

Annual Report  
2023

# First Tri-Star Modaraba



Managed by:

A.R.T. Modaraba Management (Private) Limited

## Vision Statement

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

## Mission Statement

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

## Core Value

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

## Statement of Ethics and Business Practices

The articulation of this statement is based on following points:

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

## Board of Directors

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

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

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

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

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

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

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

## Notice of Annual Review Meeting

Twenty Fourth Annual Review Meeting of the Certificate Holders of First Tri-Star Modaraba will be held on Friday, October 27, 2023 at 9.30 am at A/33, Central Commercial Area, Block 7/8, Main Shahrah-e-Faisal, Karachi.

The Certificate Transfer Books shall remain closed from October 23, 2023 to October 30, 2023 (both days inclusive). Transfers received in order at the office of the Share Registrar before the close of business on October 20, 2023 will be considered in time for the purpose of attendance of the Annual Review Meeting.

By Order of the Board

**Chief Executive**

Dated: October 6, 2023

Place: Karachi

## فرسٹ ٹرائی اسٹار مضاربہ | سالانہ رپورٹ

### نوٹس برائے سالانہ جائزہ اجلاس

نوٹس ہذا کے ذریعے مطلع کیا جاتا ہے کہ فرسٹ ٹرائی اسٹار مضاربہ کے سرٹیفکیٹ ہولڈرز کا چومیسواں (24 واں) سالانہ جائزہ اجلاس عام (ARM) مورخہ 27 اکتوبر 2023ء بروز جمعہ صبح 09:30 بجے بمقام A/33، سینٹرل کمرشل ایریا، بلاک 7/8، مین شاہراہ فیصل، کراچی میں منعقد ہوگا:

سرٹیفکیٹ ٹرانسفر books مورخہ 23 اکتوبر 2023ء سے 30 اکتوبر 2023ء (بشمول دونوں ایام) تک بند رہیں گی۔  
20 اکتوبر 2023ء کو کاروبار بند ہونے سے پہلے شیئر رجسٹرار کے دفتر میں باقاعدہ موصول ٹرانسفرز کو سالانہ جائزہ اجلاس میں شرکت کے لئے بروقت شمار کیا جائے گا۔

بحکم بورڈ

چیف ایگزیکٹو

تاریخ: 06 اکتوبر، 2023ء

مقام: کراچی

## Report of Directors of A.R.T. Modaraba Management (Pvt) Limited as on June 30, 2023

The Board of Directors of A.R.T. Modaraba Management (Pvt) Limited present the 32<sup>nd</sup> Annual Report of First Tri-Star Modaraba together with audited accounts for the year ended 30<sup>th</sup> June, 2023.

### 1. FINANCIAL RESULTS

Financial results are summarized as follows:

	2023	2022
	-----Rupees-----	
Revenue	42,598,683	28,043,530
Administrative Expenses	<u>(33,811,240)</u>	<u>(28,679,233)</u>
	8,787,443	(635,703)
Other Income	351,023,529	1,495,535
Financial Charges	<u>(2,122)</u>	<u>(3,828)</u>
Profit before Taxation	359,808,850	856,004
Modaraba Company's Management fee	(3,000,000)	(85,600)
Service sales tax on Management Company's fee	<u>(390,000)</u>	<u>(11,128)</u>
Profit before Taxation	356,418,850	759,276
Taxation	<u>(2,249,700)</u>	<u>(350,544)</u>
Profit for the year	<u>354,169,150</u>	<u>408,732</u>
Earnings per certificate - basic and diluted	<u>16.74</u>	<u>0.02</u>

### 2. BUSINESS

During the year, Modaraba continued generating revenue through rental income and income from running an educational institution which has established itself well within a short time. Your Modaraba has disposed of investment property making a capital gain of Rs. 350,909,195/-.

Our response on the observations of the auditor in the audit report is as under in seriatim:

- a. The investment in the shares of Tri Star Energy Limited (TSEL) was made by the Modaraba long ago in the year 1996 when no regulations/exposure limits were in place; much before the issuance of Guidelines vide circular No. 5 of 2000, revised Prudential Regulations vide circular No. 4 of 2004 and of-course much before promulgation of current Regulations of 2021.

All our contentions pertaining to investment in excess of the limits prescribed in Prudential Regulations 7(1), 7(7) and 7(8), were accepted by the Registrar Modaraba in his order dated 16.9.2008 as well as the Appellate authority in para 7(i) of its order dated 7.8.2009.

In view of the above admitted facts by the adjudicating and the appellate authorities, on the non-applicability of PRs of 2000 and 2004, the Regulations of 2021 cannot be made applicable on the transaction of 1996.

A legal opinion and the copies of the aforesaid orders were also provided to the auditor but he has ignored the same.

The shares of TSEL have been divested in Sep-2023 and the proceeds received in the bank account of the modaraba and the documentary evidence already provided to SECP also to the auditor. Hence, it is a past and closed transaction.

- b. There was no legal requirement under prevailing law to execute any agreement for the purpose of investment and disinvestment of shares.
- c. The company's management has assessed and reported the investments in Image REIT and Tri-Star Energy Limited in its financial statements at their fair values, also known as the true recoverable amount. As of June 30, 2023, these investments are valued at Rs. 35,886,000 and Rs. 426,000,000 respectively. Subsequently, after the year end, the investments in Tri-Star Energy Limited have been disposed of at the same value of Rs. 35,886,000. As per the guidance of IFRS 13, 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. Based on above guidance, the management has considered the closing value in financial statements as at June 30, 2023 to be the appropriate fair value as per the requirements of IFRS 9 - Financial Instruments and IFRS 13 - Fair Value Measurement.

### **3. DIVIDEND**

The Board of Directors have recommended a cash dividend of Rs. 4/- per certificate i.e. 40% for the year ended 30.06.2023.

### **4. BOARD OF DIRECTOR**

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

### **5. AUDITORS**

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

### **6. STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAME WORK**

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

- i. Key operating and financial data for the last six years in summarized form is annexed.
- j. During the year four (4) meetings of the Board of Directors were held, attendance by each Director is as follows:-

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

- k. The pattern of certificate holdings is annexed.

## 7. ACKNOWLEDGMENTS

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

On behalf of the Board

**Asad Ahmad**  
Chief Executive

**Marium Ahmad**  
Director

Dated: October 03, 2023



## ڈائریکٹرز رپورٹ

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

مؤرخہ 30 جون 2023ء

A.R.T. مضاربہ مینجمنٹ (پرائیویٹ) لمیٹڈ کے بورڈ آف ڈائریکٹرز 30 جون 2023ء کو اختتام پذیر سال کے لئے فرسٹ ٹرائی اسٹار مضاربہ کی بتیسویں (32 ویں) سالانہ رپورٹ کے ہمراہ پڑتال شدہ کھاتے ازراہ مسرت پیش کرتے ہیں۔

### 1. مالیاتی نتائج

مالیاتی نتائج کا خلاصہ حسب ذیل ہے:

