



UNICAP MODARABA

*ANNUAL AUDITED
FINANCIAL STATEMENTS*

FOR THE PERIOD ENDED

30 JUNE 2022

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Directors' Report

On behalf of the Board of Directors of Map Out Management Company (Pvt.) Limited, we are presenting the Annual Report of UNICAP Modaraba together with Audited Accounts for the year ended June 30, 2022.

1. Economy

Pakistan's economy is facing formidable challenges in its recent times. According to the annual report released by State Bank of Pakistan's economy achieved a real GDP growth of around 6 percent. The report noted that the expansionary fiscal stance in FY22, an upsurge in global commodity prices, and the fallout of the Russia-Ukraine conflict, led to a marked deterioration in the current account deficit (CAD). In addition, the delay in the resumption of the IMF program and political instability exacerbated the country's vulnerability through the depletion of FX reserves.

The external account pressures, together with the appreciation in USD index especially in the second half of the fiscal year, led to a substantial depreciation in the PKR, which further magnified the combined effect of elevated domestic demand and the global commodity price increase, leading to a rise in inflationary pressures. National Consumer Price Index (NCPI) inflation reached the double-digit level of 12.2 percent in FY22, exceeding the SBP's revised projection of 9-11 percent.

As the macroeconomic challenges during the year rose, the government and the SBP undertook various corrective measures to curb the pace of domestic demand: (i) raising the policy rate by a cumulative 675 bps; (ii) tightening the prudential regulations for auto and consumer financing; (iii) imposition of 100 percent cash margin requirements (CMR) on a number of import items; (iv) increasing the cash reserve requirement (CRR) for commercial banks; (v) increasing FED on locally assembled cars; (vi) elimination of various tax exemptions under the Supplementary Finance Act; (vii) imposition of ban on import of non-essential items; and (viii) gradual roll back of fiscal package

The Government is trying to develop an effective strategy to put the economy back on tracks to revive business confidence for the local industry as well as foreign investors seeking to invest in Pakistan. The business confidence would largely depend on the yields of the economic policies brought by the Government since incumbency.

2. Operating Results and Business Overview

By the grace of Almighty Allah and despite the weak business environment we are pleased to report that the Modaraba has sold the Stock of High-Quality Cotton / Rice Seeds valuing Rs. 56.90 million. The Modaraba earned gain of Rs. 1.460 million from the sale of High-Quality Seeds. The total value of stock including the gain amount was simultaneously reinvested in High Quality Agriculture Inputs valuing Rs. 58.260 million for future gains in upcoming sowing seasons.

	Before Take Over by Map Out Management Company (Pvt.) Ltd as mentioned in Transfer Order dated 27.11.2014	After Take Over by Map Out Management Company (Pvt.) Ltd (June 2021)	Financial Impact On The Health Of Modaraba Increase In M
Authorized Modaraba Fund	200M	240M	Increased by 40M
Paid Up Fund	136.40M	236.40M	Increased by 100M
Equity	(0.957)M	54.549M	Increased by 53.592M
Total Assets	3.649M	58.542M	Increased by 54.893M
Break Up Value Per Certificate	(0.070)	2.31	Increased by 2.24 Rs

The Modaraba booked a loss of Rs. 0. 645 million during the year under review as compared to Rs. 0.358 million during period ended June 30, 2021. The above figures indicate that the Modaraba is showing a very positive financial outlook.

The Registrar Modaraba, SECP passed an Order bearing Serial No.SC/M/MS/Unicap/46/2022/75 dated March 28,2022 stating that the accumulated losses of the Modaraba have exceeded more than 50% of the total amount subscribed by the Modaraba Certificate Holders and it may be wound up in public interest by filing an application of Winding Up before the Modaraba Tribunal Lahore. UNICAP Modaraba filed a Writ Petition the Order in the Lahore High Court challenging the Order passed by SECP and the Honorable Lahore High Court, on August 03, 2022 suspended the operations of the impugned order dated March 28 ,2022 passed by SECP

3. Outlook

UNICAP Modaraba has strong financial support and backing of its sponsors and its associated concerns.

The management stands fully committed to revive UNICAP Modaraba according to the SECP Revival Order dated April 19, 2017 through injection of fresh capital but this target can't be achieved without the approval of 2nd tranche of equity injection of Rs.50 M at discount, which is pending with the office of the Registrar Modaraba SECP since the date of its application dated September 28, 2017.

Moreover, the management is continuously exploring possible options for resource mobilization for Modaraba, including leveraging of its balance sheet through credit lines from banks and financial support from the Management Company of the Modaraba. UNICAP Modaraba has adequate credit support available from its sponsors undertaking to support its future growth. The availability of on-going financial support further strengthens the Modaraba's initiative for extending its outreach and to capitalize on the opportunities available under Islamic financing.

