and the part that is derecognized based on the relative fair values of those parts on the date of the repurchase. The difference between the carrying amount allocated to the part derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, for the part derecognized is recognized in profit and loss.

5.10.3 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Modaraba intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

5.11 Dividend - Profit distribution and other appropriations of profit

Dividend distribution to the Modaraba's certificate holders is recognized as a liability in the financial statements in the period in which the dividends are approved by the Modaraba Management Company. Transfer to statutory reserve and any of the mandatory appropriations as may be required by law are recognized in the period to which these relate.

Note 5, Summary of Significant Accounting Policies - Continued..

5.12 Earnings per certificate

The Modaraba presents basic and diluted earnings per certificate (EPC). Basis EPC is calculated by dividing the profit or loss attributable to ordinary certificate holders of the Modaraba by the weighted average number of ordinary certificates outstanding during the year. Diluted EPC is determined by adjusting the profit or loss attributable to ordinary certificate holders and the weighted average number of ordinary certificates outstanding for the effects of all dilutive potential ordinary certificates, if any.

5.13 Related party transactions

Transactions involving related parties arising in the normal course of business are conducted at arm's length on the same terms and conditions as are applicable to third party transactions or otherwise as approved by the Board of Directors.

5.14 Impairment of non- financial assets

At each reporting date, the Modaraba reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated and impairment loss is recognized in the profit and loss account.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the initial cost of the asset. A reversal of the impairment loss is recognized as loss in the profit and loss account.

5.15 Fair value measurement

The Modaraba measures certain financial instruments, and non-financial assets such as investment properties, at fair value at each reporting date.

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 in the principal, or in its absence, the most advantageous market to which the Modaraba has access at that date. The fair value of a liability reflects the effect of non-performance risk. When applicable, the Modaraba measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

When measuring fair value, the Modaraba takes into account the characteristics of asset or liability which include the condition and location of the asset and restrictions, if any, on the sale or use of the asset.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Modaraba uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Note 5, Summary of Significant Accounting Policies - Continued..

Valuation techniques used to measure fair value are applied consistently unless a change in a valuation technique or its application results in a measurement that is equally or more representative of fair value in the circumstances. Revisions resulting from a change in the valuation technique or its application are accounted for as a change in accounting estimate.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within different levels of the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole.

Fair value hierarchy categorizes into following three levels the inputs to valuation techniques used to measure fair value:

- Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Modaraba can access at the measurement date.
- Level 2 — Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 — Unobservable inputs for the asset or liability.

For the purpose of fair value disclosures, the Modaraba has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

5.16 Operating segments

An operating segment is a component of an entity:

- a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- c) for which discrete financial information is available.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Executive Officer of the Modaraba has been identified as Chief Operating Decision Maker.

The Modaraba is divided into three operating segments:

- Ijarah finances;
- musharaka finances; and
- Investments;

All these operating segments are located in Pakistan.

5.16.1 Segment assets and liabilities

The assets of a segment include all operating assets used by a segment and consist principally of receivables and fixed assets, net of allowances and provisions. Segment liabilities are primarily unallocable.

Note 5, Summary of Significant Accounting Policies - Continued...

5.16.2 Allocation of segment expenses

All identifiable expenses are directly attributed to the respective segments.

5.17 Provident fund

The Modaraba operates an approved provident fund for all its employees. The Modaraba and the employees both make equal monthly contributions to the fund at the rate of 10% of the basic salary of employees.

Note 6

Change in Accounting Policies

Except for the changes mentioned below, the Modaraba has consistently applied the accounting policies to all periods presented in these financial statements.

- Financial Instruments under IFRS 9

The Securities and Exchange Commission of Pakistan ('SECP') through SRO 1007(I)/2017 dated October 4, 2017 had notified that IFRS 9, 'Financial Instruments' would be applicable for annual periods beginning on or after July 1, 2018. However, subsequent to reporting date, SECP through its SRO 229(I)/2019 dated February 14, 2019, SECP notified the deferment of this standard to reporting period/year ending on or after June 30, 2019 (earlier application permitted) and later another SRO to defer its application till June 30, 2022. Consequently, the Modaraba has adopted this standard in the preparation of these financial statements for the year ended June 30, 2022.

The Modaraba has adopted IFRS 9 'Financial Instruments' during the year that has replaced IFRIC 9 - Reassessment of Embedded Derivatives, IAS 39 - Financial Instruments: Recognition and Measurement; IFRS 9 (2009); IFRS 9 (2010) and IFRS 9 (2013). IFRS 9 shall now govern the recognition, measurement, presentation and disclosure of financial instruments.

IFRS 9 has introduced new requirements governing the recognition and measurement of financial instruments and impairment losses on financial assets. The financial assets are now classified on the basis of the business model in which they are held and their cash flow characteristics. Equity instruments currently classified as held for trading financial assets may now be recognized at fair value through other comprehensive income. The change in recognition of impairment of financial assets from the incurred loss model to the expected loss model will result in earlier recognition of expected losses in the profit and loss account. The loss allowances to be recognized on receivables will now be determined using the full lifetime expected loss model. The default rates will be based on historical and forward-looking data. The requirements regarding financial liabilities remain mostly unchanged.

The Modaraba has applied IFRS 9 prospectively, with an initial application date of July 1, 2021.

Effects of IFRS 9, Financial Instruments

The reclassification of financial instruments from IAS 39 to IFRS 9 categories depending on the applicable business model and the associated contractual cash flows did not materially affect the financial statements.

Note 6, Change in Accounting Policies - Continued...

(a) Classification and measurement

Under IFRS 9, debt instruments are subsequently measured at fair value through profit and loss, amortized cost, or fair value through OCI. The classification is based on two criteria: the Modaraba's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Modaraba's business model was made as of the date of initial application, July 1, 2021. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of IFRS 9 did not have a significant impact to the Modaraba. The Modaraba continued measuring at fair value all financial assets previously held at fair value under IAS 39. The following are the changes in the classification of the Modaraba's financial assets:

- Financial assets classified as loans and receivables as at June 30, 2021 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as debt instruments at amortized cost beginning on July 1, 2021.
- Investments classified as Available-for-sale (AFS) financial assets as at June 30, 2021 are classified and measured as financial assets at fair value through OCI beginning July 1, 2021. The Modaraba expects not only to hold the assets to collect contractual cash flows, but also to sell a significant amount on a relatively frequent basis.

