



ANNUAL REPORT 2023

FIRST FIDELITY LEASING MODARABA
Managed by:
Fidelity Capital Management (Private) Limited





CONTENTS

CORPORATE INFORMATION	02
VISION AND MISSION STATEMENT	03
KEY OPERATING DATA FOR LAST SIX YEARS	04
NOTICE OF ANNUAL REVIEW MEETING	05
DIRECTORS' REPORT	06
STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE	13
INDEPENDENT AUDITOR'S REVIEW REPORT ON CCG STATEMENT OF COMPLIANCE	16
AUDITORS' REPORT TO THE CERTIFICATE HOLDERS	17
SHARI'AH ADVISOR'S REPORT	18
BALANCE SHEET	19
PROFIT AND LOSS ACCOUNT	20
STATEMENT OF COMPREHENSIVE INCOME	21
CASH FLOW STATEMENT	22
STATEMENT OF CHANGES IN EQUITY	23
NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS	24
PATTERN OF CERTIFICATE HOLDINGS	51



CORPORATE INFORMATION

Board of Directors

Fidelity Capital Management (Private) Limited.

Chairman

Siyyid Tahir Nawazish

Chief Executive

Mr. Wasim-ul-Haq Osmani

Directors

Mr. Noor-ud-Din Ahmed

Mr. Muhammad Farooq Abid Tung

Company Secretary / CFO

Mr. Ijaz Fazal

hi_ij@hotmail.com

Auditors of Modaraba

CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants

Audit Committee

Chairman

Mr. Muhammad Farooq Abid Tung

Members

Siyyid Tahir Nawazish

Mr. Noor ud Din Ahmed

Secretary

Mr. Muhammad Ilyas Shafiq

Credit Committee

Chairman

Siyyid Tahir Nawazish

Members

Mr. Wasim-ul-Haq Osmani

Mr. Muhammad Younas Chaudhry

Human Resource & Remuneration Committee

Chairman

Mr. Noor ud Din Ahmed

Members

Mr. Muhammad Farooq Abid Tung

Siyyid Tahir Nawazish

Secretary

Mr. Muhammad Younas Chaudhry

Legal Advisor

Salim & Baig (Advocates)

Bankers

MCB Bank Limited

Meezan Bank Limited

Registered Office

93, B-1 Canal Park, Gulberg -II, Lahore.

Tel: 0 4 2 – 3 5 7 1 3 4 6 1 – 6 4

Fax: 0 4 2 – 3 5 7 5 9 1 2 2

Email: info@fidelitymodaraba.com

Website: www.fidelitymodaraba.com

Registrars

Corptec Associates (Private) Limited

503-E, Johar Town Lahore.

Tel: 0 4 2 – 3 5 1 7 0 3 3 6 - 7

Fax: 0 4 2 – 3 5 1 7 0 3 3 8

Email: corptecassociates@gmail.com



Vision

To excel in providing innovative Islamic financial Services to customers in the best possible manner.

Mission

- To achieve a unique position in the Modaraba sector by developing products, foreseeing upcoming changes, endeavoring value addition, focusing economic and industrial growth of the country and seeking expansion in business activity.
- To offer attractive returns to stakeholders as per their expectations.

To actively participate and support transformation of our mercantile and financial sector in accordance with Sharia.

- To build our institution with attributes of flexibility, innovation and foresight keeping intact prudence level and corporate discipline supported by dedicated management mindful of corporate and social obligation, maintaining high professional and ethical standards with eyes on the future.

**KEY OPERATING DATA FOR LAST SIX YEARS**

(Rupees in Millions)

	June 2023 Rupees	June 2022 Rupees	June 2021 Rupees	June 2020 Rupees	June 2019 Rupees	June 2018 Rupees
Operating results						
Revenues	19.73	23.71	24.025	24.40	27.29	50.53
Operating loss/profit before taxation and management fee	(2.19)	(5.955)	(2.91)	(4.06)	1.38	33.36
Financial position						
Fixed assets (owned and leased out)	249.01	261.74	271.07	284.4	288.4	301.75
Total assets	357.48	365.45	374.39	377.98	382.25	399.03
Certificateholders equity	324.82	327.23	333.44	336.35	341.00	357.02
Paid up capital	264.13	264.13	264.13	264.13	264.13	264.13
Earning Profit/ (Loss) per certificate	(0.09)	(0.24)	(0.11)	(0.18)	0.04	1.26
Profit distribution (%)		-	-	-	-	6.5
Break-up value per certificate	12.30	12.39	12.62	12.73	12.91	13.52