The management pledges to take all possible measures to maintain the growth of the Modaraba. The growth targets are planned to be achieved through controlled leveraging of balance sheet. Strict monitoring of operating expenses shall continue to keep them at a sustainable level. Within a short span of time, Modaraba has carved a niche among performing entities of the sector and we are hopeful to further improve our position in the coming years.

4. Profit / Loss

The Board of Directors has approved accumulated loss of Rs. 166.011M for the year ended June 30, 2022 compared to Rs. 165.365M as on June 30, 2021.

As per Prudential Regulations issued by Securities & Exchange Commission of Pakistan, Modarabas are required to transfer a minimum 20% and maximum 50% post-tax profit to statutory reserves. Rs. 8,738,973 is held towards the Statutory Reserve.

5. External Annual Audit

The financial statements of Modaraba have been audited without any qualification by the auditors namely M/s. Muniff Ziauddin & Co. Chartered Accountants.

6. Corporate Governance

The Modaraba is required to comply with various requirements of the Code of Corporate Governance (CCG) contained in Pakistan Stock Exchange Regulations as well as Public Sector Companies (Corporate Governance) Rules, 2013 (Rules) issued by the SECP.

The statutory auditors are also required to issue their review report over the compliance statement of the best practices, which is published with the financial statements.

The Board of Directors has reviewed the CCG and Rules and confirms that:

- The Board has consistently complied with the relevant principles of corporate governance and has identified the rules that have not been complied with the period in which such non-compliance continued and the reasons for such non-compliance.
- Financial statements, prepared by the management, present fairly the state of affairs, the results of its operations, cash flows and change in equity.
- Proper books of account have been maintained.
- Appropriate accounting policies have been applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- The appointment of CEO and other members of the Board and the terms of their appointment along with the remuneration policy adopted are in the best interests of the Modaraba as well as in line with the best practices.
- International Financial Reporting Standards, as applicable to modarabas in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
- There are no significant doubts upon the Modaraba's ability to revive its business activities.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on June 30, 2022, except for those disclosed in financial statements.
- No investment was made by the Employees Provident Fund as on June 30, 2022.
- Key operating and financial data of last six years cannot be presented as this is the fifth year of Modaraba's operations after takeover by the Map Out Management Company (Pvt.) Limited on December 14, 2014.
- 6 Board meetings of the Modaraba Company were held during the year.
- Two Credit/Investment Committee meetings of the Modaraba Company were held during the year under review.
- The Board has established Audit, Human Resource, Risk Management, Nomination and Procurement Committees as required under the Rules. No meetings of these committees were held during the period under review.
- The pattern of shareholding is annexed to this report.
- The Directors, CEO, Executives and their spouses and minor children did not carry out any transaction in the certificates of the Modaraba during the year.

7. Social Responsibility

The Modaraba ensures its role of a Responsible Corporate Citizen by conducting business in a socially responsible and ethical manner, protecting the environment, and supporting the communities and cultures with which it works.

The Modaraba is committed to maintain the highest standards of integrity and corporate governance practices in order to maintain excellence in its daily operations, and to build-up confidence in its governance systems.

The Modaraba constantly strives to build trust and demonstrate respect for human dignity and rights in all relationships, including respect for cultures, customs and values of individuals and groups.

8. Auditors

On the recommendation of Audit Committee, the Board has approved the appointment of M/s Muniff Ziauddin & Co. Chartered Accountants as auditors for the financial year ending June 30, 2022.

9. Acknowledgment

The Board would like to thank the SECP for its continued guidance and support. It would also like to thank the valued Modaraba Certificate Holders and customers of the Modaraba for their continued trust and support.

On behalf of the Board

-Sd/-

Lahore
January 30, 2023

Chief Executive Officer

AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet of UNICAP 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 (herein after 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 purpose of our audit.

These financial statements are the responsibility of the Modaraba Management Company (Mapout Management Company (Private) Limited), who is also responsible to establish and maintain a system of internal control, and prepare and present the above said financial 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 (XX XI of 1980) and the Modaraba Companies and Modaraba Rules, 1981. Our responsibility is to express an opinion on these financial 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 Management 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) in our opinion, proper books of accounts have been kept by the Modaraba Management Company in respect of Unicap Modaraba as required by the Modaraba Companies and Modarada (Floatation and Control) Ordinance, 1980 (XXXi of 1980) and the Modaraba Companies and Modaraba Rules, 1981;

(b) in our opinion;

- (i) the balance sheet, the profit and loss account, the statement of comprehensive income, the cash flow statement and the statement of changes in equity 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 accounting policies consistently applied;

- (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;
- (c) in our opinion and to the best of our information and according to the explanation given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981 in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at June 30, 2022 and of its loss, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 3 to the financial statements which indicates that these financial statements have been prepared on the assumption that entity is going concern and continue to operate in the foreseeable future. The company as at 30th June 2022 has accumulated loss of Rs. 166.011 million and the current year losses of Rs. 0.645 million. Keeping in view of above and the events and conditions stated in note 1, there is a material uncertainty related to events or conditions that may cast significant doubt on the modaraba's ability to continue as a going concern and therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business during the revival process. However, the management is hopeful of its revival and thus, the financial statements have been prepared on a going concern basis. Our opinion is not qualified in respect of this matter.