In summary, upon the adoption of IFRS 9, the Modaraba had the following required or elected reclassifications as at June 30, 2022:

IAS 39 Category	IFRS 9 Category			
	Amount under IAS 39	Fair value through profit or loss	Amortized cost	Fair value through OCI
Loans and receivables				
Cash and bank balances	13,599,668	-	13,599,668	-
Advances, prepayments and other receivables	5,017,505	-	5,017,505	-
Short term musharaka receivables	81,913,221	-	81,913,221	-
Long term musharaka receivables	25,837,812	-	25,837,812	-
Ijarah rentals receivable	1,212,881	-	1,212,881	-
Long term advances and deposits	20,500	-	20,500	-
Held for trading				
Short term investments	220,566	220,566	-	-
Available for sale				
Short term investments	2,552,594	-	-	2,552,594

The IFRS 9 does not have any other material impact on financial statements of Modaraba for the year ended June 30, 2022.

Note 7

Cash and Bank Balances

	Note	2022 Rupees	2021 Rupees
Cash in hand		-	3,840
Cash at bank:			
- Saving accounts	7.1	13,026,144	51,488,402
- Current accounts	7.2	573,524	621,331
		13,599,668	52,109,733
		<u>13,599,668</u>	<u>52,113,573</u>

7.1 Cash at bank on savings account carries profit at the rates ranging from 4% to 7% (2021: 3.56% to 6.2%) per annum, approximately.

7.2 This includes Rs. 355,150 (2021: Rs. 404,457) held in dividend account. Movement in dividend account is as follows:

Opening balance	404,457	189,365
Amount transferred during the year	-	2,115,212
Dividend claim received and settled	(49,307)	(1,900,120)
Closing balance	<u>355,150</u>	<u>404,457</u>

7.3 The above figures of cash and bank balances reconcile to the amount of cash and cash equivalents shown in the statement of cash flows as at the reporting date.

Note 8

Short Term Investments

	Note	2022 Rupees	2021 Rupees
Investments in listed equity securities:			
- At fair value through OCI	8.1	2,552,594	4,369,829
- At fair value through profit or loss	8.2	220,566	367,450
		<u>2,773,160</u>	<u>4,737,279</u>

8.1 At fair value through OCI

2022	2021	Name of entity
No. of shares / certificates		

Holdings are in ordinary shares of Rupees 10 each.

<u>23,414</u>	<u>18,011</u>	The Searle Company Limited	<u>2,552,594</u>	<u>4,369,829</u>
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8.2 At fair value through profit or loss

Holdings are in ordinary shares of Rupees 10 each.

262	219	IBL Health Care	13,622	24,337
250	250	Attock Refinery Limited	43,944	64,113
100,000	100,000	First Punjab Modaraba	163,000	279,000
<u>100,512</u>	<u>100,469</u>		<u>220,566</u>	<u>367,450</u>

8.3 These are valued on the basis of market price per share available on Pakistan Stock Exchange as at the reporting date.

Note 9

Ijarah Rentals Receivable

	Note	2022 Rupees	2021 Rupees
Considered good		1,212,881	126,560
Considered doubtful	9.2	3,004,088	9,501,620
		4,216,969	9,628,180
Less: Expected credit loss allowance		(3,004,088)	(9,501,620)
		<u>1,212,881</u>	<u>126,560</u>

9.1 The profit rate on ijarah arrangements ranging from 10% to 38% (2021: 10% to 25%) per annum. These are secured against ijarah assets, promissory notes and personal guarantees of mustajir. The Modaraba is entitled to repossess and sell the asset in case of default by the customer.

9.2 Movement in expected credit loss allowance is as follows:

Opening balance	9,501,620	9,700,570
Charged during the year	83,980	727,420
Reversed during the year	(309,750)	(926,370)
Provision written off during the year	(6,271,762)	-
	(6,497,532)	(198,950)
Closing balance	<u>3,004,088</u>	<u>9,501,620</u>

Note 10

Short Term Musharaka Receivables

	Note	2022 Rupees	2021 Rupees
Short term musharaka receivables	10.1	<u>27,500,000</u>	<u>600,000</u>

10.1 This represents musharaka finance provided to customers for business activities for a maximum period of one year. The effective rate of profit on this finance is 15% (2021: 15%) per annum. This finance is secured by way of charge over goods, book debts and equitable mortgage of property.

Note 11

Advances, Prepayments and Other Receivables

	Note	2022 Rupees	2021 Rupees
Advance to employees (Unsecured - considered good)	11.1	85,401	656,711
Prepayments		168,136	227,171
Accrued profit on musharaka receivable (secured)			
- Profit receivable		7,981,247	3,123,989
- Less: Profit held in suspense account		(4,775,220)	(1,969,089)
		3,206,027	1,154,900
Profit receivable on saving accounts		104,017	369,339
Dividend receivable		3,419	219,241
Other receivables (unsecured)	11.2	1,450,505	2,291,265
		<u>5,017,505</u>	<u>4,918,627</u>

11.1 It represents advances given to employees against salary and expenses. The maximum amount due as at the end of any month during the year from any employee was Rs. 100,000 (2021: Nil).

11.2 The maximum amount due as at the end of any month during the year from associated undertaking was Rs. 1,249,240 (2021: Nil).

Note 12

Long Term Musharaka Receivables

	Note	2022 Rupees	2021 Rupees
Considered good		80,251,033	77,444,948
Considered doubtful		6,093,971	8,737,104
	12.1	86,345,004	86,182,052
Less: Expected credit loss allowance	12.2	(6,093,971)	(6,093,971)
Less: Current portion		(54,413,221)	(53,241,647)
		<u>25,837,812</u>	<u>26,846,434</u>

12.1 This represents musharaka finance provided to customers for business activities for a maximum period of five years. The effective rate of profit on these finances ranges from 10.5% to 15% (2021: 10.5% to 15%) per annum. These receivables are secured by way of hypothecation of goods, book debts and equitable mortgage of property.

12.2 This represents expected credit loss allowance against overdue principal amount of musharaka finance on time based criteria as required by the prudential regulations "Prudential Regulations 2021" applicable to the Modaraba. Accrued profit of Rs. 4,933,324 (2021: Rs. 1,969,089) is held in suspense account (Refer to note 11). Movement in expected credit loss allowance is as follows:

Opening balance		6,093,971	6,093,971
Recognized during the year		-	-
Reversed during the year		-	-
Closing balance		<u>6,093,971</u>	<u>6,093,971</u>

Note 13

Long Term Advances and Deposits

	Note	2022 Rupees	2021 Rupees
Advances	13.1 & 25	-	1,500,000
Deposits	13.1 & 25	20,500	1,119,260
		<u>20,500</u>	<u>2,619,260</u>

13.1 Doubtful receivables amounting to Rs. 2,598,760 have been written off by the management during the year.

Note 14

Investment Property

	Note	2022 Rupees	2021 Rupees
Cost			
Opening balance	14.1	100,000,465	100,000,465
Additions / (Deletions)		-	-
Closing balance		<u>100,000,465</u>	<u>100,000,465</u>
Accumulated Depreciation			
Opening balance		(42,916,887)	(37,916,859)
Charged during the year	14.2 & 24	(5,000,028)	(5,000,028)
Closing balance		<u>(47,916,915)</u>	<u>(42,916,887)</u>
		<u>52,083,550</u>	<u>57,083,578</u>

14.1 Investment property represents 5th floor of the Library Building situated at C-II, Johar Town, Lahore. This floor measures 13,370 square feet.