**NOTICE TO CERTIFICATEHOLDERS
ANNUAL REVIEW MEETING AND BOOK CLOSURE**

Notice is hereby given that the Annual Review Meeting of First Fidelity Leasing Modaraba to review the performance of Modaraba for the year ended June 30, 2023 will be held on **Monday November 27, 2023 at 11:30 A.M.** at Ground Floor, 93-B-1, Canal Bank, Gulberg-II, Lahore. The Certificate transfer books of the Modaraba remain closed from November 21, 2023 to November 27, 2023 (both days inclusive) for the determination of names of certificate holders for attendance of Annual Review Meeting. Certificate holders whose names are entered in the Register of Certificate holders as on November 21, 2023 shall be entitled to attend the meeting.

November 06, 2023
Lahore

A handwritten signature in black ink, appearing to read 'Ijaz Fazal'.

Ijaz Fazal
CFO/Company Secretary



Director's Report

The Board of Directors of Fidelity Capital Management (Private) Limited, the Management company of First Fidelity Leasing Modaraba, are pleased to present the 32nd Annual Report of First Fidelity Leasing Modaraba along with the audited financial statements and the auditors' report thereon for the year ended June 30, 2023.

Financial Results

The financial results of the Modaraba are summarized as follows.

	Rupees in '000'	
	2023	2022
Total Income	19.729	23,706
Expenses	(19.615)	(23.730)
Operating profit / (loss)	(0.114)	(0.024)
(Provision) / Reversal	(2.304)	(5.932)
Loss before Management Fee	(2.190)	(5.955)
Modaraba Company's management fee	-	-
Loss before taxation	(2.190)	(5.955)
Taxation	(0.214)	(0.259)
Loss after tax	(2.405)	(6.215)
Appropriations		
Appropriated as follows:		
Transferred to statutory reserves	-	-
Profit distribution	Nil	Nil
Earnings per Certificate:		
Loss/ Profit per certificate stood at Rs.	(0.09)	(0.24)

Review of Operations

The Modaraba during the year ended June 30, 2023 sustained a loss of Rs. 2.405 million as against loss of Rs. 6.215 million sustained in the corresponding year ended June 30, 2022. Loss per certificate of the Modaraba is Rs. 0.09 as compared to loss of Rs. 0.24 per certificate in the corresponding year. The operation of the Modaraba for the year were in marginal loss due to incorporation of certain time-based provisions. As a matter of fact conversion of Modaraba operations into profitability necessarily depends on the recovery of its major investment in the corporate tower and its deployment into new revenue generating avenues.

As referred to in note 13.2.1 to the financial statements and as highlighted by auditors' report Modaraba's major portfolio at present is in the corporate tower being constructed by Enplan (Pvt) Limited. The management is anxious to get Modaraba's funds back so as to utilize those in its core business. The management therefore was stressing upon the sponsors of the tower to complete it with the help of finances from other sources, enabling Modaraba to liquidate its investment. However, sponsors unwillingness to sell the building floors at market rates and to seek abnormal higher rates remained a barrier in resolving the matter. On persistent failure of sponsors' commitment, two legal cases were filed against Enplan and its Sponsors. First case was filed before the Modaraba tribunal for recovery of Murabaha finance of Rs 35.0 million and contracted profit along with cost of funds. Second case was filed before the Lahore High Court for recovery of Rs 204.0 million along with cost of funds.

In the first case the Modaraba Tribunal on February 03, 2022 has decreed the case in favor of the Modaraba for an amount of Rs 43.772 million as principal and markup, further cost of funds has also been awarded to the Modaraba from June 1, 2014 till the date of realization. The amounts are to be recovered from auction of the mortgaged land and building. As more fully explained in note 8.1 to the financial statements' M/s Enplan has preferred an appeal before the Honorable Lahore High Court where next date of hearing has been fixed as November 7, 2023.