Other matter

The financial statements for the year ended 30th June 2021 were audited by another auditor, who expressed an unmodified opinion on 07th October 2021.

Islamabad

Date: January 30, 2023

UDIN: AR2022102412nQwYm6zJ


Chartered Accountants
Engagement Partner: Shahid Farid

UNICAP MODARABA
BALANCE SHEET
AS AT JUNE 30, 2022

		2022	2021
<u>ASSETS</u>	Note	(Rupees)	(Rupees)
CURRENT ASSETS			
Cash & bank balances	5	112,269	4,166,171
Stock-in-trade	6	58,260,727	56,900,000
Advances, deposits & prepayments	7	88,792	88,792
		58,461,788	61,154,963
NON-CURRENT ASSETS			
Property & equipment	8	80,495	110,883
		58,542,283	61,265,846
<u>LIABILITIES</u>			
CURRENT LIABILITIES			
Accrued & other liabilities	9	946,000	4,824,000
Provision for taxation	10	901,489	901,489
Payable to management company	11	1,800,000	-
Unclaimed dividend	12	345,242	345,242
		3,992,731	6,070,731
NET ASSETS		54,549,552	55,195,115
<u>REPRESENTED BY:</u>			
CERTIFICATE HOLDER'S EQUITY			
Authorized Modaraba Fund	13.1	240,000,000	240,000,000
Issued, subscribed & paid up certificates	13.2	236,400,000	236,400,000
Discount on issuance of certificates	13.3	(50,000,000)	(50,000,000)
		186,400,000	186,400,000
Certificate Deposit Money	14	25,421,593	25,421,593
RESERVES			
Statutory reserve	SCE	8,738,973	8,738,973
Accumulated loss	SCE	(166,011,014)	(165,365,451)
		(157,272,041)	(156,626,478)
CONTINGENCIES AND COMMITMENTS	15	-	-
TOTAL EQUITY		54,549,552	55,195,115

The annexed notes from (1) to (25) form an integral part of these financial statements.

FOR MAPOUT MANAGEMENT COMPANY (PRIVATE) LIMITED
MODARABA MANAGEMENT COMPANY

-Sd/-

-Sd/-

-Sd/-

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

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

	Note	2022 (Rupees)	2021 (Rupees)
INCOME			
Trading profit	16	1,460,727	1,900,000
		1,460,727	1,900,000
EXPENDITURE			
Administrative expenses	17	2,106,290	2,257,668
Loss for the year before Management Fee		(645,563)	(357,668)
Modaraba company's management fee		-	-
Loss for the year before taxation		(645,563)	(357,668)
Taxation	18	-	-
Loss for the year		(645,563)	(357,668)
Loss per certificate - Basic	19	(0.03)	(0.02)

The annexed notes from (1) to (25) form an integral part of these financial statements.

FOR MAPOUT MANAGEMENT COMPANY (PRIVATE) LIMITED
MODARABA MANAGEMENT COMPANY

-Sd/-

-Sd/-

-Sd/-

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

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

	2022 (Rupees)	2021 (Rupees)
Loss for the year	(645,563)	(357,668)
Other comprehensive income / (loss) for the year	-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u><u>(645,563)</u></u>	<u><u>(357,668)</u></u>

FOR MAPOUT MANAGEMENT COMPANY (PRIVATE) LIMITED
MODARABA MANAGEMENT COMPANY

-Sd/-

-Sd/-

-Sd/-

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

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

	Certificate Capital	Discount on Issuance of Certificates	Certificate Deposit Money	Statutory Reserve	Accumulated Loss	Total
	------(Rupees)-----					
Balance as at July 01, 2020	236,400,000	(50,000,000)	-	8,738,973	(165,007,783)	30,131,190
Certificate deposit money received	-	-	25,421,593	-	-	25,421,593
Loss for the year	-	-	-	-	(357,668)	(357,668)
Total comprehensive loss for the year	-	-	-	-	-	-
Balance as at June 30, 2021	236,400,000	(50,000,000)	25,421,593	8,738,973	(165,365,451)	55,195,115
Balance as at July 01, 2021	236,400,000	(50,000,000)	25,421,593	8,738,973	(165,365,451)	55,195,115
Loss for the year	-	-	-	-	(645,563)	(645,563)
Total comprehensive loss for the year	-	-	-	-	-	-
Balance as at June 30, 2022	236,400,000	(50,000,000)	25,421,593	8,738,973	(166,011,014)	54,549,552