14.2 The Modaraba carries this investment property under cost model. The valuation of the property was performed by an independent valuer as at June 30, 2021. The fair value and forced sale value of this investment property as determined by independent valuer were Rs. 90 million and Rs. 76.5 million respectively.

Note 14, Investment Property - Continued...

14.3 Amounts recognized in profit and loss

The rental income in respect of this property amounting to Rs. 7,495,440 has been recognized in profit and loss and included in 'other income'.

The Modaraba depreciates investment property on straight line basis @ 5% per annum. The depreciation on investment property is charged to operating expenses.

Note 15

Fixed Assets under Ijarah Arrangements

Description	Plant and Machinery	Vehicles	Office Equipment and Computers	Total
	Rupees	Rupees	Rupees	Rupees
Year Ended June 30, 2022				
Cost				
Balance as at July 01, 2021	3,669,401	19,203,703	957,525	23,830,629
Additions	307,700	24,822,200	862,000	25,991,900
Disposals / Adjustments	(66,000)	(11,724,500)	(180,300)	(11,970,800)
Balance as at June 30, 2022	3,911,101	32,301,403	1,639,225	37,851,729
Accumulated depreciation				
Balance as at July 01, 2021	2,790,801	13,784,569	620,406	17,195,776
Charge for the year	129,935	4,881,887	396,811	5,408,633
Disposals / Adjustments	(49,500)	(8,309,768)	(146,776)	(8,506,044)
Balance as at June 30, 2022	2,871,236	10,356,688	870,441	14,098,365
Total as at June 30, 2022	1,039,865	21,944,715	768,784	23,753,364
Year Ended June 30, 2021				
Cost				
Balance as at July 01, 2020	23,097,253	57,732,533	603,825	81,433,611
Additions	208,298	84,500	353,700	646,498
Disposals / Adjustments	(19,636,150)	(38,613,330)	-	(58,249,480)
Balance as at June 30, 2021	3,669,401	19,203,703	957,525	23,830,629
Accumulated depreciation				
Balance as at July 01, 2020	18,409,605	35,520,395	534,444	54,464,444
Charge for the year	11,924	3,183,247	85,962	3,281,133
Disposals / Adjustments	(15,630,728)	(24,919,073)	-	(40,549,801)
Balance as at June 30, 2021	2,790,801	13,784,569	620,406	17,195,776
Total as at June 30, 2021	878,600	5,419,134	337,119	6,634,853
Depreciation rates	50%	25%-100%	40%-100%	

15.1 General description of significant ijarah arrangements (IFAS-2)

This represents Ijarah arrangements made by the Modaraba at profit rates ranging from 10% to 38% (2021: 10% to 25%) per annum. These arrangements are secured against assets under Ijarah, personal / corporate guarantees, demand promissory notes executed by Musta'jir and other collaterals.

15.2 Aggregate amount of future ijarah rentals receivable on the basis of ijarah arrangements executed upto the reporting date are as follows:

	2022	2021
	Rupees	Rupees
Not later than one year	7,863,675	750,690
Later than one year but not later than five years	10,456,960	135,570
	18,320,635	886,260

Note 16

Fixed Assets under Own Use

Description	Machinery	Furniture and Fittings	Vehicles	Office Equipment	Computers and Accessories	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Year Ended June 30, 2022						
Cost						
Balance as at July 01, 2021	1,987,400	607,010	4,057,080	1,437,017	2,640,628	10,729,135
Additions / Disposals	-	-	-	48,000	264,080	312,080
Disposals / Adjustments	-	-	-	(31,500)	-	(31,500)
Balance as at June 30, 2022	1,987,400	607,010	4,057,080	1,453,517	2,904,708	11,009,715
Accumulated depreciation						
Balance as at July 01, 2021	1,987,400	351,120	2,913,838	1,390,300	2,632,080	9,274,738
Charge for the year	-	102,846	790,404	20,507	59,911	973,668
Disposals / Adjustments	-	-	-	(31,500)	-	(31,500)
Balance as at June 30, 2022	1,987,400	453,966	3,704,242	1,379,307	2,691,991	10,216,906
Total as at June 30, 2022	-	153,044	352,838	74,210	212,717	792,809
Year Ended June 30, 2021						
Cost						
Balance as at July 01, 2020	1,987,400	607,010	4,057,080	1,437,017	2,640,628	10,729,135
Additions / Disposals	-	-	-	-	-	-
Balance as at June 30, 2021	1,987,400	607,010	4,057,080	1,437,017	2,640,628	10,729,135
Accumulated depreciation						
Balance as at July 01, 2020	1,987,400	229,716	2,123,422	1,361,872	2,618,929	8,321,339
Charge for the year	-	121,404	790,416	28,428	13,151	953,399
Balance as at June 30, 2021	1,987,400	351,120	2,913,838	1,390,300	2,632,080	9,274,738
Total as at June 30, 2021	-	255,890	1,143,242	46,717	8,548	1,454,397
Depreciation rates	20%	20%	20%	20%	33.33%	

16.1 These contain fully depreciated assets of Rs. 6,205,490 (2020: Rs. 6,059,895) that are still in use by the Modaraba.

16.2 The depreciation charge of fixed assets under own use is allocated to operating expenses (Refer note 24).

Note 17

Creditors, Accrued and Other Liabilities

	2022	2021
	Rupees	Rupees
Accrued expenses	321,099	290,000
Payable to the Modaraba Management Company	339,994	339,994
Worker's Welfare Fund payable	142,173	142,173
Other liabilities	102,961	54,256
	<u>906,227</u>	<u>826,423</u>

Note 18

Long Term Security Deposits

	Note	2022	2021
		Rupees	Rupees
Opening balance		5,873,130	22,561,980
Received during the year	18.1	3,471,360	135,660
Adjusted during the year		<u>(3,464,755)</u>	<u>(16,824,510)</u>
Closing balance		5,879,735	5,873,130
Current portion shown as current liabilities		<u>(2,525,855)</u>	<u>(5,834,050)</u>
		<u>3,353,880</u>	<u>39,080</u>

18.1 This represents security deposits received against ijarah assets and there is no restriction on utilization of these balances as per the written agreements.