In the second case the Honorable Lahore High Court had closed the right of Enplan to argue the case on October 5, 2021, and then the right of sponsors/guarantors to argue the case was also closed on April 27, 2022. However, on September 5, 2022 and thereafter Enplan and its sponsors/guarantors had submitted miscellaneous applications in the Lahore High Court for restoration of their right to defend. All the miscellaneous applications prima-facie are time barred. The Modaraba has filed its written objection to the court. This case is fixed for argument on miscellaneous applications for January 22, 2024. If Enplan miscellaneous applications is rejected the decision favoring Modaraba is likely to be announced sooner.

The Modaraba is likely to recover the decretal amounts from the auction of the mortgaged land and building. The valuation is good enough to suffice our estimated decretal amounts. The recovery of decretal amount mean we would be receiving not only our principal amount of Rs. 239.0 million but additional substantial amounts coming in the form of profit and cost of funds.

Corporate Governance Compliance

As required by the Code of Corporate Governance, directors are pleased to report that:

- (a) The financial statements prepared by the management of the Modaraba present fairly its true state of affairs, the results of its operations, cash flows and changes in equity.
- (b) Proper books of account 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.
- (e) The system of internal control is sound and has been effectively implemented and monitored.
- (f) There are no significant doubts upon the Moradabad's ability to continue as a going concern.
- (g) There has been no material departure from the best practices of corporate governance as detailed in the listing regulations of the stock exchanges.
- (h) A statement setting out status of the compliance with the best practices of corporate governance is attached.
- (i) There are no statutory payments on account of taxes, duties, levies and charges, which are outstanding as on June 30, 2023, except those disclosed in the financial statements, (if any).

Key Operating and Financial Data

A statement summarizing key operating and financial data for the last six years is attached.

Trading in Modaraba certificates by Directors etc.

None of the directors, chief executive, executives, auditors of the Modaraba or their spouses and minor children carried out any trade in the certificates of the Modaraba during the year under report.

Board Meetings

During the year under review four meetings of the Board of Fidelity Capital Management (Pvt.) Limited were held, which were attended by the directors as follows:

Name of Director	Meetings Attended
Siyyid Tahir Nawazish	4
Mr. Wasim-ul-HaqOsmani	4
Mr. Muhammad Farooq Abid Tung	4
Mr. Noor Ud Din Ahmed	2

Audit Committee Meetings

During the year under review four audit committee meetings were held, which were attended by the directors as follows:

Name of Director	Meetings Attended
Siyyid Tahir Nawazish	4
Mr. Muhammad Farooq Abid Tung	4



Human Resource Committee Meetings

During the year under review one human resource and remuneration committee meeting was held, which was attended by the directors as follows:

Name of Director	Meetings Attended
Mr. Muhammad Farooq Abid Tung	1
Siyyid Tahir Nawazish	1

Leave of absence was granted to directors who could not manage to attend some Board meetings.

Value of Provident Fund

The Modaraba operates a contributory recognized provident fund for all its permanent employees. Equal monthly contributions are made, both by the Modaraba and the employee to the fund @ 10% of basic salary. The value of the fund as at June 30, 2023 works out to Rs. 382,598.

Pattern of Certificate holdings

The pattern of certificate holdings is annexed to this report.

Auditors

The Audit Committee has re-appointed of M/s CROW Hussain Chaudhry & Co, Chartered Accountants as auditors of the Modaraba for the year ending June 30, 2024.

Future Outlook and Strategy

The Management visualizes Modaraba's future prospects bright on realization of funds out of investments in the current real estate projects so as to invest in business modes to generate regular stream of income for the benefit of the certificate holders.

Acknowledgement

The Board wishes to place on record its appreciation for the continued support, guidance and necessary measures taken pointed by the Registrar Modaraba, Securities and Exchange Commission of Pakistan, Modaraba Association of Pakistan and other Regulators. At the same time the Board appreciates the commitment, dedication and hard work put in by the management and staff members of the Modaraba and looks forward to their continued commitment in the coming years. Finally, the Board extends its gratitude and appreciation to the certificate holders who remained committed to the Modaraba.