2022ء	2023ء	
..... روپے.....		
28,043,530	42,598,683	آمدنی
(28,679,233)	(33,811,240)	انتظامی اخراجات
(635,703)	8,787,443	
1,495,535	351,023,529	دیگر آمدنی
(3,828)	(2,122)	مالیاتی اخراجات
856,004	359,808,850	
(85,600)	(3,000,000)	مضاربہ کمپنی کی انتظامی فیس
(11,128)	(390,000)	مینجمنٹ کمپنی کی فیس پرسرو سٹیز ٹیکس
759,276	356,418,850	نفع بمعہ ٹیکسیشن
(350,544)	(2,249,700)	ٹیکسیشن
408,732	354,169,150	مذکورہ برس کا منافع
0.02	16.74	فی سٹوکیٹ آمدنی - بنیادی و تحلیلی

## 2. کاروبار

رواں برس کے دوران، مضاربہ ریٹیل انکم اور تعلیمی ادارے سے حاصل آمدنی سے ریونیو پیدا کر رہا ہے۔ یہ ادارہ قلیل عرصے میں اپنی ساکھ مضبوط کرنے میں کامیاب ہوا ہے۔ آپ کے مضاربہ نے سرمایہ کاری املاک کی فروخت سے -/195,909,350 روپے کی سرمایہ کاری آمدنی حاصل کی ہے۔

آڈٹ رپورٹ میں آڈیٹرز کے مشاہدات پر ہمارا سلسلہ وار رد عمل حسب ذیل ہے:

a. کافی عرصہ قبل سال 1996ء میں مضاربہ نے ٹرائی اسٹار انرجی لمیٹڈ (TSEL) کے حصص میں سرمایہ کاری کی جب ایکسپوزر لمٹ / ضوابط موجود نہ تھے۔ یہ ٹرانزیکشن سرکلر نمبر 2000ء، سرکلر نمبر 4/2004 کے ترمیمی پروڈینشیل ریگولیشنز اور 2021ء کے حالیہ ضوابط میں درج اجرا کی ہدایات سے کافی عرصہ پہلے عمل میں لائی گئی۔

پروڈینشیل ریگولیشنز (1)7، (7)7 اور (8)7 میں درج حد سے زائد سرمایہ کاری سے متعلق ہمارے تمام تر موقف کو رجسٹر ارمضاربہ نے اپنے 16.9.2008 کے حکم میں تسلیم کیا جب کہ ایپیلیٹ اتھارٹی نے بھی اپنے حکم مورخہ 7.8.2009 کے پیرا (i)7 میں اس کی توثیق کی۔

مندرجہ بالا حقائق کی روشنی میں پروڈینشیل ریگولیشنز 2000 اور 2004 کے عدم اطلاق پر ایڈ جوڈیکیشن اور ایپیلیٹ اتھارٹی کی جانب سے تسلیم شدہ مذکورہ بالا حقائق کے پیش نظر ضوابط 2021ء کا 1996ء میں کی گئی ٹرانزیکشن پر اطلاق نہیں کیا جاسکتا۔

مذکورہ بالا احکام کی نقول اور قانونی رائے آڈیٹرز کی فراہم کی گئی تھی لیکن انہوں نے اسے نظر انداز کر دیا۔ TSEL کے حصص کی سرمایہ کاری کو ستمبر 2023ء میں ختم کر دیا گیا اور مضاربہ کی بینک اکاؤنٹ میں جمع آمدنی اور دستاویزی ثبوت SECP اور آڈیٹرز کو پیش کئے گئے۔ لہذا یہ پرانی اور بند ٹرانزیکشن ہے۔

b. مروجہ قوانین کے تحت حصص کی سرمایہ کاری اور ارد سرمایہ کے لئے کسی معاہدے میں شامل ہونے کی ضرورت نہ تھی۔

c. کمپنی کی انتظامیہ نے امیج REIT اور ٹرائی اسٹار انرجی لمیٹڈ میں کی گئی سرمایہ کاری کا اپنی مالیاتی اسٹیٹمنٹس میں فیئر ویلیو پر جائزہ لیا اور رپورٹ کیا جسے حقیقی وجہ الوصول رقم کہا جاتا ہے۔ 30 جون 2023ء تک اس سرمایہ کاری کی مالیت بالترتیب 35,886,000 روپے اور 426,000,000 روپے ہے۔ بعد ازاں، سال کے اختتام پر ٹرائی اسٹار انرجی لمیٹڈ کی سرمایہ کاری کو اسی قیمت یعنی 35,886,000

روپے پر فروخت کر دیا گیا۔ IFRS 13 میں درج ہدایات کے مطابق فیئر ویلیوہ قیمت ہے جو کسی اثاثے کو فروخت کرنے سے حاصل ہوتی ہے یا جسے کسی واجبات کی منتقلی کے لئے ادا کیا جاتا ہے جو مارکیٹ شرکاء کے مابین مقررہ تاریخ کو باقاعدہ ٹرانزیکشن کی صورت میں عمل لایا جاتا ہے۔ مذکورہ بالا ہدایات کی روشنی میں انتظامیہ نے 30 جون 2023 تک مالیاتی اسٹیٹمنٹس میں کلوزنگ ویلیو کو IFRS-9 مالیاتی اسٹیٹمنٹس اور IFRS-13-فیئر ویلیو کا تعین کی روشنی میں معقول فیئر ویلیو قرار دیا ہے۔

ہے۔

### 3. منافع منقسمہ

بورڈ آف ڈائریکٹرز نے 30.06.2023ء کو اختتام پذیر سال کے لئے 4/ روپے فی حصص یعنی 40% نقد منافع منقسمہ کی سفارش کی ہے۔

### 4. بورڈ آف ڈائریکٹرز

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

### 5. آڈیٹرز

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

### 6. کاروباری و مالیاتی رپورٹنگ فریم ورک پر اعلامیہ

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

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

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

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

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

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

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

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

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

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

حسب ذیل ہے:

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

.k سٹوفلیٹ ہولڈنگ کا پیٹرن لف ہذا ہے۔

.7 اظہار تشکر

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

منجانب بورڈ

مریم احمد

ڈائریکٹر

اسد احمد

چیف ایگزیکٹو

تاریخ: 03 اکتوبر 2023ء

## INDEPENDENT AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet of **FIRST TRISTAR MODARABA** ("the Modaraba") as at June 30, 2023 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

1. The Modaraba has an investment in the group company Tri-Star Energy Limited (an unlisted associated company) amounting to Rs. 35.886 million (2021: Rs. 38.386 million) in contravention to Clause 10(i) of the Modaraba Regulations, 2021 relating to investment in unlisted securities whereof the Modaraba are not allowed to have investment exceeding 5% of its equity. However, all the investment in Tri-Star Energy Limited has been disposed off subsequent to the audit period. Furthermore, both the companies i.e. Tri-Star Energy Limited and Modaraba Management Company (A.R.T. Modaraba Management (Private) Limited) have the common Chief Executive which is again in contravention with the requirements of Clause 10(ii) of the Modaraba Regulations, 2021.
  2. As disclosed in note 15, the Modaraba has sold the shares of Tri-Star Energy Limited at par value during previous years. However, there were no agreement for sale of shares under which the selling price of shares had been agreed, in the absence of such agreement, we are unable to determine the impact if any, of the transaction on the un-appropriated profit of the Modaraba.
  3. The investment in Image REIT and Tri-Star Energy Limited is measured at cost instead of fair value in contravention with the requirements of IFRS 9 and the accounting policy of investment (FVOCI) as adopted by the Modaraba.
- (a) in our opinion, except for the matters referred in para 1, 2 and 3 above, proper books of accounts have been kept by the Modaraba Company in respect of the Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981;

- (b) in our opinion, except for the matters referred in para 1, 2 and 3 above;
- (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of accounts and are further in agreement with accounting policies consistently applied;
  - (ii) the expenditure incurred during the year was for the purpose of the Modaraba's business; and
  - (iii) 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 explanations given to us except as mentioned in paragraph 1, 2 and 3 above, 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 confirm 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, 2023 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Modaraba and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

sd/-

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

Place: Karachi  
Date: October 3, 2023  
UDIN: AR202310207efUXST0r8

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

**Name of Company:** First Tri-Star Modaraba

**Year ended:** June 30, 2023

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

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

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

2. The composition of Board is as follows:

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

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

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

11. Chief Financial Officer and Chief Executive Officer duly endorsed the Financial statements before approval of the Board.