Note 19

Certificate Capital

2022		2021		2022	2021
Number of certificates				Rupees	Rupees
Authorized					
<u>50,000,000</u>	<u>50,000,000</u>		Modaraba Certificates of Rs. 10 each	<u>500,000,000</u>	<u>500,000,000</u>
Issued, subscribed and paid-up					
20,000,000	20,000,000		Modaraba Certificates of Rs. 10 each issued as fully paid in cash	200,000,000	200,000,000
1,687,500	1,687,500		Modaraba Certificates of Rs. 10 each issued as fully paid bonus certificates	16,875,000	16,875,000
<u>21,687,500</u>	<u>21,687,500</u>			<u>216,875,000</u>	<u>216,875,000</u>

19.1 Reconciliation of the number of certificates outstanding as at the beginning and at the end of the year is as under:

	2022	2021
	Number of certificates	
Opening balance of certificates	21,687,500	21,687,500
Certificates issued / cancelled during the year	-	-
Closing balance of certificates	<u>21,687,500</u>	<u>21,687,500</u>

Note 19, Certificate Capital - Continued...

19.2 There are no agreements and restrictions for certificate holders.

19.3 Certificates of the Modaraba held by associates / related parties are as under:

<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>
Rupees	Rupees		Rupees	Rupees
2,170,905	2,170,905	IBL Modaraba Management (Private) Limited	21,709,050	21,709,050
3,070,000	3,070,000	University of Management and Technology	30,700,000	30,700,000
1,424,070	1,424,070	Director	14,240,700	14,240,700
<u>6,664,975</u>	<u>6,664,975</u>		<u>66,649,750</u>	<u>66,649,750</u>

Note 20

Statutory Reserves

Statutory reserves represent profits set aside in compliance with the requirements of prudential regulations for Modarabas issued by SECP. These regulations require the Modaraba to transfer at least 20% after tax profit, if any, up to a maximum of 50%, in the statutory reserves until the reserves equal 100% of the paid up capital. Thereafter, a sum not less than 5% of the after tax profit is to be transferred into the statutory reserve each year. During the year, an amount of Rs. Nil (2021: Rs. 583,554) has been transferred owing to loss for the year.

Note 21

Unrealized Gain on Revaluation of Investments - Fair Value through OCI

	Note	<u>2022</u>	<u>2021</u>
		Rupees	Rupees
Fair value through other comprehensive income (OCI)	21.1	<u>2,552,552</u>	<u>4,369,787</u>
21.1 This represents diminution in value of investments classified as fair value through OCI. This cannot be distributed to the certificate holders. Reconciliation of the carrying amount is as follows:			
21.1.1 Opening balance		4,369,787	3,588,290
(Diminution) / accretion on revaluation during the year		<u>(1,817,235)</u>	781,497
Closing balance		<u>2,552,552</u>	<u>4,369,787</u>

Note 22

Contingencies and Commitments**22.1 Contingencies**

There are no material contingencies as at the reporting date (2021: Nil).

22.2 Commitments

There were no material commitments outstanding as at the reporting date (2021: Nil).

Note 23

Other Income

	Note	<u>2022</u>	<u>2021</u>
		Rupees	Rupees
Documentation charges		30,775	8,620
Gain on termination of ijarah arrangements	15.3	117,398	70,563
Gain on disposal of fixed assets under own use		8,000	-
Excess liabilities written back		28,953	-
Miscellaneous		70,000	190,231
		<u>255,126</u>	<u>269,414</u>

Note 24

Operating Expenses

	Note	2022 Rupees	2021 Rupees
Salaries, allowances and other benefits	24.1	4,999,837	6,256,677
Communication expenses		195,296	233,123
Travelling and conveyance		488,543	480,642
Postage and stamps		11,741	113,598
Marketing and Advertisement		40,185	23,200
Legal and professional charges		1,627,496	767,496
Locker rent		6,960	6,960
Fees and subscription		1,247,773	1,092,868
Repairs and maintenance		362,633	233,945
Utilities		134,266	332,657
Insurance		204,437	166,773
Printing and stationery		105,506	102,081
Depreciation:			
- Investment property	14	5,000,028	5,000,028
- Owned - tangible	16	973,668	953,399
Entertainment		199,735	118,856
Auditors' remuneration	24.4	488,175	488,175
Bank charges		7,762	23,446
Office supplies		83,692	113,781
		<u>16,177,733</u>	<u>16,507,705</u>

24.1 This includes Rs. 193,572 (2021: Rs. 177,716) in respect of contribution to the staff provident fund. Salaries and allowances comprise the following:

	2021			2021		
	Officers / Executives	Others	Total	Officers / Executives	Others	Total
	-----Rupees-----					
Basic salary	1,470,972	1,299,621	2,770,593	1,559,935	1,460,995	3,020,930
House rent allowance	661,920	530,807	1,192,727	701,969	657,449	1,359,418
Medical allowance	147,108	117,965	265,073	155,994	146,105	302,099
Other benefits	364,000	30,000	394,000	323,161	75,630	398,791
Bonus	122,581	61,291	183,872	393,293	604,430	997,723
Employer's contribution to provident fund	147,108	46,464	193,572	134,884	42,832	177,716
	<u>2,913,689</u>	<u>2,086,148</u>	<u>4,999,837</u>	<u>3,269,236</u>	<u>2,987,441</u>	<u>6,256,677</u>
Number of persons	<u>2</u>	<u>8</u>	<u>10</u>	<u>2</u>	<u>12</u>	<u>14</u>

24.2 Officers comprise Chief Financial Officer (CFO), Company Secretary, Head of Internal Audit and Manager Compliance. They are also provided with the Modaraba owned and maintained vehicles.

24.3 No remuneration has been paid to the Chief Executive Officer (CEO) and directors of the Modaraba. The same has been paid by the Modaraba Management Company.

24.4 Auditors' remuneration

Audit fee	290,000	290,000
Review of half yearly financial statements and other certifications	150,000	150,000
Out of pocket expenses	48,175	48,175
	<u>488,175</u>	<u>488,175</u>

Note 25

Balances Written off

	2022	2021
	Rupees	Rupees
Advances to employees written off	570,544	-
Other receivables written off	2,090,000	-
Long term advances and deposits written off	2,598,760	-
	<u>5,259,304</u>	<u>-</u>

Note 26

Finance Cost

	2022	2021
	Rupees	Rupees
Finance cost	<u>-</u>	<u>1,069,808</u>

- 26.1** This represents the charges paid by the Modaraba to UDL Modaraba on account of settlement of musharaka profit payable.

Note 27

Modaraba Company's Management Fee

In accordance with Section 18 of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, management fee @ 10% of annual profits is paid to the Modaraba Management Company.