FOR MAPOUT MANAGEMENT COMPANY (PRIVATE) LIMITED
MODARABA MANAGEMENT COMPANY

-Sd/-

CHIEF EXECUTIVE

-Sd/-

CHIEF FINANCIAL OFFICER

-Sd/-

DIRECTOR

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

	2022 (Rupees)	2021 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(645,563)	(357,668)
Adjustment:		
Depreciation	30,388	43,110
Operating cashflow used before working capital changes	(615,175)	(314,558)
Changes in working capital		
Stock-in-trade	(1,360,727)	(1,900,000)
Advances, deposits & prepayments	-	(1,527)
Accrued & other liabilities	(3,878,000)	4,230,000
Net working capital change	(5,238,727)	2,328,473
Cash (used in) /generated from operating activities (A)	(5,853,902)	2,013,915
CASH FLOW FROM FINANCING ACTIVITIES		
Map Out Management Company (Pvt.) Limited - Net received	1,800,000	1,505,000
Map Out Management Company (Pvt.) Limited - Adjusted	-	(25,421,593)
Share deposit money received	-	25,421,593
Cash generated from financing activities (B)	1,800,000	1,505,000
Net changes in cash & cash equivalents during the year (A+B)	(4,053,902)	3,518,915
Cash & cash equivalent at the beginning of the year	4,166,171	647,256
Cash & cash equivalent at the end of the year	112,269	4,166,171

FOR MAPOUT MANAGEMENT COMPANY (PRIVATE) LIMITED
MODARABA MANAGEMENT COMPANY

-Sd/-

-Sd/-

-Sd/-

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

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

1 LEGAL STATUS AND NATURE OF BUSINESS

Unicap Modaraba (the Modaraba) is a multipurpose, perpetual modaraba floated in Pakistan in the year 1991 under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed thereunder. The registered office of the Modaraba is situated at 6-M/2, Block H, Gulberg – II, Lahore. The Modaraba is listed on Pakistan Stock Exchange. During the financial year 2014-2015, Al-Zamin Modaraba Management (Private) Limited transferred the management of Modaraba to Mapout Management Company (Private) Limited as on November 27, 2014. Previously, the Modaraba was managed (until May 03, 2000) by Chartered Management Services (Private) Limited and thereafter the management was transferred to Al-Zamin Modaraba Management (Private) Limited as the registration of the former was cancelled by the Securities and Exchange Commission of Pakistan in view of the various irregularities committed.

Mapout Management Company (Private) Limited took over the management of the Modaraba from Al-Zamin Modaraba Management (Private) Limited on November 27, 2014 with negative equity amounting to Rs. 1.359 million and accumulated losses amounting to Rs. 146.498 million. The Management Company did not inherit any Public Money in the Modaraba at the time of take over as the entire equity of the Modaraba was eroded during the period of incumbency of its previous managements. Instead, the Management Company injected private money amounting to Rs. 50 million, net of discount, in the equity of the Modaraba on December 31, 2015 raised from their own private sources.

The Modaraba is under the process of revival in accordance with SECP Order No. SC/PRDD/M/UNICAP/2017/102 dated 19.04.2017 and is considered as an ENTITY UNDER REVIVAL. In the light of the SECP Order, the Modaraba is going through a specific time bound revival plan for which stage wise regularization is being carried out. The Management Company has taken all steps required under the Order dated 19.04.2017 and so far ensuring to comply with the Revival Plan. Hence, as of today, the Modaraba is under revival as a public limited company solely operated with private money injected by Mapout Management Company (Private) Limited.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. These standards, as applicable in Pakistan, comprise of International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as notified under Companies Act, 2017, Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, Prudential Regulations for Modaraba and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Islamic Financial Accounting Standards (IFASs), Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, Prudential Regulations for Modaraba and directives issued by SECP differ with the requirements of IFRS, the requirements of the Islamic Financial Accounting Standards (IFASs),

Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Prudential Regulations for Modaraba, Modaraba Companies and Modaraba Rules, 1981 or the directives issued by SECP shall prevail.

3 GOING CONCERN

These financial statements have been prepared on the assumption that entity is going concern and continue to operate in the foreseeable future. The company as at 30th June 2022 has accumulated loss of Rs. 166.011 million and the current year losses of Rs. 0.645 million.

Keeping in view of above and the events and conditions stated in note 1, there is a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business during the revival process.

However, the management is hopeful of its' revival and thus, the financial statements have been prepared on a going concern basis.

3.1 Accounting convention

These financial statements have been prepared under the historical cost convention except as other wise stated in the respective policies and notes given hereunder.