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

Audit Committee:

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

The Board has not formed an HR and Remuneration Committee.

13. The terms of reference of the aforesaid committee have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

a) Audit Committee 4 Quarterly meetings

15. The Board has set up an effective internal audit function/or has outsourced the internal audit function to who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or director of the Company.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all requirements of the Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

**Asad Ahmad**  
Chief Executive

**Marium Ahmad**  
Director

Karachi: October 3, 2023



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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the 'Regulations') prepared by Board of Directors of **A.R.T Modaraba Management (Private) Limited** (the 'Company'), for the year ended June 30, 2023 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. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance for and on behalf of the Company, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2023.

Place: Karachi  
Date: October 3, 2023  
UDIN: CR202310207C9y3SDpl4

sd/-  
Crowe Hussain Chaudhury & Co.  
Chartered Accountants



### Annual Shariah Advisor's Report

*For the period ended June 30, 2023*

We have conducted the Shariah review of the First Tri-Star Modaraba for the financial year ended June 30, 2023, by the requirements of the Shariah Compliance and Shariah Audit Mechanism for Modarabas. Based on our review, we report the following:

#### **REVIEW OF OPERATIONS:**

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

#### **BANK ACCOUNTS:**

The Modaraba maintains bank accounts with Islamic banks while some current accounts operate with conventional banks.

#### **EQUITY INVESTMENTS:**

Modaraba's equity investments were made in compliant scripts.

#### **DIVIDEND PURIFICATION:**

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

#### **TAKAFUL:**

For risk mitigation, the Modaraba has effectively adopted and maintained Takaful coverage with Takaful companies, avoiding any coverage from conventional insurance companies.

#### **CONCLUSION:**

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

**Mufti Muhammad Ibrahim Essa**

CEO & Director

Alhamd Shariah Advisory Services (Pvt.) Limited

13<sup>th</sup> September 2023

**Mufti Ubaid ur Rahman Zubairi**

Director



## Balance Sheet as at

	2023	2022
Note	-----Rupees-----	
<b>CAPITAL AND RESERVES</b>		
Authorised Capital 40,000,000 (2022: 40,000,000) Modaraba Certificates of Rs. 10 each	<b>400,000,000</b>	400,000,000
Issued, subscribed and paid-up certificate capital	<b>6</b> <b>211,631,040</b>	211,631,040
Reserves	<b>7</b> <b>324,419,609</b>	(29,749,541)
<b>Certificate holders' equity</b>	<b>536,050,649</b>	181,881,499
Deficit on revaluation of investments	<b>8</b> <b>(3,347,588)</b>	(3,377,952)
<b>NON CURRENT LIABILITIES</b>		
Security deposits	<b>9</b> <b>1,770,000</b>	2,280,000
<b>CURRENT LIABILITIES</b>		
Creditors, accrued and other liabilities	<b>10</b> <b>16,603,837</b>	13,809,053
Unclaimed dividend	<b>11</b> <b>8,054,502</b>	13,682,766
<b>Total current liabilities</b>	<b>24,658,339</b>	27,491,819
<b>Contingencies and commitments</b>	<b>12</b> -	-
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>559,131,400</b>	208,275,366

## June 30, 2023

### NON-CURRENT ASSETS

Fixed assets - tangible	<b>13</b>	<b>6,873,748</b>	8,209,942
Investment property	<b>14</b>	-	82,668,776
Long term deposit		<b>58,500</b>	58,500
Long term investments	<b>15</b>	<b>461,900,518</b>	35,898,870
<b>Total non-current assets</b>		<b>468,832,766</b>	126,836,088

### CURRENT ASSETS

Short term investments	<b>16</b>	<b>323,395</b>	294,679
Rent receivable	<b>17</b>	<b>12,000,000</b>	6,000,000
Advance and deposits	<b>18</b>	<b>70,802,941</b>	70,833,455
Other receivables		<b>8,578</b>	1,960,144
Cash and bank balances	<b>19</b>	<b>7,163,720</b>	2,350,999
<b>Total current assets</b>		<b>90,298,634</b>	81,439,277

### TOTAL ASSETS

<b>559,131,399</b>	<b>208,275,366</b>
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The annexed notes form an integral part of these financial statements.

Chief Executive

Director

Director

Chief Financial Officer

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 -----Rupees-----	2022
Revenue	20	42,598,683	28,043,530
Administrative expenses	21	(33,811,240)	(28,679,233)
		<u>8,787,443</u>	<u>(635,703)</u>
Other income	22	351,023,529	1,495,535
Financial charges		(2,122)	(3,828)
Profit before taxation		<u>359,808,850</u>	856,004
Modaraba Company's Management fee		(3,000,000)	(85,600)
Services sales tax on Managemet Company's fee		(390,000)	(11,128)
		<u>356,418,850</u>	<u>759,276</u>
Taxation	23	(2,249,700)	(350,544)
Profit for the year		<u><u>354,169,150</u></u>	<u><u>408,732</u></u>
Earning per certificate	24	<u><u>16.74</u></u>	<u><u>0.02</u></u>

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

Chief Executive

Director

Director

Chief Financial Officer

## CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 -----Rupees-----	2022
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		356,418,850	759,276
<b>Adjustments:</b>			
Depreciation		8,933,765	10,100,345
Gain on sale of assets		(350,909,195)	-
Dividend income		(12,474)	(16,273)
		<b>(341,987,904)</b>	10,084,072
		<b>14,430,946</b>	10,843,348
<b>Changes of Working Capital:</b>			
(Increase)/decrease in current assets		<b>(6,267,620)</b>	(46,163,943)
Increase/(decrease) in current liabilities		<b>(1,614,294)</b>	(659,495)
		<b>(7,881,915)</b>	(46,823,437)
Income tax paid		<b>(1,219,188)</b>	(1,492,094)
<b>Net cash generated from operating activities</b>		<b>5,329,845</b>	(37,472,183)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Dividend income		12,474	16,273
Capital expenditure incurred		<b>(19,600)</b>	(6,531,493)
Capital gain on sale of assets		-	-
Purchases of investments		-	(5,355)
Sale proceeds from disposal of investments		-	791,720
<b>Net cash inflow from investing activities</b>		<b>(7,126)</b>	(5,728,855)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Long term deposits		<b>(510,000)</b>	630,000
<b>Net cash outflow from financing activities</b>		<b>(510,000)</b>	630,000
Net increase in cash & cash equivalents during the year		<b>4,812,719</b>	(42,571,039)
Cash & cash Equivalent at the beginning of the year		<b>2,350,999</b>	44,922,038
<b>Cash &amp; cash Equivalent at the end of the year</b>		<b>7,163,720</b>	2,350,999