Note 28

(Loss) / Earnings per Modaraba Certificate - Basic and Diluted

	2022	2021
(Loss) / Earnings per Modaraba certificate is calculated as under:		
Net (loss) / profit for the year (Rupees)	<u>(1,967,100)</u>	<u>2,917,770</u>
Weighted average number of Modaraba certificates outstanding (Numbers)	<u>21,687,500</u>	<u>21,687,500</u>
(Loss) / Earnings per certificate - basic (Rupees)	<u>(0.09)</u>	<u>0.13</u>

- 28.1** Basic (loss) / earnings per Modaraba certificate have been computed by dividing profit for the year as stated above with weighted average number of Modaraba certificates.

- 28.2** There is no dilutive effect on the basic (loss) / earnings per Modaraba certificate as at the reporting date (2021: Nil).

Note 29

Operating profit before working capital changes

	2022 Rupees	2021 Rupees
(Loss) / Profit before Tax	(1,029,470)	2,917,770
Adjustment for:		
- Depreciation on fixed assets under own use	973,668	953,399
- Depreciation on investment property	5,000,028	5,000,028
- Depreciation on fixed assets under ijarah arrangements	5,408,633	3,281,133
- Suspension made against ijarah rentals	83,980	727,420
- Provsion and suspension made against musharaka	2,806,131	-
- Reversal of suspension on ijarah rentals	(309,750)	(926,370)
- Liabilities written back	(28,953)	-
- Balances written off	5,259,304	-
- Gain on disposal of fixed assets under own use	(8,000)	-
- Dividend income	(38,784)	(45,466)
- Provision for management company fee	-	339,994
- Provision for Worker's Welfare Fund	-	142,173
- Revaluation (gain) / loss on investment at fair value through profit or loss	146,884	(128,159)
- Gain on termination of ijarah arrangements	(117,398)	(70,563)
- Profit on deposits	(1,713,461)	(1,191,360)
- Finance cost	-	1,069,808
	<u>17,462,282</u>	<u>9,152,037</u>
Operating profit before working capital changes	<u>16,432,812</u>	<u>12,069,807</u>
Decrease in current assets:		
- Advances, prepayments and other receivables	(6,017,744)	2,048,230
- Ijarah rentals receivable	(860,551)	1,309,169
- Short term musharaka receivables	(26,900,000)	7,400,000
Decrease in current liabilities:		
- Musharaka profit payable	-	(1,430,192)
- Creditors, accrued and other liabilities	79,804	(1,029,284)
	<u>(33,698,491)</u>	<u>8,297,923</u>
Cash (used in) / generated from operations	<u>(17,265,679)</u>	<u>20,367,730</u>

29.1 Changes in Financing Activities

	As at June 30, 2021	Non-cash changes	Cash flows (Net)	As at June 30, 2022
	----- Rupees -----			
Unclaimed dividend	<u>10,883,905</u>	<u>-</u>	<u>(49,307)</u>	<u>10,834,598</u>
	----- Rupees -----			
	As at June 30, 2020	Non-cash changes	Cash flows (Net)	As at June 30, 2021
Unclaimed dividend	<u>10,670,220</u>	<u>2,883,000</u>	<u>(2,669,315)</u>	<u>10,883,905</u>

Note 30

Balances and Transactions with Related Parties

30.1 A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged. Related parties of the Modaraba include the Modaraba Management Company, directors and key management personnel of the Modaraba Management Company, key management personnel of the Modaraba and their close family members, the provident fund trust and entities with common directors or under common management and control.

Contribution to the provident fund is made in accordance with the services rules. Modaraba Management fee, if any, is accrued in accordance with the requirements of the Modaraba Regulations. Remuneration of key management personnel is in accordance with the terms of their employment. Other transactions are carried out at agreed terms.

30.2 Details of transactions with related parties and balances outstanding with them as at the reporting date are as follows:

Transactions during the year

Related party	Relationship	Basis of Relationship	Nature of Transaction	2022	2021
				Rupees	Rupees
IBL Modaraba Management (Private) Limited	Associated undertaking	Management Company	Management fee accrued	-	339,994
			Dividend paid to Management Company	-	288,586
			Management fee paid	-	444,760
University of Management and Technology (UMT)	Associated undertaking	Common Management	Rent of library building accrued	7,495,440	7,495,440
			Rent received	6,246,200	7,495,440
			Dividend paid to UMT	-	408,107
Provident Fund	Associated undertaking	Employee Fund	Provident fund paid during the year	193,572	177,716

Outstanding Balance at the year end Receivable / (Payable)

Receivables from University of Management and Technology (UMT)	1,249,240	-
Payable to the Modaraba Management Company	(339,994)	(339,994)

30.3 The Modaraba Management Company has also provided free of cost office space to the Modaraba.

Note 31

Provision for Doubtful Receivables

	Note	2022 Rupees	2021 Rupees
Opening balance		15,595,591	15,794,541
Add: Charged during the year	9	83,980	727,420
Less: Reversed during the year	9	(309,750)	(926,370)
Less: Written off during the year	9	(6,271,762)	-
Net provision reversed during the year	31.1	(6,497,532)	(198,950)
Closing balance		<u>9,098,059</u>	<u>15,595,591</u>
31.1	This represents reversal of provision against doubtful ijarah receivable based on subjective evaluation of non-performing ijarah rentals receivable.		
31.2	Break up of closing balance		
Provision for doubtful ijarah rental receivables	9	3,004,088	9,501,620
Provision for doubtful musharaka	12	6,093,971	6,093,971
		<u>9,098,059</u>	<u>15,595,591</u>

Note 32

Financial Risk Management

The Modaraba's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and profit rate risk), credit risk and liquidity risk. The Modaraba's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board) of the Management Company and chief financial officer. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

The Modaraba's overall risk management procedures, to minimize the potential adverse effects of financial market on the Modaraba's performance, are as follows:

32.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency, interest rate, commodity price and equity price that will affect the Modaraba's income or the value of its holdings of financial instruments.

32.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The Modaraba is not exposed to currency risk arising from currency exposure as Modaraba is not involved in foreign currency transactions.

32.1.2 Equity price risk

Equity price risk represents the risk that the fair value of equity investments will fluctuate because of changes in levels of indices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Modaraba is exposed to equity price risk as it holds investments at fair value through profit and loss and fair value through other comprehensive income. The sensitivity analysis for fluctuation in equity prices, represented as a function of KSE Price Index, is given below:

Note 32, Financial Risk Management - Continued...