For and on behalf of the
Board of Directors

Wasim ul Haq Osmani

Lahore
November 06, 2023



ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز فیڈیلیٹی کیپیٹل مینجمنٹ (پرائیویٹ) لمیٹڈ (FCML) منتظم فرسٹ فیڈیلیٹی لیزنگ مضاربہ کی 32 ویں سالانہ مالیاتی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ یہ مالیاتی نتائج رپورٹ فرسٹ فیڈیلیٹی لیزنگ مضاربہ کی قانونی محاسب کی رپورٹ بابت مالیاتی سال 2022-23 کے ساتھ پیش کرتے ہیں۔

مالی نتائج سال ہذا

Rupees in '000'

	2023	2022
Total Income	19.729	23,706
Expenses	(19.615)	(23.730)
Operating profit / (loss)	(0.114)	(0.024)
(Provision) / Reversal	(2.304)	(5.932)
Loss before Management Fee	(2.190)	(5.955)
Modaraba Company's management fee	-	-
Loss before taxation	(2.190)	(5.955)
Taxation	(0.214)	(0.259)
Loss after tax	(2.405)	(6.215)
Appropriations		
Appropriated as follows:		
Transferred to statutory reserves	-	-
Profit distribution	Nil	Nil
Earnings per Certificate:		
Loss/ Profit per certificate stood at Rs.	(0.09)	(0.24)

مالیاتی کارکردگی کا جائزہ

مضاربہ کو 30 جون 2023 کو ختم ہونے والے سال کے دوران 2.405 ملین روپے کا نقصان ہوا۔ اس کے نقصان کے مقابلے میں 30 جون 2022 کو ختم ہونے والے سال میں نقصان کی رقم 6.215 ملین روپے تھی۔ مضاربہ کا پچھلے سال فی سرٹیفکیٹ نقصان 0.24 روپے اور اس سال فی سرٹیفکیٹ نقصان 0.09 روپے رہا۔ سال بھر کے لیے مضاربہ کا آپریشن معمولی فائدے میں تھا لیکن وقت پر مبنی بعض دفعات کے شامل ہونے کے بعد ان کا نتیجہ نقصان میں ہوا ہے۔ مستقبل میں مضاربہ آپریشنز کو منافع میں تبدیل کرنا کارپوریٹ ٹاور میں اس کی بڑی سرمایہ کاری کی بحالی اور آمدنی پیدا کرنے کے نئے راستوں میں اس کی تعیناتی پر منحصر ہے۔



جیسا کہ آڈیٹرز کی رپورٹ میں نوٹ 13.2.1 میں مالیاتی گوشواروں کا حوالہ دیا گیا ہے مضاربہ کا بڑا پورٹ فولیو اس وقت Enplan Limited (Pvt) کے زیر تعمیر کارپوریٹ ٹاور میں ہے۔ انتظامیہ مضاربہ کے فنڈز واپس حاصل کرنے کے لیے ہر ممکن کوششیں کر رہی ہے تاکہ ان کو اس کے بنیادی کاروبار میں استعمال کیا جاسکے۔ اس لیے انتظامیہ ٹاور کے سپانسرز پر زور دے رہی تھی کہ وہ اسے دوسرے ذرائع سے حاصل ہونے والی مالی مدد سے مکمل کریں، جس سے مضاربہ اپنی سرمایہ کاری کو ختم کر سکے۔ تاہم، اسپانسرز کی جانب سے عمارت کے فرش کو مارکیٹ ریٹ پر فروخت کرنے اور غیر معمولی زیادہ نرخوں کی تلاش میں عدم دلچسپی معاملے کو حل کرنے میں رکاوٹ بنی ہوئی تھی۔ اسپانسرز کے عزم کی مسلسل ناکامی پر، Enplan اور اس کے اسپانسرز کے خلاف دو قانونی مقدمات درج کیے گئے۔ مضاربہ ٹریبونل میں 35.0 ملین روپے کی مزاحمت کی ریکوری اور فنڈز کی لاگت کے ساتھ منافع کا معاہدہ کرنے کے لیے پہلا مقدمہ دائر کیا گیا۔ دوسرا کیس لاہور ہائی کورٹ میں 204.0 ملین روپے کے ساتھ ساتھ فنڈز کی لاگت کی وصولی کے لیے دائر کیا گیا۔