3.2 Functional and presentation currency

These financial statements are presented in Pak (Rupees), which is the Modaraba's functional and presentation currency.

3.3 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amount of assets, liabilities, income and expenses.

The estimates and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances and are continually evaluated. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods. Judgements made by management in application of the approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in respective policy note. The areas involving significant estimates or judgements are:

- Estimated useful life of property, plant and equipment [note 4.1];
- Provision for slow moving inventories and net realizable value [note 4.4]
- Impairment of non financial assets [note 4.11]
- Estimation of current and deferred tax [note 4.7 & note 18]
- Provisions and contingencies [note 4.10 & note 15]

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Areas where various assumptions and estimates are significant to the Modaraba's financial statements or where judgments were exercised in application of accounting policy relate to the useful life of depreciable assets, valuation of stock and taxation.

3.4 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

3.4.1 AMENDMENTS TO PUBLISHED ACCOUNTING AND REPORTING STANDARDS WHICH ARE EFFECTIVE FOR THE YEAR ENDED JUNE 30, 2022.

There were certain amendments to accounting and reporting standards which became effective for the Modaraba for the current year. However, these are considered not to be relevant or to have any significant impact on the Modaraba's financial reporting and, therefore, have not been disclosed in these financial statements.

3.4.2 AMENDMENTS TO APPROVED ACCOUNTING STANDARDS AND INTERPRETATIONS THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN EARLY ADOPTED.

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in preparation of these financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

4.1 Property & equipment

Owned:

Cost

Property & equipments are stated at cost less accumulated depreciation. Cost comprise of initial consideration paid on acquisition of asset as well as cost incurred to bring the asset to its' useful condition. Subsequent costs are included in assets' carrying amount or recognized as separate assets, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Modaraba and the cost of item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred.

Depreciation

Depreciation is provided for on reducing balance method and charged to profit and loss account to write off the depreciable amount of each asset over its estimated useful life. Depreciation on addition in property and equipment is charged on assets from the month of acquisition / purchase while no depreciation is charged in the month of disposal.

Derecognition

An item of property and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the profit and loss account in the year the asset is derecognized.

Leased:

Right-of-use assets

Right of use assets are initially measured at cost being the present value of lease payments, initial direct costs, any lease payments made at or before the commencement of the lease as reduced by any incentives received. These are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is charged on straight line basis over the shorter of the lease term or the useful life of the asset. Where the ownership of the asset transfers to the Company at the end of the lease term or if the cost of the asset reflects that the Company will exercise the purchase option, depreciation is charged over the useful life of asset using diminishing balance method

4.2 Impairment of assets

The carrying amounts of the assets are reviewed at each balance sheet date to determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such evidence exists, the assets or group of assets' recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the profit and loss account immediately.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of depreciation), had no impairment losses been recognized for the asset in the prior years. Reversal of impairment loss is restricted to the original cost of the asset.

4.3 Investments

Classification of an investment is made on the basis of intended purpose for holding such investment. Management determines the appropriate classification of its investments at the time of purchase and re-evaluates such designation on regular basis. Investments are initially measured at fair value plus transaction costs directly attributable to acquisition, except for "Investment at fair value through profit or loss" which is initially measured at fair value.

Held to maturity investments

Investments with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Modaraba has the positive intent and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Long-term investments that are intended to be held to maturity are subsequently measured at amortized cost.

This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization, using the effective interest method, of any difference between the initially recognized amount and the maturity amount. For investments carried at amortized cost, gains and losses are recognized in profit and loss account when the investments are de-recognized or impaired, as well as through the amortization process.

4.4 Stock-in-trade

The Stock-in-trade is valued at lower of cost and net realizable value. Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale. Cost is determined by Weighted average cost method.

The Company reviews the carrying amount of inventories on a regular basis and as appropriate, these are written down to its net realizable value or provision is made for obsolescence if there is any change in usage pattern and / or physical form of related inventory.

4.5 Revenue Recognition

Revenue from trading activities

The Modaraba recognizes revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the Modaraba expects to be entitled in exchange for those good and services. The Modaraba recognizes revenue in accordance with that core principle by applying the following steps:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when the entity satisfies a performance obligation

Revenue from sale of goods is recognised when the Company satisfies a performance obligation (at a point of time) by transferring promised goods to customer being when the goods are dispatched to customers. Revenue is measured at fair value of the consideration received or receivable and is reduced for allowances such as taxes, duties, commission, sales returns and discounts.

The Modaraba does not expect to have contracts where the period between the transfer of the promised goods to the customer and payment by the customer exceed one year. As a consequence, the Modaraba does not adjust any of the transaction prices for the time value of money.

Interest Income

Markup / profit is recorded on time proportion basis on the principal amount outstanding and at the rate applicable.