		2022	2021	
Reporting date index points		41,541	47,356	
		Changes in KSE index	Effects on Profit Before Tax	Effects on Equity
-----Rupees-----				
Investment at fair value through OCI	2022	+1%	-	25,526
		-1%	-	(25,526)
	2021	+1%	-	43,698
		-1%	-	(43,698)
Investment at fair value through profit and loss	2022	+1%	2,206	-
		-1%	(2,206)	-
	2021	+1%	3,675	-
		-1%	(3,675)	-

32.1.3 Profit rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market profit rates.

As at the reporting date the profit rate profile of the Modaraba's profit bearing financial instruments were as under:

	2022	2021
	Rupees	Rupees
<u>Fixed rate instruments</u>		
Financial assets		
Ijarah rental receivables	1,212,881	126,560
Musharaka finance	107,751,033	80,688,081
<u>Floating rate instruments</u>		
Financial assets		
Bank balances - deposit accounts	13,026,144	51,488,402

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 rate at the reporting date would not affect profit and loss of the Modaraba.

Cash flow sensitivity analysis for variable rate instruments

If profit rates, as at the reporting date, fluctuate by 1% higher / lower with all other variables held constant, profit before taxation for the year would have been Rs. 130,261 (2021: Rs. 514,884) higher / lower. This analysis is prepared assuming the amounts of floating rate instruments outstanding at reporting dates, and is not representative for the whole year.

Note 32, Financial Risk Management - Continued..

32.2 Credit risk

32.2.1 Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at the reporting date, net of impairment, was as follows:

Bank balances	13,599,668	52,109,733
Ijarah rental receivables	1,212,881	126,560
Advances and other receivables	4,763,968	4,034,745
Short term investments	2,773,160	4,737,279
Short term musharaka receivables	27,500,000	600,000
Long term musharaka receivables	80,251,033	80,088,081
	<u>130,100,710</u>	<u>141,696,398</u>

32.2.2 Geographically all credit exposure is concentrated in Pakistan.

The maximum exposure to credit risk for receivables (musharaka financing and ijarah rentals receivables) as at the reporting date by type of customer was as follows:

	<u>2022</u>	<u>2021</u>
	Rupees	Rupees
Media advertising	67,346,935	55,349,707
Hotel	-	216,000
Leasing	-	2,045,179
Engineering	-	108,458
Education	290,971	290,971
Manufacturing	1,191,940	-
Construction	27,630,479	16,088,745
Trading and others	14,903,918	8,575,977
Individuals	6,697,730	13,735,195
	<u>118,061,973</u>	<u>96,410,232</u>

The income of the Modaraba is not dependent on the single customer and the Modaraba has no single customer from whom it is generating more than 10% revenue.

32.2.3 The aging of musharaka, ijarah rental and trade receivables and related impairment loss as at the reporting date is as follows:

Aging of musharaka and ijarah rental receivables

Not past due	107,250,874	80,087,531
Past due 1 - 180 days	6,190,731	1,511,107
Past due 181 days - 1 year	1,034,305	-
Past due 1 - 2 years	1,229,499	1,326,010
More than 2 years	10,337,811	16,609,573
	<u>126,043,220</u>	<u>99,534,221</u>

The Modaraba has adopted a policy of only dealing with creditworthy parties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Modaraba has internally developed rating criteria to rate its customers which is supplemented by ratings supplied by independent rating agencies where available. The Modaraba also uses other publicly available financial information and its own trading records to rate its customers. The Modaraba's exposure and the credit ratings of its parties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed annually.

The management monitors and limits Modaraba's exposure to credit risk through monitoring of clients' credit exposure, reviews and conservative estimates of provisions for doubtful receivables, if any, and through the prudent use of collateral policy. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in organizations of sound financial standing covering various industrial sectors and segments.

Note 32, Financial Risk Management - Continued...

Note 32.2, Credit Risk - Continued...

32.2.4 The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate. The table below shows the bank balances and investments held with some major counterparties as at the reporting date:

	Rating		Rating Agency	2022	2021
	Short term	Long term		Rupees	Rupees
The Bank of Punjab	A1+	AA+	PACRA	11,225,950	50,273,006
Meezan Bank Limited	A-1+	AAA	JCR-VIS	646,223	463,949
MCB Islamic Bank	A-1+	AAA	PACRA	1,509,121	1,155,904
Habib Bank Limited	A-1+	AAA	JCR-VIS	218,374	216,874
				<u>13,599,668</u>	<u>52,109,733</u>
Investments at fair value through other comprehensive income (Note 8)				<u>2,552,594</u>	<u>4,369,829</u>

Further, the Modaraba's exposure to credit risk and impairment losses related to investments, murabaha financing, ijarah financing, and other receivables are disclosed in the relevant notes to the financial statements.

The Modaraba's exposure related to ijarah receivables and musharaka receivables are secured by collaterals held and the Modaraba's portfolio of financial assets is broadly diversified and transactions are entered into with diverse creditworthy counterparties thereby mitigating any significant concentration of credit risk.

32.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Modaraba's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Modaraba's reputation. Owing to the fact that the Modaraba is in a positive working capital position at the year end, the management believes the liquidity risk to be low.

The table below analyses the Modaraba's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equate to their carrying balances as the impact of discounting is not significant.

	Carrying Amount	Contractual cash flows	Within 1 year	Between 1 and 5 years	Over 5 years
----- (Rupees) -----					
June 30, 2022					
Unclaimed dividend	10,834,598	10,834,598	10,834,598	-	-
Musharaka finances payable	700,000	700,000	700,000	-	-
Creditors, accrued and other liabilities	906,227	906,227	906,227	-	-
	<u>12,440,825</u>	<u>12,440,825</u>	<u>12,440,825</u>	<u>-</u>	<u>-</u>
June 30, 2021					
Unclaimed dividend	10,883,905	10,883,905	10,883,905	-	-
Musharaka finances payable	700,000	700,000	700,000	-	-
Creditors, accrued and	826,423	826,423	826,423	-	-
	<u>12,410,328</u>	<u>12,410,328</u>	<u>12,410,328</u>	<u>-</u>	<u>-</u>

Note 33 to the financial statements summarizes the maturity profile of the Modaraba's assets and liabilities.

Note 32, Financial Risk Management - Continued...

32.4 Fair value of financial instruments

All financial assets and financial liabilities are initially recognized at the fair value of consideration paid or received, net of transaction costs as appropriate, and subsequently carried at fair value or amortized cost.

The carrying values of all financial assets and liabilities reflected in financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Fair value estimation

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value.

Fair value hierarchy

Fair value hierarchy categories are described in note 5.15 to the financial statements.