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

Chief Executive

Director

Director

Chief Financial Officer

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2023**

	<b>2023</b>	2022
	-----	-----
	Rupees	
Profit for the year	<b>354,169,150</b>	408,732
<b>Items that will not be reclassified subsequently to profit and loss account</b>		
Deficit on revaluation of investments classified as 'at fair value through other comprehensive income' - net	<b>426,030,364</b>	<b>(444,147)</b>
<b>Total comprehensive income for the year</b>	<b><u>780,199,514</u></b>	<b><u>(35,415)</u></b>

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

Chief Executive

Director

Director

Chief Financial Officer

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2023**

	Certificate Capital	Capital Reserve	Revenue Reserve		Total
		Statutory Reserve	General Reserve	Accumulated Loss	
-----Rupees-----					
<b>Balance as at June 30, 2021</b>	211,631,040	21,744,353	10,000,000	(49,612,336)	193,763,057
Profit for the year	-	-	-	408,732	408,732
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	408,732	408,732
Final dividend for the year ended June 30, 2021	-	-	-	(12,290,290)	(12,290,290)
Transfer of reserve		81,746	-	(81,746)	
<b>Balance as at June 30, 2022</b>	<b>211,631,040</b>	<b>21,826,099</b>	<b>10,000,000</b>	<b>(61,575,640)</b>	<b>181,881,499</b>
Profit for the year	-	-	-	354,169,150	354,169,150
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	354,169,150	354,169,150
Transfer of reserve		70,833,830	-	(70,833,830)	-
<b>Balance as at June 30, 2023</b>	<b>211,631,040</b>	<b>92,659,929</b>	<b>10,000,000</b>	<b>221,759,680</b>	<b>536,050,649</b>

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

Chief Executive

Director

Director

Chief Financial Officer



## Last Six Years Results at a Glance

	2023	2022	2021	2020	2019	2018
<b><u>Financial Position</u></b>						
Paid-up Capital (Rs.)	211,613,040	211,613,040	211,613,040	211,613,040	211,613,040	211,613,040
Reserves (Rs.)	324,419,609	(29,749,541)	(17,867,983)	(29,241,223)	(31,515,489)	(2,806,047)
Fixed Assets-WDV (Rs.)	6,873,748	90,878,718	94,447,570	104,873,938	116,297,736	126,477,225
Investments (Rs.)	462,223,913	36,193,549	38,837,696	40,854,130	42,760,141	67,537,000
Current Assets (Rs.)	90,298,634	81,439,277	80,838,453	50,858,387	36,146,024	21,487,549
Current Liabilities (Rs.)	24,658,339	27,491,819	17,353,117	13,370,542	15,081,238	11,354,987
<b><u>Income</u></b>						
Gain/(Loss) on sale of investments	-	1,240,388	-	-	-	-
Dividend Income	12,474	16,273	10,103	12,506	16,832	30,743
Net Profit/(Loss) for the year	356,418,850	759,276	13,489,550	2,274,266	(20,424,594)	2,319,532
Accumulated Profit/(Loss)	221,759,680	(61,575,640)	(49,612,336)	(60,985,576)	(63,259,842)	(34,550,400)
<b><u>Statistics &amp; Ratios</u></b>						
Operating Profit/(Loss) Ratio (%)	8.45	0.03	0.39	0.08	(102.44)	12.89
Net Profit/(Loss) Ratio (%)	8.31:1	0.01:1	0.34:1	0.08:1	(102.44):1	0.13:1
Current Ratio						
Paid-up Value Per Share (Rs.)	10	10	10	10	10	10
Earning/(Loss) Per Share (Rs.)	16.740	0.020	0.640	0.110	(0.965)	0.110
Breakup value per Share (Rs.)	25.33	8.59	9.16	8.62	8.51	9.87
Net Assets (Rs in Million)	536.051	181.881	193.763	182.389	180.115	208.825
Net Asset Value Per Share (Rs.)	25.33	8.59	9.16	8.62	8.51	9.87
Cash Dividend (%)	40%	-	6%	1%	-	1%
Bonus Dividend (%)	-	-	-	-	-	-

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023**

### **1 LEGAL STATUS AND NATURE OF THE BUSINESS**

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

The Modaraba is engaged in the following activities:

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

### **2 BASIS OF PREPARATION**

#### **2.1 STATEMENT OF COMPLIANCE**

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

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

Provisions of and directions issued under the Companies Act 2017;

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

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

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

#### **2.2 BASIS OF MEASUREMENT**

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

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

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

### **2.3 FUNCTIONAL AND PRESENTATION CURRENCY**

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

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

#### **Standards, amendments to approved accounting standards effective in current year**

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

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

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

### **4 USE OF ESTIMATES AND JUDGMENTS**

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

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

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

## **5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

### **5.1 Fixed assets - tangible**

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

#### **5.1.1 Assets in own use and depreciation**

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

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

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

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

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

### **5.2 Capital work in progress**

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

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

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

### **5.4 Financial instruments**

#### **a) Initial recognition**

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

#### **b) Classification of financial assets**

The Company classifies its financial instruments in the following categories:

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

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

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

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

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

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

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

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

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

#### **c) Classification of financial liabilities**

The Company classifies its financial liabilities in the following categories:

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

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

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

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

#### **Financial assets and liabilities at amortised cost**

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

#### **Financial assets and liabilities at FVTPL**

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

**e) Impairment of financial assets**

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

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

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

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

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

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

**f) Derecognition**

Financial assets

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

**Financial liabilities**

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

## **Offsetting of financial assets and financial liabilities**

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

### **5.5 Stores and spares**

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

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

### **5.6 Musharaka and Ijarah**

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

### **5.7 Revenue recognition**

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

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

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

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

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

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

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

### **5.8 Taxation**

#### **5.8.1 Current**

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

## **5.8.2 Deferred**

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

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

## **5.9 Borrowings and their costs**

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

## **5.10 Provisions**

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

## **5.11 Cash and cash equivalents**

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

## **5.12 Trade and other payables**

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

## **5.13 Foreign currency translation**

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

## **5.14 Profit distribution to certificates holders**

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



## **5.15 Impairment of assets**

### **a Financial assets**

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

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

### **b Non financial assets**

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

## **5.16 Segment reporting**

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

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

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

## **5.17 Investment property**

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

## **5.18 Earnings per certificate**

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

## **5.19 Trade date accounting**

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

**6 Issued, subscribed and paid-up certificate capital**

2023	2022	Note	2023	2022
No of shares			-----Rupees-----	
11,900,000	11,900,000	Modaraba Certificates of Rs. 10 each fully paid in cash.	<b>119,000,000</b>	119,000,000
2,180,000	2,180,000	Bonus certificates of Modaraba of Rs. 10 each issued as fully paid.	<b>21,800,000</b>	21,800,000
7,083,104	7,083,104	Modaraba Certificates of Rs.10 issued for acquisition	<b>70,831,040</b>	70,831,040
			<b>211,631,040</b>	211,631,040

**7 Reserves**

**Capital reserves**

Statutory Reserve	7.1	<b>92,659,929</b>	21,826,099
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**Revenue reserves**