پہلے کیس میں مضاربہ ٹریبونل نے 03 فروری 2022 کو مضاربہ کے حق میں 43.772 ملین روپے بطور پرنسپل اور مارک اپ کے کیس کا فیصلہ سنایا۔ وصولی کی تاریخ 1 جون 2014 سے لے کر مضاربہ کو فنڈز کی مزید لاگت بھی دی گئی۔ یہ رقم رہن رکھی گئی زمین اور عمارت کی نیلامی سے وصول کی جانی ہے۔ جیسا کہ نوٹ 8.1 میں مالیاتی گوشواروں کی مزید وضاحت کی گئی ہے، Enplan M/s نے معزز لاہور ہائی کورٹ کے سامنے ایک اپیل کو ترجیح دی ہے جہاں سماعت کی اگلی تاریخ 7 نومبر 2023 مقرر کی گئی ہے

دوسرے کیس میں معزز لاہور ہائی کورٹ نے 15 اکتوبر 2021 کو اینپلان کے کیس پر بحث کرنے کا حق بند کر دیا تھا، اور پھر کفیل/ضمانت دینے والوں کا کیس کی بحث کا حق بھی 27 اپریل 2022 کو بند کر دیا گیا تھا، تاہم 5 ستمبر 2022 کے درمیان اینپلان نے اپنے دفاع کے حق کی بحالی کے لیے لاہور ہائی کورٹ میں متفرق درخواست جمع کرائی تھی۔ Enplan کی متفرق درخواست کا ابتدائی طور پر وقت گزر چکا ہے اور مضاربہ کو عدالت میں تحریری اعتراض دائر کرنا ہے۔ یہ کیس بھی 22 جنوری، 2024 کو سماعت کے لیے مقرر ہے۔ اگر Enplan کی متفرق درخواست مسترد کر دی جاتی ہے تو مضاربہ کے حق میں فیصلے کا جلد امکان ہے۔

مضاربہ ممکنہ طور پر رہن رکھی گئی زمین اور عمارت کی نیلامی سے رقم وصول کرے گا۔ ڈیکریٹل رقم کی وصولی کا مطلب ہے کہ ہم نہ صرف اپنی 239.0 ملین روپے کی اصل رقم وصول کر رہے ہوں گے بلکہ منافع اور فنڈز کی لاگت کی صورت میں اضافی کافی رقم وصول کریں گے۔



کوڈ آف کارپوریٹ گورننس کی تعمیل۔

- (ا) مضاربہ کی انتظامیہ کی جانب سے تیار کردہ مالی گوشوارے اس کے معاملات کو، عوامل کے نتائج کو کیش فلو اور ایکویٹی میں تبدیلیوں کو مکمل طور پر پیش کرتے ہیں۔
- (ب) مضاربہ کے باقاعدہ کھاتے برقرار رکھے گئے ہیں۔
- (پ) مالی اسٹیٹمنٹس کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیاں مسلسل لاگو کی گئی ہیں اور اکاؤنٹنگ کے تخمینہ جات معقول اور محتاط فیصلوں پر مبنی ہیں۔
- (ت) مالی اسٹیٹمنٹس کی تیاری میں پاکستان میں مضاربہ پر لاگو بین الاقوامی مالی رپورٹنگ اور اسلامی اکاؤنٹنگ کے معیار کی پیروی کی گئی ہے۔
- (ث) مضاربہ کا اندرونی کنٹرول اپنے ڈھانچے میں درست ہے اور اس کا اطلاق اور نگرانی موثر طریقے سے کی گئی ہے۔
- (ج) مضاربہ کی مسلسل کاروبار جاری رکھنے کی صلاحیت میں کوئی شبہ نہ ہے۔
- (چ) پاکستان اسٹاک ایکسچینج لمیٹڈ کے لسٹنگ قوانین میں بیان کردہ کاروبار کی دیکھ بھال کے بہترین عمل میں کوئی قابل ذکر تبدیلی نہ ہوئی ہے۔
- (ح) وہ بیانات جو کہ دیکھ بھال کے اعلیٰ اور اچھے نظام کے تحت ہیں وہ اس کتاب میں درج ہیں۔
- (خ) ٹاکسز، ڈیوٹیز، لیویز اور چارج کی مد میں 30 جون 2023 تک کی آئینی ادائیگیوں میں کوئی واجب الادا مطالبات نہ ہیں
- ماسوائے ان کے جو مالی گوشوارے میں بیان کیے گئے ہیں۔ (اگر ہیں تو)
- مضاربہ کے حصص میں ڈائریکٹران کا کاروبار
- سال ہذا میں مضاربہ کے حصص میں کسی ڈائریکٹر، چیف ایگزیکٹو، کسی افسر، آڈیٹرز آف دی مضاربہ یا ان کے عزیز واقارب نے تجارت نہ کی۔