The following table presents the Modaraba's financial assets that are measured at fair value as at reporting date:

	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
June 30, 2022				
Financial Assets:				
Short term investments (Note 8)	2,773,160	-	-	2,773,160
June 30, 2021				
Financial Assets:				
Short term investments (Note 8)	4,737,279	-	-	4,737,279

32.5 Financial instruments by categories**Financial assets as at June 30, 2022**

	At fair value through OCI	At amortized cost	Assets at fair value through profit and loss	Total
	-----Rupees-----			
Bank balances	-	13,599,668	-	13,599,668
Short term investments	2,552,594	-	220,566	2,773,160
Advances and other receivables	-	4,849,369	-	4,849,369
Short term musharaka receivables	-	27,500,000	-	27,500,000
Ijarah rentals receivable	-	1,212,881	-	1,212,881
Long term musharaka receivables	-	80,251,033	-	80,251,033
Long term deposits	-	20,500	-	20,500
	<u>2,552,594</u>	<u>127,433,451</u>	<u>220,566</u>	<u>130,206,611</u>

Financial assets as at June 30, 2021

	At fair value through OCI	At amortized cost	Assets at fair value through profit and loss	Total
	-----Rupees-----			
Cah and bank balances	-	52,113,573	-	52,113,573
Short term investments	4,369,829	-	367,450	4,737,279
Advances and other receivables	-	4,691,456	-	4,691,456
Short term musharaka receivables	-	600,000	-	600,000
Long term musharaka receivables	-	80,088,081	-	80,088,081
Ijarah rentals receivable	-	126,560	-	126,560
Long term advances and deposits	-	2,619,260	-	2,619,260
	<u>4,369,829</u>	<u>140,238,930</u>	<u>367,450</u>	<u>144,976,209</u>

Note 32, Financial Risk Management - Continued...

Note 32.5, Financial instruments by categories - Continued...

Financial liabilities at amortized cost

	2022	2021
	Rupees	Rupees
Musharaka finances payable	700,000	700,000
Unclaimed dividend	10,834,598	10,883,905
Creditors, accrued and other liabilities	906,227	826,423
	<u>12,440,825</u>	<u>12,410,328</u>

32.6 Operational Risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Modaraba's operations either internally within the Modaraba or externally at the Modaraba's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risks arise from all of the Modaraba's activities.

The Modaraba's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its objective of generating returns for certificate holders.

The primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors of the Management Company. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- ethical and business standards and
- risk mitigation, including insurance where this is effective.

32.7 Capital Risk Management

The Modaraba's objectives when managing capital are to safeguard the Modaraba's ability to continue as a going concern in order to provide return for certificate holders and benefits for other stakeholders and to maintain healthier capital ratios in order to support its business and maximize certificate holders value. The Modaraba manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. 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.

Note 33

Maturity of Assets and Liabilities

	Up to one month	One month to three months	Three months to one year	One year to five years	Five years and above	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Assets						
Cash and bank balances	13,599,668	-	-	-	-	13,599,668
Ijarah rentals receivable	1,212,881	-	-	-	-	1,212,881
Advances, prepayments and other receivables	104,017	4,659,951	253,537	-	-	5,017,505
Advance income tax	-	-	1,317,777	-	-	1,317,777
Short term investments	220,566	-	2,552,594	-	-	2,773,160
Musharaka receivables	7,145,216	26,999,916	47,768,089	25,837,812	-	107,751,033
Long term advances and deposits	-	-	-	20,500	-	20,500
Investment property	416,669	1,250,007	3,333,352	20,000,112	27,083,410	52,083,550
Fixed assets	2,525,855	219,543	497,615	21,303,160	-	24,546,173
Total Assets - June 30, 2022	25,224,872	33,129,417	55,722,964	67,161,584	27,083,410	208,322,247
Liabilities						
Creditors, accrued and other liabilities	102,961	-	803,266	-	-	906,227
Unclaimed dividend	10,834,598	-	-	-	-	10,834,598
Musharaka finances	700,000	-	-	-	-	700,000
Security deposits	-	-	2,525,855	3,353,880	-	5,879,735
Total Liabilities - June 30, 2022	11,637,559	-	3,329,121	3,353,880	-	18,320,560
Net Assets - June 30, 2022	13,587,313	33,129,417	52,393,843	63,807,704	27,083,410	190,001,687
Total Assets - June 30, 2021	60,205,384	4,449,326	60,688,465	59,642,895	27,083,410	212,069,480
Total Liabilities - June 30, 2021	11,638,161	-	6,606,217	39,080	-	18,283,458
Net Assets - June 30, 2021	48,567,223	4,449,326	54,082,248	59,603,815	27,083,410	193,786,022
					2022	2021
Represented by:					Rupees	Rupees
Certificate capital					216,875,000	216,875,000
Reserves					45,394,252	45,394,252
Accumulated loss					(74,820,117)	(72,853,017)
Unrealized gain on revaluation of investments - Fair value through OCI					187,449,135	189,416,235
					2,552,552	4,369,787
					<u>190,001,687</u>	<u>193,786,022</u>

Note 34

Segment Reporting

34.1 An operating segment is a group of assets and operations engaged in providing products that are subject to risks and returns that are different from those of other business segments. The management has determined the operating segments based on the information that is presented to the Chief Executive Officer (Chief Operating Decision Maker) for allocation of resources and assessments of performance. Based on internal management reporting structure, the Modaraba is organized into following three major operating segments:

Types of segments

- Ijarah finances
- Musharaka finances
- Investment property

No operating segments have been aggregated to or form the above reportable operating segments. Other activities of the Modaraba did not meet quantitative threshold for reportable segments.

The Chief Executive Officer monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is generally evaluated based on certain key performance indicators including business volume, gross profit, profit from operations, reduction in operating cost and free cash flows. There were no transfers between operating segments during the year (2021: Nil).

34.2 Segment analysis

The segment information for the reportable segments for the year ended June 30, 2022 is as follows:

	30-Jun-22				30-Jun-21			
	Ijarah Finances	Musharaka Finances	Investment property	Total	Ijarah Finances	Musharaka Finances	Investment property	Total
Rupees								
Segment revenues / profits								
Gross revenue from external customers	6,563,947	12,476,687	7,495,440	26,536,074	4,002,135	10,927,659	7,495,440	22,425,234
Depreciation	(5,408,633)	-	(5,000,028)	(10,408,661)	(3,281,133)	-	(5,000,028)	(8,281,161)
Other income	187,398	-	-	187,398	70,563	-	-	70,563
Net revenue	1,342,712	12,476,687	2,495,412	16,314,811	791,565	10,927,659	2,495,412	14,214,636
Reversal / (Provision) for doubtful receivables	225,770	(2,806,131)	-	(2,580,361)	198,950	-	-	198,950
Reportable segment profit	1,568,482	9,670,556	2,495,412	13,734,450	990,515	10,927,659	2,495,412	14,413,586
Reportable segment assets	24,966,245	107,751,033	52,083,550	184,800,828	6,761,413	80,688,081	57,083,578	144,533,072
Reportable segment liabilities	5,879,735	700,000	-	6,579,735	5,873,130	700,000	-	6,573,130
Additions to non-current assets	25,991,900	162,952	-	26,154,852	646,498	(15,781,470)	-	(15,134,972)