General Reserve		<b>10,000,000</b>	10,000,000
Accumulated loss		<b>221,759,680</b>	(61,575,640)
		<b>231,759,680</b>	(51,575,640)
		<b>324,419,609</b>	(29,749,541)

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

**8 Deficit on revaluation of investments**

	2023	2022
	-----Rupees-----	
Market value of investments	<b>462,223,913</b>	36,193,549
Less: Cost of investments	<b>465,571,501</b>	39,571,501
	<b>(3,347,588)</b>	(3,377,952)
Deficit on revaluation at beginning of the year	<b>(1,356,158)</b>	(912,011)
Deficit arisen during the year	<b>426,030,364</b>	(444,147)
	<b>424,674,206</b>	(1,356,158)

**9 Security deposits**

	9.1	<b>1,770,000</b>	2,280,000
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**9.1** These represent deposits from students on admission

**10 Creditors, accrued and other liabilities**

	2022	2021
	-----Rupees-----	
Accrued expenses	<b>1,779,041</b>	1,127,782
Management fee	<b>3,000,000</b>	85,600
Sales tax payable on Management fees	<b>686,207</b>	296,207
Workers' Welfare Fund	<b>275,297</b>	275,297
Income tax payable	<b>4,074,410</b>	5,235,285
Zakat payable	<b>6,788,882</b>	6,788,882
	<b>16,603,837</b>	13,809,053

## **11 Unclaimed dividend**

In accordance with the provisions of Section 244 of the Companies Act, 2017, where a dividend has been declared by a company but has not been paid or claimed, within a time period specified under Section 244, to any shareholder entitled to the payment of the dividend, the company shall, within fifteen days from the date of expiry of the said period, transfer the total amount of dividend which remains unpaid or unclaimed to a separate profit bearing account to be called the unpaid dividend account opened by the company for this purpose in any scheduled bank.

The deposits in the unpaid dividend account shall only be used for payment of dividend.

Within period of ninety days of such transfer to the separate account, the modaraba shall place particulars of such unpaid dividend on its website in accordance with the provision of the act.

The modaraba shall make payment to the certificate holder within a period of thirty days from the date of submission of a claim with the modaraba. No claimant shall be entitled to any amount except his unclaimed dividend amount.

The amount of profit generated from the account maintained by the modaraba under this section shall be used by the modaraba for its corporate social responsibility initiatives and specified purposes.

## **12 Contingencies And Commitments**

There are no contingencies and commitments as on June 30, 2023 (2022 : Nil)

## 13 Fixed assets - tangible

2023

Particulars	2023								Total
	Air-condition & Refrigeration	Motor Car	Furniture & Fixture	Office Equipment	Computer	Electric Installation	Kitchen Appliances	Building	
-----Rupees-----									
<b>As at June 30 2022</b>									
Cost	119,700	6,311,543	4,651,579	564,319	232,700	366,200	63,990	-	12,310,031
Accumulated Depreciation	(85,893)	(1,001,544)	(2,226,939)	(424,120)	(223,498)	(125,936)	(12,158)	-	(4,100,088)
Net book amount	33,807	5,309,999	2,424,640	140,199	9,202	240,264	51,832	-	8,209,942
<b>Year ended June 2023</b>									
Gross carrying amount									
Balance July 01, 2022	119,700	6,311,543	4,651,579	564,319	232,700	366,200	63,990	-	12,310,031
Additions	-	-	-	19,600	-	-	-	-	19,600
Transfer to investment property	-	-	-	-	-	-	-	-	-
Balance June 30, 2023	119,700	6,311,543	4,651,579	583,919	232,700	366,200	63,990	-	12,329,631
<b>Accumulated Depreciation</b>									
Balance July 01, 2022	85,893	1,001,544	2,226,939	424,120	223,498	125,936	12,158	-	4,100,088
Depreciation charge for the year	3,381	1,062,000	242,464	15,980	2,760	24,026	5,183	-	1,355,794
Transfer to investment property	-	-	-	-	-	-	-	-	-
Balance June 30, 2023	89,274	2,063,543	2,469,403	440,100	226,259	149,963	17,341	-	5,455,883
Net book amount	30,426	4,247,999	2,182,176	143,819	6,441	216,237	46,649	-	6,873,748
<b>As at June 30 2023</b>									
Cost	119,700	6,311,543	4,651,579	583,919	232,700	366,200	63,990	-	12,329,631
Accumulated Depreciation	(89,274)	(2,063,543)	(2,469,403)	(440,100)	(226,259)	(149,963)	(17,341)	-	(5,455,883)
Net book amount	30,426	4,247,999	2,182,176	143,819	6,441	216,237	46,649	-	6,873,748
<b>Rate</b>	10%	20%	10%	10%	30%	10%	10%	10%	

2022

Particulars	2022								Total
	Air-condition & Refrigeration	Motor Car	Furniture & Fixture	Office Equipment	Computer	Electric Installation	Kitchen Appliances	Building	
-----Rupees-----									
<b>As at June 30 2021</b>									
Cost	119,700	412,250	4,635,379	564,319	232,700	366,200	63,990	15,425,300	21,819,838
Accumulated Depreciation	(82,137)	(411,455)	(1,957,835)	(408,542)	(219,555)	(99,240)	(6,399)	(5,389,098)	(8,574,262)
Net book amount	37,563	795	2,677,544	155,777	13,145	266,960	57,591	10,036,202	13,245,576
<b>Year ended June 2022</b>									
Gross carrying amount									
Balance July 01, 2021	119,700	412,250	4,635,379	564,319	232,700	366,200	63,990	15,425,300	21,819,838
Transferred to investment property	-	-	-	-	-	-	-	(15,425,300)	(15,425,300)
Additions	-	5,899,293	16,200	-	-	-	-	-	5,915,493
Disposals	-	-	-	-	-	-	-	-	-
Balance June 30, 2022	119,700	6,311,543	4,651,579	564,319	232,700	366,200	63,990	-	12,310,031
<b>Accumulated Depreciation</b>									
Balance July 01, 2021	82,137	411,455	1,957,835	408,542	219,555	99,240	6,399	5,389,098	8,574,262
Transferred to investment property	-	-	-	-	-	-	-	(5,389,098)	(5,389,098)
Depreciation charge for the year	3,756	590,088	269,104	15,578	3,944	26,696	5,759	-	914,925
Disposals	-	-	-	-	-	-	-	-	-
Balance June 30, 2022	85,893	1,001,544	2,226,939	424,120	223,498	125,936	12,158	0	4,100,089
Net book amount	33,807	5,309,999	2,424,640	140,199	9,202	240,264	51,832	-	8,209,942
<b>As at June 30 2022</b>									
Cost	119,700	6,311,543	4,651,579	564,319	232,700	366,200	63,990	-	12,310,031
Accumulated Depreciation	(85,893)	(1,001,544)	(2,226,939)	(424,120)	(223,498)	(125,936)	(12,158)	-	(4,100,088)
Net book amount	33,807	5,309,999	2,424,640	140,199	9,202	240,264	51,832	-	8,209,942
<b>Rate</b>	10%	20%	10%	10%	30%	10%	10%	10%	