پچھلے چھ سالوں کا مالی موازنہ اس کتاب میں درج ہے۔

بورڈ میٹنگز

30 جون 2023 کو اختتام پزیر ہونے والے سال میں ہونے والی میٹنگز کی تفصیلات درج ذیل ہیں۔

نام	تعداد حاضری		
	بورڈ	آڈٹ کمیٹی	ایچ آر کمیٹی
جناب سید طاہر نواش	4	4	1
جناب وسیم الحق عثمانی	4	-	-
جناب محمد فاروق عابدنگ	4	4	1
جناب نور الدین احمد	2	-	-

وہ ڈائریکٹرز جو کچھ میٹنگز میں نہ آ سکے انہیں غیر حاضری کی چھٹی دی گئی۔



پراویڈنٹ فنڈ
مضارہ کا اپنے مستقل ملازمین کے لئے ایک منظور شدہ پراویڈنٹ فنڈ ہے۔ اس فنڈ کی مالیت 30-06-2023 کو 382,598 روپے ہے۔

پیٹرن آف سرٹیفیکیٹ ہولڈنگ
سرٹیفیکیٹ ہولڈرز 30-06-2023 کی ترتیب لف ہذا ہے۔

آڈیٹرز

مضارہ کے آڈیٹرز کرو حسین چودھری اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس جو کہ پانچ سال سے کوڈ آف آف کارپوریٹ گورننس قانون 2017 کے مطابق آڈٹ کیا۔ آڈٹ کمیٹی نے اب کرو حسین چودھری اینڈ کمپنی کی 2023-2024 کے لئے منظوری دی ہے جو کہ رجسٹر آف مضارہ کمپنیز کی منظوری سے مشروط ہے۔

مستقبل کا جائزہ

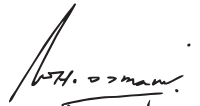
مضارہ ہذا کی انتظامیہ کو اس بات کا ادراک ہے کہ مضارہ کا مستقبل بہت تابناک ہے۔ ریل اسٹیٹ میں کی جانے والی سرمایہ کاری جب واپس آجائے گی تو مضارہ کے لئے یہ بہت آسان ہوگا کہ وہ اس سرمایہ کاری کو اجارہ، مورابا وغیرہ اور دوسرے منافع بخش کاموں میں لگا کر مستقل بنیادوں پر بہت اچھا منافع کما سکے اور اپنے سرٹیفیکیٹ ہولڈرز کو مستقل بنیادوں پر فائدہ باہم پہنچائے۔

اعتراف

بورڈ آف مضارہ اس موقع پر رجسٹر آف مضارہ، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، پاکستان اسٹاک ایکسچینج لمیٹڈ، مضارہ ایسوسی ایشن آف پاکستان کا ان کی مسلسل حمایت، رہنمائی اور سرپرستی کے لئے شکریہ ادا کرنا ہے۔