4.6 Ijarah Financing

In Ijarah, the Modaraba provides the asset on pre-agreed rentals for specific tenors to the customers.

4.7 Taxation

Current

Provision for current taxation is based on taxable income at current rates of taxation after taking into account tax credits available, if any. The charge for current tax also includes adjustments, where necessary, relating to prior years, which arise from assessment revised / finalized during the year.

DEFERRED

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amount of the assets and liabilities and their tax bases.

Deferred tax liabilities are recognised for all major taxable temporary differences.

Deferred tax assets are recognised for all major deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

The carrying amount of the deferred tax asset is reviewed at each date of statement of financial position and is recognised only to the extent that it is probable that future taxable profits will be available against which the assets may be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Unrecognized deferred income tax assets are reassessed at each date of statement of financial position and are recognized to the extent that it becomes probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the year when the asset is utilized or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the financial position date.

4.8 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at banks. Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

4.9 Foreign currency transactions and translations

Foreign currency transactions are translated into Pak (Rupees) at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak (Rupees) at the exchange rates prevailing at the balance sheet date.

4.10 Provision

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

4.10.1 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and 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 Company; or
- there is present 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.

4.11 Financial instruments

Financial assets and financial liabilities are recognized when the Modaraba becomes a party to contractual provisions of the instrument and de-recognized when the Modaraba loses control of the contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired.

4.11.1 Financial Assets

The Modaraba classifies its financial assets in the following categories: at fair value through profit and loss, fair value through other comprehensive income and amortized cost. The classification depends on the purpose for which the financial asset were acquired. Management determines the classification of its financial assets at initial recognition.

Classification and measurement

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method.

Any gain or loss arising on derecognition is recognized directly in income and expenditure and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of income and expenditure.

Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is de-recognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss and recognized in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/ (other expenses) and impairment losses are presented as separate line item in the statement of income and expenditure.

Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognized in the statement of income and expenditure and presented net within other income / (other expenses) in the period in which it arises.

4.11.2 Financial liabilities

i. Classification and measurement

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

ii. Impairment of financial assets

The Modaraba assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade debts and other receivables, the Modaraba applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

iii. De-recognition

Financial assets

The Modaraba derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

Any interest in such de-recognized financial assets that is created or retained by the Modaraba is recognized as a separate entity.

Financial liabilities

The Modaraba derecognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

4.12 Offsetting of financial assets and liabilities

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

4.13 Borrowing costs

The borrowing costs including interests are charged off to profit and loss account in the year in which they are incurred.

4.14 Related party transactions

Transactions with related parties are duly authorized by the management and are recognized in accordance with the pricing method approved by the Board of Directors of the management Modaraba.

5	CASH & BANK BALANCES	2022	2021
		(Rupees)	(Rupees)
	Cash in hand	4,529	155,431
	Cash at bank - Current account	107,740	4,010,740
		<u>112,269</u>	<u>4,166,171</u>
6	STOCK-IN-TRADE		
	Stock in trade	<u>58,260,727</u>	<u>56,900,000</u>
7	ADVANCES, DEPOSITS & PREPAYMENTS		
	Advance tax	88,792	88,792
8	PROPERTY & EQUIPMENT		
		Office Equipments	Furniture & Fixture
		(Rupees)	(Rupees)
	Cost		TOTAL
			(Rupees)
	As at July 1st, 2020	200,632	694,100
	Additions	-	-
	Deletions	-	-
	As at 30 June, 2021	<u>200,632</u>	<u>694,100</u>
	Additions	-	-
	Deletions	-	-
	As at June 30, 2022	<u>200,632</u>	<u>694,100</u>
	Depreciation		
	As at 1st July, 2020	138,998	601,741
	Charged for the year	12,327	30,783
	Adjustments	-	-
	As at 30 June, 2021	<u>151,325</u>	<u>632,524</u>
	Charged for the year	9,864	20,524
	Adjustments	-	-
	As at June 30, 2022	<u>161,189</u>	<u>653,048</u>
	W.D.V. as at June 30, 2021	<u>49,307</u>	<u>61,576</u>
	W.D.V. as at June 30, 2022	<u>39,443</u>	<u>41,052</u>
	Depriciation rate %	<u>20%</u>	<u>33%</u>