**14 Investment property**

Particulars	Building
	.....Rupees.....
<b>Year ended June 2023</b>	
<b><u>Cost</u></b>	
Balance July 01, 2021	124,804,700
Transferred from fixed assets - tangible	15,425,300
Additions/(disposals)	616,000
Balance June 30, 2022	<u>140,846,000</u>
Balance July 01, 2022	<b>140,846,000</b>
Transferred from fixed assets - tangible	-
Additions	-
Disposals	<b>(140,846,000)</b>
<b>Balance June 30, 2023</b>	<u>-</u>
<b><u>Accumulated Depreciation</u></b>	
Balance July 01, 2021	43,602,706
Transferred from fixed assets - tangible	5,389,098
Depreciation charge for the year	9,185,420
Disposals	-
<b>Balance June 30, 2022</b>	<u>58,177,224</u>
Balance July 01, 2022	<b>58,177,224</b>
Transferred from fixed assets - tangible	-
Additions/Disposal	<b>(65,755,195)</b>
Depreciation charge for the year	<b>7,577,971</b>
Balance June 30, 2023	<u>-</u>
Net book amount	<u>-</u>
<b>As at June 30 2023</b>	
Cost	-
Accumulated Depreciation	-
Net book amount	<u>-</u>
<b>Rate</b>	<u><b>10%</b></u>

15 Long term investments	Note	2023	2022
		-----Rupees-----	
At fair value through other comprehensive income (FVOCI)			
Shares and certificates of listed companies & associated undertaking	15.1	<b>14,518</b>	12,870
Shares of unlisted associated companies	15.2	<b>461,886,000</b>	35,886,000
		<b>461,900,518</b>	<b>35,898,870</b>

### 15.1 Investments in listed companies

No. of Shares/Certificates		Name of Company/ Associated Undertaking	2023		2022	
			Cost	Fair Value	Cost	Fair Value
2023	2022		Rupees	Rupees	Rupees	Rupees
1,100	833	Image Pakistan Ltd	11,176	10,626	11,176	11,470
400	400	Tri-Star Power Limited	8,634	3,892	8,634	1,400
			<b>19,810</b>	<b>14,518</b>	19,810	12,870
		Less: Fair Value Adjustment	(5,292)		6,940	
		Fair Value	<b>14,518</b>		<b>12,870</b>	

### 15.2 Investment of Unlisted companies

No. of Shares/Units		Name of Company/ Associated Undertaking	2023	2022
			Cost	Cost
2023	2022		Rupees	Rupees
3,588,600	3,588,600	Tri-Star Energy Limited	<b>35,886,000</b>	35,886,000
42,600,000	-	Image REIT	<b>426,000,000</b>	-
			<b>461,886,000</b>	35,886,000
		Less: Fair Value Adjustment	-	-

### 16 Short term investments

At fair value through other comprehensive income (FVOCI)

No. of Shares/Certificates		Name of Company	2023		2022	
			Cost	Fair Value	Cost	Fair Value
2023	2022		Rupees	Rupees	Rupees	Rupees
437	437	Orix Modaraba	<b>7,305</b>	<b>4,938</b>	7,305	6,992
70	70	First IBL Modaraba Saudi Pak Leasing	<b>1,860</b>	<b>182</b>	1,860	420
132	132	Limited	<b>2,349</b>	-	2,349	-

No. of Shares/Certificates		Name of Company	2023		2022	
			Cost	Fair Value	Cost	Fair Value
			Rupees	Rupees	Rupees	Rupees
2023	2022					
394	239	Sana Industries Limited	13,849	9,358	13,849	14,340
140	140	Nishat Mills Limited	3,533	7,948	3,533	10,347
120	120	Din Textile Mills Ltd.	-	10,788	-	14,520
127	127	Jubilee Spinning & Weaving Mills Limited	2,004	329	2,004	700
301	301	Kohinoor Industries Limited	11,264	2,227	11,264	1,839
259	259	Packages Limited	7,816	100,735	7,816	103,305
1,616	1,226	Shell Pakistan Limited	88,544	186,890	88,544	142,216
			<b>138,524</b>	<b>323,395</b>	138,524	294,679
Fair Value Adjustment			<b>184,871</b>		156,155	
Fair Value			<b>323,395</b>		294,679	

**Companies delisted/Trading suspended**

No. of Shares/Certificates		Name of Company	2023		2022	
			Cost	Fair Value	Cost	Fair Value
			Rupees	Rupees	Rupees	Rupees
2023	2022					
400	400	Islamic Investment Bank Limited	2,757	-	2,757	-
5	5	Innovative Investment Bank Limited	4,545	-	4,545	-
102,350	102,350	Mohib Exports Limited	2,436,070	-	2,436,070	-
500	500	Business & Industries insurance Company Limited	5,000	-	5,000	-
230	230	Mohammad Farooq Textile Mills Ltd.	7,743	-	7,743	-
264	264	Dewan Salman Fibre Limited	6,622	-	6,622	-
600	600	Mian Mohd. Sugar Mills Limited	6,000	-	6,000	-
17,671	17,671	Mohib Textile Mills Limited	897,530	-	897,530	-
10,000	10,000	Sunshine Cloth Limited	160,900	-	160,900	-
<b>132,020</b>	<b>132,020</b>		<b>3,527,167</b>	-	3,527,167	-

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

	Note	2023 -----Rupees-----	2022
<b>17 Receivable from associated undertakings</b>			
Unsecured considered good			
Image Pakistan Limited		<b>6,000,000</b>	6,000,000
Image Tech Limited		<b>6,000,000</b>	-
		<b><u>12,000,000</u></b>	<u>6,000,000</u>
<b>17.1</b>	These represents amounts receivable in respect of rental property.		
<b>18 Advance and Deposits</b>			
Advance income tax - net		<b>2,202,941</b>	3,233,455
Advance for purchase of solar panels	18.1	<b>68,600,000</b>	67,600,000
		<b><u>70,802,941</u></b>	<u>70,833,455</u>
<b>18.1</b>	The advance is paid to related party "Habib Jamal & Co" for purchase of solar panels, subsequent to the year end the solar panels have been received and the advance has been adjusted accordingly.		
<b>19 Cash and Bank Balances</b>			
Cash in hand		<b>82,997</b>	1,829,224
Bank balances			
- Saving account	19.1	<b>8,434</b>	8,434
- Current account		<b>7,072,288</b>	513,341
		<b><u>7,080,723</u></b>	<u>521,776</u>
		<b><u>7,163,720</u></b>	<u>2,350,999</u>
<b>19.1</b>	This carries profit at rates ranging from 4% to 6% ( 2021: 4% to 6%).		
<b>20 Revenue</b>			
Rental income		<b>14,048,933</b>	11,280,000
Tuition fee		<b>24,182,750</b>	12,856,750
Short courses fee		<b>645,000</b>	2,446,780
Admission Fee		<b>1,322,000</b>	1,460,000
Trading Income		<b>2,400,000</b>	-
		<b><u>42,598,683</u></b>	<u>28,043,530</u>
<b>21 Administrative Expenses</b>			
Entertainment		<b>66,243</b>	251,880
Registrar services		<b>301,068</b>	143,670
Postage and telegram		<b>1,509</b>	3,320
General expenses		<b>63,320</b>	26,918
Salaries, wages, and other benefits		<b>13,749,245</b>	11,544,973
Advertisement		<b>680,725</b>	163,433
Printing and stationary		<b>59,625</b>	25,331
Auditors' remuneration	21.1	<b>280,000</b>	280,000
Fees and subscription		<b>705,095</b>	846,364
Computer expenses		<b>1,850</b>	-
Rent Expenses		<b>4,800,000</b>	-
Conveyance expenses		<b>11,092</b>	12,692
Professional Fee		<b>600,000</b>	-
Janitorial expenses		<b>644,566</b>	404,140
Electricity expenses		<b>362,227</b>	2,244,906
Fuel and gas		<b>250</b>	5,212
Water expenses		<b>158,152</b>	110,178
Repair and maintenance		<b>212,446</b>	85,600