Reconciliation of reportable segments revenues, profit or loss, assets and liabilities is as follows:

	2022	2021
Rupees		
Revenues		
Total revenues for reportable segments	26,536,074	22,425,234
Other revenues	2,233,141	1,833,349
Modaraba's revenues	28,769,215	24,258,583
Profit		
Total profit for reportable segments	13,734,450	14,413,586
Other income	1,819,973	1,563,836
Operating expenses	(11,324,589)	(11,507,677)
Balances written off	(5,259,304)	-
Finance cost	-	(1,069,808)
Workers' Welfare Fund	-	(142,173)
Modaraba Management Company's fee	-	(339,994)
	(1,029,470)	2,917,770

Note 34, Segment Reporting - Continued...

Note 34.2, Segment analysis - Continued...

Assets	2022	2021
	Rupees	Rupees
Total assets for reportable segments	184,800,828	144,533,072
Corporate assets unallocated:		
Cash and bank balances	13,599,668	52,113,573
Advances, deposits, prepayments and other receivables	5,017,505	4,918,627
Advance income tax	1,317,777	1,693,272
Long term advances and deposits	20,500	2,619,260
Short term investments	2,773,160	4,737,279
Fixed assets under own use	792,809	1,454,397
	23,521,419	67,536,408
Total assets as per the balance sheet	208,322,247	212,069,480
Liabilities		
Total liabilities for reportable segments	6,579,735	6,573,130
Corporate liabilities unallocated:		
Unclaimed dividend	10,834,598	10,883,905
Creditors, accrued and other liabilities	906,227	826,423
Total liabilities as per the balance sheet	18,320,560	18,283,458

- Certain liabilities, assets, other income and other operating charges of the Modaraba cannot be allocated to a specific segment. Accordingly, these amounts have been classified as unallocated.
- There are no differences between the measurements of the reportable segments' profits or losses, assets and liabilities with the Modaraba's profits or losses, assets and liabilities.
- There are no changes from prior periods in the measurement methods used to determine reported segment profit or loss.
- There are no asymmetrical allocations to reportable segments.

34.3 All non-current assets of the Modaraba are located in Pakistan as at the reporting date.

Note 35

Provident Fund Related Disclosures

The Modaraba operates a recognized provident fund for its permanent employees wherein equal monthly contributions are made by the Modaraba and employees into the fund @ 10% of the basic salary. Obligation for contributions to defined contribution plan is recognized as an expense in the profit and loss account. The following is information of the fund as on June 30,:

	2022	2021
	Rupees (Un-audited)	Rupees (Un-audited)
Size of the fund	390,144	300,011
Percentage of investments made	100.00%	100.00%
Cost of investments made	390,144	300,011

Note 35, Provident Fund Related Disclosures - Continued...

Break-up of investment in terms of amount and percentage of the size of the provident fund are as follows:

	2022		2021	
	Investment	Investment as a % of Size of funds	Investment	Investment as a % of Size of funds
	Rupees		Rupees	
Cash at bank	<u>390,144</u>	100.00%	<u>300,011</u>	100.00%

Investments out of the funds of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

Note 36

Number of Employees

	2022	2021
	Numbers	Numbers
Number of employees as at June 30,	8	10
Average number of employees during the year	9	12

Note 37

Date of Authorization for Issue

These financial statements were approved and authorized by the Board of Directors of IBL Modaraba Management (Private) Limited (the Management Company) for issuance on **September 29, 2022**.

Note 38

General

Corresponding figures have been re-arranged / reclassified, wherever necessary, to facilitate comparison. No rearrangements / reclassifications have been made in these financial statements.

For IBL Modaraba Management (Private) Limited
(Modaraba Management Company)

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

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

Categories of Certificate holders	Folios	Physical	CDC	Number of Certificate held	%age
Directors, CEO, Their Spouse and Minor Children	2	-	1,801,048	1,801,048	8
Associated Companies, Undertakings & Related Parties	1	-	2,170,905	2,170,905	10
NIT & ICP	1	-	1,078,774	1,078,774	5
Banks, DFIs, NBFCs	5	9,354	801	10,155	0
Insurance Companies	2	1,200	509,990	511,190	2
Modarabas and Mutual Funds	1	-	70	70	0
A. General Public (Local)	1,160	928,979	7,512,794	8,441,773	39
General Public (Foreigner)	1	-	331	331	0
Other Companies (Local)	13	39,494	7,633,760	7,673,254	35
	1,186	979,027	20,708,473	21,687,500	100

Certificate-holders more Than 10.00%	Folios	Physical	CDC	Number of Certificate held	%age
Dosslani's Securities (Pvt.) Limited	1	-	4,425,764	4,425,764	20
University of Management & Technology	1	-	3,070,000	3,070,000	14
IBL Modaraba Management (Pvt.) Limited	1	-	2,170,905	2,170,905	10

**PATTERN OF CERTIFICATE HOLDERS
AS ON JUNE 30, 2022**

No. of Shareholders	Shareholding		Total Shares held
	Form	To	
417	1	100	15,433
289	101	500	79,228
183	501	1,000	132,825
212	1,001	5,000	447,565
31	5,001	10,000	219,009
12	10,001	15,000	158,287
9	15,001	20,000	165,000
1	20,001	25,000	24,500
3	25,001	30,000	83,500
2	30,001	35,000	67,563
1	40,001	45,000	45,000
2	45,001	50,000	96,000
1	50,001	55,000	51,087
1	80,001	85,000	82,000
1	90,001	95,000	92,700
1	125,001	130,000	129,500
2	130,001	135,000	265,441
1	230,001	235,000	235,000
1	240,001	245,000	240,068
1	280,001	285,000	280,507
2	310,001	315,000	624,500
1	320,001	325,000	323,000
1	375,001	380,000	376,978
1	500,001	505,000	502,737
1	505,001	510,000	509,990
1	600,001	605,000	603,500
1	710,001	715,000	712,035
1	905,001	910,000	910,000
1	1,075,001	1,080,000	1,078,774
1	1,420,001	1,425,000	1,424,070
1	2,045,001	2,050,000	2,045,034
1	2,170,001	2,175,000	2,170,905
1	3,065,001	3,070,000	3,070,000
1	4,425,001	4,430,000	4,425,764
1,186			21,687,500