	Note	2022 (Rupees)	2021 (Rupees)
9 ACCRUED & OTHER LIABILITIES			
Accrued expenses		946,000	824,000
Other payables - purchase of stock		-	4,000,000
		<u>946,000</u>	<u>4,824,000</u>
10 PROVISION FOR TAXATION			
Previous years	15.1	<u>901,489</u>	<u>901,489</u>
11 PAYABLE TO MANAGEMENT COMPANY			
Opening balance		-	23,916,593
Received during the year	11.1	1,800,000	1,505,000
Transferred to share certificate deposit money	11.2	-	(25,421,593)
Closing balance		<u>1,800,000</u>	<u>-</u>
11.1	Payable to Management Company represents the amounts paid by Mapout Management Company for day to day expenses of the Modaraba. The amount is interest free and is repayable to the Management Company once the Modaraba starts earning from active business activities.		
11.2	During the last year, the Management Company authorized the Modaraba to transfer / adjust the total outstanding loan against share deposit money. Thus, the entire amount as at June 30, 2021 has been transferred to Certificate deposit money. The Management Company is hopeful to get the permission to issue certificates at discount from the Regulators which is pending since 2017.		
12 UNCLAIMED DIVIDEND			
Unclaimed Dividend		<u>345,242</u>	<u>345,242</u>
13 CERTIFICATE CAPITAL			
13.1 Authorized Modaraba Fund			
24,000,000 Modaraba Certificates of Rs.10/- each		<u>240,000,000</u>	<u>240,000,000</u>
13.2 Issued, Subscribed and Paid-up Capital			
20,000,000 Modaraba Certificates of Rs.10/- each -Cash		200,000,000	200,000,000
3,640,000 Modaraba Certificates of Rs.10/- each - Bonus		36,400,000	36,400,000
		<u>236,400,000</u>	<u>236,400,000</u>
13.3 Discount on Issuance of Shares			
10,000,000 Modaraba Certificates issued at Discount of Rs.5 each		<u>(50,000,000)</u>	<u>(50,000,000)</u>
14 CERTIFICATE DEPOSIT MONEY			
Modaraba Certificate Deposit Money	11.2	<u>25,421,593</u>	<u>25,421,593</u>
		<u>25,421,593</u>	<u>25,421,593</u>
15 CONTINGENCIES & COMMITMENTS			
15.1	The tax authorities initiated tax proceedings against the Company for Tax Years 2007-2009 and the same are pending for adjudication before the Appellate Tribunal Inland Revenue, Karachi. The details of the cases are not available with the present management however, a provision is carried in the financial statements to meet any future liability which may arise on final decision of the Appellate Court.		

15.2 On 28 March, 2022 SECP through its Order Number: SC/M/MS/Unicap/46/2022/75 under section 23 (I) (ii) (b) of the Modaraba Ordinance ordered that as the accumulated losses of the Modaraba have exceeded more than fifty percent of the total amount subscribed by the modaraba certificate holders, it may be wound up in the public interest by filling an application for winding up before the Modaraba Tribunal Lahore. Modaraba has filed the Writ petition before the Honorable Lahore High Court against the order passed by SECP and on 3 August, 2022 Honorable Lahore High Court has graciously granted stay in the matter as prayed by Unicap Modaraba. Further, no fresh date for further proceedings has been fixed as yet.

15.3 There are no commitments as at the year end.

16 TRADING PROFIT / INCOME

Sales	16.1	33,000,000	57,200,000
Less: Cost of Sales	16.2	31,539,273	55,300,000
Trading Profit		<u>1,460,727</u>	<u>1,900,000</u>

16.1 SALES

Gross Sales	33,000,000	57,241,940
Less: Discount	-	(41,940)
Net Sales	<u>33,000,000</u>	<u>57,200,000</u>

16.2 COST OF SALES

Opening stock	56,900,000	55,000,000
Add: Purchases	32,900,000	56,913,300
Less: Discount	-	(13,300)
Add: Transportation	-	300,000
Closing stock	<u>(58,260,727)</u>	<u>(56,900,000)</u>
	<u>31,539,273</u>	<u>55,300,000</u>

17 ADMINISTRATIVE EXPENSES

Staff salaries & allowances	684,000	686,000
Rent	600,000	600,000
Fee & subscription	132,224	280,550
Utilities (Electricity, Gas, Water)	60,000	60,000
Telephone / Internet	-	1,560
Printing & stationery	9,910	5,350
Postages	6,300	4,580
Insurance expense	291,828	282,084
Entertainment	3,290	6,290
Office supplies / consumables	4,000	5,600
Repair & maintenance	1,200	1,500
Travelling, conveyance & fuel	15,000	12,000
Bank charges	150	1,044
Professional fee	123,000	123,000
Auditors' remuneration	17.1	145,000
Depreciation expense	8	43,110
		<u>2,106,290</u>
		<u>2,257,668</u>

	2022 (Rupees)	2021 (Rupees)
17.1 Auditors' Remuneration		
Annual statutory audit fee	125,000	100,000
Fee for other services	-	25,000
Out of pocket expenses	20,000	20,000
	<u>145,000</u>	<u>145,000</u>

18 TAXATION

Current Tax		
For the year	18.1	-
Prior year	-	-
18.1 No provision for taxation has been accounted for in these financial statements owing to loss for the year and carry forward losses. Further minimum tax on turnover is also not applicable.		