	Note	2023	2022
		-----Rupees-----	
Shariah advisory fee		<b>366,120</b>	366,120
Elevator maintenance & contract		<b>95,000</b>	
Books & professional publication		<b>274,375</b>	208,805
Supplies - college activity		<b>43,100</b>	183,854
Travelling Expenses		<b>720,510</b>	-
Charity		-	2,048
Picnic & Party - Student		<b>97,450</b>	-
Watch and ward		<b>330,000</b>	199,402
Donation		<b>2,090</b>	-
IT Services		<b>140,000</b>	170,968
Conferences / courses / seminars		-	12,000
Insurance		<b>84,000</b>	113,119
Endowment fund contribution	21.2	-	1,010,000
Canteen expenses		<b>20,547</b>	156,825
Open day expenses		<b>6,870</b>	7,130
Depreciation		<b>8,933,765</b>	10,100,345
		<b>33,811,240</b>	28,679,233
<b>21.1 Auditors' remuneration</b>			
Audit fee		<b>250,000</b>	250,000
Out of pocket		<b>30,000</b>	30,000
		<b>280,000</b>	280,000
<b>21.2 Endowment fund contribution</b>			
This contribution is made to the endowment fund of the "Imperial College" as per the requirements of the Higher Education Commission of Pakistan for registration of the College.			
<b>22 Other Income</b>			
Dividend income	22.1	<b>12,474</b>	16,273
Capital gain on sale of asset		<b>350,909,195</b>	-
Gain on sales of investment		-	1,240,388
Canteen sales		<b>71,860</b>	158,455
Processing fee		-	39,525
Other income		-	3,894
Reversal of prior year liability		<b>30,000</b>	37,000
		<b>351,023,529</b>	1,495,535
<b>22.1 Dividend Income</b>			
First Elite Capital Modaraba		-	30
Bank Al Habib Ltd		-	84
Faisal Spining Mills Ltd		-	2,145
Nishat (Chunian) Ltd		-	1,936
Nishat Mills Ltd		<b>560</b>	560
Orix Leasing Pakistan		-	1,820
Orix Modaraba		-	1,267
OLP Modaraba		<b>874</b>	-
Packages Limited		<b>7,123</b>	7,123
Sana Industries Ltd		<b>239</b>	686
Soneri Bank Ltd		-	129
Samba Bank Ltd		-	17
Shell Pakistan Ltd		<b>3,678</b>	-
Image Pakistan Limited		-	476
		<b>12,474</b>	16,273

23	Taxation	Note	2023	2022
			-----Rupees-----	
	Current year		<b>2,249,700</b>	350,544
	Prior year		-	-
			<b>2,249,700</b>	<b>350,544</b>

24	Earnings per certificate			
	Profit before Taxation		<b>354,169,150</b>	408,732
	No. of Ordinary Certificates		<b>21,163,104</b>	21,163,104
	Earnings per certificate		<b>16.74</b>	0.02

## 25 Transaction With Related Parties

Transactions	Relationship	2023	2022
		-----Rupees-----	
Rental income - Image Pakistan Ltd.	Associated undertaking	<b>6,000,000</b>	6,000,000
Advance paid for purchase of solar panels Habib Jamal & Co.	Associated undertaking	<b>68,600,000</b>	36,200,000
Rental income - Image Tech Ltd.	Associated undertaking	<b>6,000,000</b>	-
Sales Solar Panel to - Image Pakistan Ltd.	Associated undertaking	<b>70,000,000</b>	-
Rental income received from Image Pakistan Ltd.	Associated undertaking	<b>6,000,000</b>	-
Received from Image Pakistan Ltd.	Associated undertaking	<b>70,000,000</b>	-

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

### Balance as at the year end

Payable to Modaraba Management Company			<b>3,000,000</b>	85,600
Advance paid for purchase of solar panels Habib Jamal & Co.	Associated undertaking	17	<b>68,600,000</b>	<b>67,600,000</b>
Investment in Tri - Star Energy	Associated undertaking		<b>35,886,000</b>	35,886,000
Investment in Image Pakistan Ltd.	Associated undertaking		<b>10,626</b>	11,470
Investment in Tri-Star Power Limited	Associated undertaking		<b>3,892</b>	1,400
Receivable from Image Pakistan Ltd.	Associated undertaking	17.1	<b>6,000,000</b>	6,000,000
Receivable from Image Tech Ltd.	Associated undertaking	17.1	<b>6,000,000</b>	-

## 26 Financial instrument and related disclosures

### 26.1 Financial risk management

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

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

- Credit risk
- Liquidity risk
- Market risk

### 26.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Modaraba's performance to developments affecting a particular industry.

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

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

	<b>2022</b>	2021
	-----Rupees -----	
Long term deposit	<b>58,500</b>	58,500
Rent receivable	<b>12,000,000</b>	27,000,000
Investments	<b>462,223,913</b>	36,193,549
Other receivables	<b>8,578</b>	1,960,144
Bank balances	<b>7,080,723</b>	521,776
	<b><u>481,371,714</u></b>	<u>65,733,969</u>

### 26.3 Liquidity risk

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

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

<b>2022</b>				
	<b>Upto one year</b>	<b>One year to five years</b>	<b>Over five years</b>	<b>Total</b>
<b>Financial assets</b>	-----Rupees -----			
Long term deposit	-	58,500	-	58,500
Long term investments	-	461,900,518	-	461,900,518
Rent receivable	12,000,000	-	-	12,000,000
Short term investments	323,395	-	-	323,395
Other receivables	8,578	-	-	8,578
Cash and bank balances	7,163,720	-	-	7,163,720
<b>(a)</b>	<u>19,495,692</u>	<u>461,959,018</u>	<u>-</u>	<u>481,454,710</u>
<b>Financial liabilities</b>				
Creditors, accrued and other liabilities	1,779,041	-	-	1,779,041
Security deposits	-	-	1,770,000	1,770,000
<b>(b)</b>	<u>1,779,041</u>	<u>-</u>	<u>1,770,000</u>	<u>3,549,041</u>
<b>On-balance sheet gap (a-b)</b>	<u>17,716,651</u>	<u>461,959,018</u>	<u>(1,770,000)</u>	<u>477,905,669</u>
<b>2021</b>				
	<b>Upto one year</b>	<b>One year to five years</b>	<b>Over five years</b>	<b>Total</b>
<b>Financial assets</b>	-----Rupees -----			
Long term deposit	-	58,500	-	58,500
Long term investments	-	35,898,870	-	35,898,870
Rent receivable	6,000,000	-	-	6,000,000
Short term investments	294,679	-	-	294,679
Other receivables	1,960,144	-	-	1,960,144
Cash and bank balances	2,350,999	-	-	2,350,999
<b>(a)</b>	<u>10,605,823</u>	<u>35,957,370</u>	<u>-</u>	<u>46,563,193</u>
<b>Financial liabilities</b>				
Creditors, accrued and other liabilities	1,127,782	-	-	1,127,782
<b>(b)</b>	<u>1,127,782</u>	<u>-</u>	<u>-</u>	<u>1,127,782</u>
<b>On-balance sheet gap (a-b)</b>	<u>9,478,041</u>	<u>35,957,370</u>	<u>-</u>	<u>45,435,411</u>

#### 26.4 Market risk

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

#### 26.5 Management of market risks

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

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

## 26.6 Price risk

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

## 26.7 Interest rate risk

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

## 27 Fair Value of Financial Instruments

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

	2022	2021
	-----Rupees -----	
<b>27.1 Financial instruments by category</b>		
<b>At amortised cost</b>		
Cash and bank balances	<b>7,163,720</b>	2,350,999
Other receivables	<b>8,578</b>	1,960,144
Rent receivable	<b>12,000,000</b>	6,000,000
Long term deposit	<b>58,500</b>	58,500
<b>At fair value through other comprehensive income</b>		
Investments	<b>462,223,913</b>	36,193,549
<b>(a)</b>	<b><u>481,454,710</u></b>	<u>46,563,193</u>
<b>Financial liabilities</b>		
<b>At amortised cost</b>		
Creditors, accrued and other liabilities	<b>1,779,041</b>	1,127,782
Security deposits	<b>1,770,000</b>	2,280,000
<b>(b)</b>	<b><u>3,549,041</u></b>	<u>3,407,782</u>
<b>(a-b)</b>	<b><u><u>477,905,669</u></u></b>	<u><u>43,155,411</u></u>

### Fair value sensitivity analysis for fixed rate instruments

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

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

**27.2 FAIR VALUE OF FINANCIAL INSTRUMENTS**

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

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

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

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

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

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

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

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

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

<b>2022</b>				
<b>Rupees</b>				
<b>Carrying amount / Cost</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>Financial instruments by category</b>				
<b>At amortised cost</b>				
Cash and bank balances	7,163,720	-	-	-
Other receivables	8,578	-	-	-
Due from associated undertakings	12,000,000	-	-	-
Long term deposit	58,500	-	-	-
<b>At fair value through other comprehensive income</b>				
Investments	462,223,913	337,913	461,886,000	-
<b>Financial liabilities</b>				
<b>At amortised cost</b>				
Creditors, accrued and other liabilities	3,549,041	-	-	-
Security deposits				

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

<b>2021</b>				
<b>Rupees</b>				
<b>Carrying amount / Cost</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>Financial instruments by category</b>				
<b>At amortised cost</b>				
Cash and bank balances	2,350,999	-	-	-
Other receivables	1,960,144	-	-	-
Rent receivable	6,000,000	-	-	-
Long term deposit	58,500	-	-	-
<b>At fair value through other comprehensive income</b>				
Investments	36,193,549	307,549	35,886,000	-
<b>Financial liabilities</b>				
<b>At amortised cost</b>				
Creditors, accrued and other liabilities	1,127,782	-	-	-
Security deposits	2,280,000	-	-	-

## 28 Segment Information

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

	<b>June 30, 2022</b>			<b>Total</b>
	<b>Income from property</b>	<b>Educational Institution</b>	<b>Unallocated</b>	
	-----Rupees-----			
<b>Segment revenue</b>	14,048,933	26,149,750	-	40,198,683
<b>RESULT</b>				
Segment result				
Operating expenses	8,933,765	24,877,475	-	33,811,240
Financial and other charges	-	2,122	-	2,122
	8,933,765	24,879,597	-	33,813,362
<b>Operating Profit</b>	5,115,168	1,270,153	-	6,385,321
Other income	-	-	351,023,529	351,023,529
<b>(Loss) / profit for the year</b>	5,115,168	1,270,153	351,023,529	357,408,850
<b>Other information</b>				
Segment assets	12,000,000	6,873,748	540,257,652	559,131,399
<b>Total assets</b>	12,000,000	6,873,748	540,257,652	559,131,399
Segment liabilities	-	1,770,000	24,658,339	26,428,339
<b>Total liabilities</b>	-	1,770,000	24,658,339	26,428,339
<b>Net assets</b>	12,000,000	5,103,748	515,599,313	532,703,060
<b>Capital expenditure</b>	-	19,600	-	19,600

## 29 Capital Management

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

**30 Remuneration to directors, chief executive**

**30.1** No remuneration paid to the directors, or chief executive of the Modaraba Management Company during the year (2022: nil)

**31 Reclassification**

Following reclassification has been made during the year

<b>From</b>	<b>To</b>	<b>Rupees</b>
Fixed assets - tangible	Investment property	-
(Cost)	Cost	-
(Accumulated depreciation)	Accumulated depreciation	-

**32 Number of employees**

Total number of employees at end of the year	<u>4</u>	<u>1</u>
Average number of employees for the year	<u>3</u>	<u>1</u>

**33 Date of Authorization for issue**

These financial statements were authorized for issue on October 3, 2023 by the Board of Directors of the Modaraba Management Company.

**34 General**

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

**34.2** Figures have been rounded off to the nearest rupees.

Chief Executive

Director

Director

Chief Financial Officer



**Pattern of Certificate Holding  
As At June 30, 2023**

Number of Certificate Holders	Certificate Holding		Total Certificates Held
	From	To	
482	1 -	100	25,873
693	101 -	500	202,026
562	501 -	1,000	401,420
644	1,001 -	5,000	1,342,271
84	5,001 -	10,000	572,062
21	10,001 -	15,000	258,845
14	15,001 -	20,000	244,963
5	20,001 -	25,000	114,655
7	25,001 -	30,000	199,913
1	30,001 -	35,000	33,275
3	35,001 -	40,000	113,153
1	45,001 -	50,000	46,780
1	50,001 -	55,000	53,625
1	65,001 -	70,000	68,654
1	70,001 -	75,000	70,561
2	85,001 -	90,000	174,500
1	100,001 -	105,000	103,132
1	105,001 -	110,000	106,500
1	115,001 -	120,000	115,863
1	130,001 -	135,000	133,291
1	195,001 -	200,000	198,621
1	410,001 -	415,000	414,384
1	540,001 -	545,000	543,500
1	670,001 -	675,000	670,067
1	700,001 -	705,000	701,000
1	830,001 -	835,000	832,440
1	1,420,001 -	1,425,000	1,422,000
1	2,525,001 -	2,530,000	2,526,120
1	3,985,001	3,990,000	3,987,518
1	5,485,001	5,490,000	5,486,092
<b>2,536</b>			<b>21,163,104</b>

**CATEGORIES OF CERTIFICATE HOLDERS  
AS AT JUNE 30, 2023**

Categories of Certificate Holders	No. of Shares Held	Percentage
Directors, Chief Executive Officer and their spouses and Minor Children	4,945,402	23.37
Associated Companies, Undertakings and Related Parties	5,319,187	25.13
NIT & ICP	62,966	0.30
Banks, Development Finance Institutions, Non-Banking Financial Institutions and Mutual Funds	217,565	1.03
Investment, Modaraba & Leasing Companies	158,116	0.75
Joint Stock Companies	16,718	0.08
Other Companies	127,113	0.60
General Public (Local)	10,316,037	48.75
	<b>21,163,104</b>	<b>100.00</b>