19 LOSS PER CERTIFICATE

19.1 Basic loss per certificate:		
(loss) after taxation	<u>(645,563)</u>	<u>(357,668)</u>
Weighted average number of certificates outstanding	<u>23,640,000</u>	<u>23,640,000</u>
Loss per certificate	<u>(0.03)</u>	<u>(0.02)</u>

19.2 Diluted loss per certificate:

There is no dilutive effect on the basic loss per certificate of the Modaraba, since there were no convertible instruments in issue as at the year end which would have any effect on the basic loss per certificate if the option to convert were exercised. New shares shall be issued only after the approval of the Regulators.

20 RELATED PARTY TRANSACTIONS

Related parties include Mapout Management Company (Private) Limited being the Modaraba Management Company. The following related party transactions were carried out during the year:

Payable to management company	<u>1,800,000</u>	<u>-</u>
Loan obtained during the year - net	<u>1,800,000</u>	<u>1,505,000</u>

21 FINANCIAL INSTRUMENTS

Financial Assets - amortized cost

Cash & bank balances	<u>112,269</u>	<u>4,166,171</u>
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Financial Liabilities - amortized cost

Accrued & other liabilities	946,000	4,824,000
Payable to management company	<u>1,800,000</u>	<u>-</u>
	<u>2,746,000</u>	<u>4,824,000</u>

22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Modaraba's activities are exposed to certain financial risk. Such financial risk emanates from various factors that include, but not limited to, market risk, credit risk and liquidity risk. The Modaraba's overall risk management focuses on the predictability of financial market and seeks to minimize potential adverse effects on the Modaraba's financial performance. Risk measures and management by Modaraba are explained below.

22.1 Market risk

Market risk is the risk that the fair value of future cash flows of financial instrument will fluctuate due to changes in the market variables such as interest rate and foreign exchange rates.

(i) Interest 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 interest rates.

The Modaraba's interest rate risk arises from borrowings, liabilities and assets. Financial instruments at variable rates expose the Modaraba to cash flow interest rate risk. Financial instruments at fixed rate expose the Modaraba to fair value interest rate risk.

At the financial position date the Modaraba has no interest bearing financial instruments.

(ii) Foreign currency risk

Foreign currency risk is the risk that the value of financial assets or financial liabilities will fluctuate due to a change 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 any foreign currency risk.

Profit rate risk

The Modaraba is not exposed to any foreign currency risk.

22.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if the counter parties fail completely to perform as contracted.

Credit risk arises from cash and cash equivalents, derivative financial instrument, deposits with banks and financial institutions, as well as credit exposures to customers, including trade receivables and committed transactions. The financial assets that are subject to credit risk are as follows

	2022 (Rupees)	2021 (Rupees)
Financial Assets		
Cash & bank balances	112,269	4,010,740

The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. Outstanding receivable are regularly monitored.

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.

Bank	Rating Agency	Long Term	Short Term
Dubai Islamic Bank Pakistan Limited	PACRA	AA	A-1+

22.3 Liquidity Risk

Liquidity risk is the risk that the Modaraba will not be able to meet its financial obligations as they fall due. Given the nature of Modaraba's operations and existing financial liabilities, the Modaraba's exposure to liquidity risk is very limited and liquidity risk management is limited to ensuring that it has sufficient cash on demand to meet expected operational cash flows.

22.4 Capital Management

The Modaraba's policy is to maintain a strong capital base so as to maintain investor confidence and to sustain future development of the business. The Management Company monitors the return on assets of the Modaraba and investments which are managed through appropriate risk management policies. For major aspects of capital management, the Modaraba adheres to the requirements of the Ordinance, Rules and Regulations including the requirements of statutory reserve. The level of profit distribution to certificate holders is kept at the required level in order to avail the tax exemption. There were no changes in the Modaraba's approach to capital management during the year.

23 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS & KEY PERSON

No remuneration, benefit, allowance or facility is given to the Chief Executive, Directors and / or Key Management Personnel during the year.

	2022	2021
Number of employees as at the year end	2	2
Average number of employees during the year	2	2

24 DATE OF AUTHORIZATION

These financial statements were authorized for issue by the management on January 30, 2023

25 GENERAL

Figures have been rounded off to the nearest Pak Rupee.

**FOR MAPOUT MANAGEMENT COMPANY (PRIVATE) LIMITED
MODARABA MANAGEMENT COMPANY**

-Sd/-

-Sd/-

-Sd/-

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

BOOK POST

To,



If undelivered please return to:

UNICAP MODARABA

6/M-2, Block – II, Gulberg-II, Lahore.

UNN:03 000 434 434