بورڈ اس موقع پر سرٹیفیکیٹ ہولڈرز کا ان کے اعتماد اور بھروسے کے لئے شکر گزار ہے اور خراج تحسین پیش کرتا ہے۔ اور اس کے ساتھ ساتھ انتظامیہ اور تمام عملے کا ان کی پر عزم اور دل سے کی جانے والی خدمات کا خصوصی شکریہ ادا کرتا ہے۔

برائے و بجانب بورڈ


وسیم الحق عثمانی

چیف ایگزیکٹو آفیسر

لاہور

نومبر 06، 2023



**STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES
(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019
OF FIRST FIDELITY LEASING MODARABA
FOR THE YEAR ENDED JUNE 30, 2023**

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

1. The total number of Directors are 4 as per the following, -
 - a) *Male: 4
 - b) **Female: 0

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

***Appointment of a female director will be considered in the next tenure/election.*

2. The composition of the Board is as follows:

CATEGORY	NAMES
Independent Directors	Mr. Noor-ud-Din Ahmed Mr. Muhammad Farooq Abid Tung
Executive Directors	Mr. Wasim-ul-Haq Osmani
Non-Executive Directors	Mr. Siyyid Tahir Nawazish

3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company;
4. The Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.

Board has met for the first quarter of the year on October 5, 2022. Overall four meetings were held during the year.
8. The Board have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations;
9. One of the Director on the Board have acquired certification under Directors' Training Program as prescribed while two are exempted and one director has not acquired Directors' Training Program;



10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below:
- a) Audit Committee:
- | | |
|-------------------------------|----------|
| Mr. Muhammad Farooq Abid Tung | Chairman |
| Mr. Siyyid Tahir Nawazish | Member |
| Mr. Noor-ud-Din Ahmed | Member |
- b) HR & Remuneration Committee:
- | | |
|-------------------------------|----------|
| Mr. Noor-ud-Din Ahmed | Chairman |
| Mr. Muhammad Farooq Abid Tung | Member |
| Mr. Siyyid Tahir Nawazish | Member |
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:
- | | |
|-----------------------------------|---|
| a) *Audit Committee: | 4 |
| b) HR and Remuneration Committee: | 1 |
- *Audit Committee has met for the first quarter of the year on October 5, 2022. Overall three meetings were held during the year.*
15. The Board has set up an effective internal audit function, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, Company secretary or Director of the Company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;



18. We confirm that all requirements of regulations 3, 6, 8, 27, 32, 33 and 36 of the Regulations have been complied with other than regulations 7 and 27 (2);
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

Sr. No.	Reg. Ref.	Requirement
1	Section 176 of the Companies Act, 2017.	The Board did not have a meeting in respect of first quarter until as later as October 05, 2022.
2	19	One of the directors on the Board (Mr. Noor-ud-Din Ahmed) has not acquired certification under Directors' Training Program as prescribed.
3	24	The Chief Financial Officer and Company Secretary is the same person.

Siyyid Tahir Nawazish
Chairman



INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of FIRST FIDELITY LEASING MODARABA Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Fidelity Capital Management (Private) Limited ("the Company") for and on behalf of First Fidelity Leasing Modaraba ("the Modaraba") 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 of the Modaraba. Our responsibility is to review whether the Statement of Compliance reflects the status of the Modaraba compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Modaraba personnel and review of various documents prepared by the Company to comply with the Regulations.

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

The Regulations require the Modaraba to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

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

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

Sr. No.	Paragraph Reference	Description
1	18	At least one Female Director is not elected on the Board of Directors of the Company of the Modaraba.
2	18	Audit Committee has not met within first quarter for the financial year as required under clause 27 of the Regulations.
3	19	The Board did not have a meeting in respect of first quarter for the financial year ended as required under section 176 of Companies Act, 2017.
4	19	The Position of Chief Financial Officer and Company Secretary is currently held by the same individual as required under clause 24 of Regulations.
5	19	One Director out of four Directors has not acquired the prescribed certification under the Director's Training Program as required under clause 19 of the Regulations.

Lahore

Dated: November 06, 2023

UDIN: CR202310051pNbMG4Zyl

CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants
(Engagement Partner: Amin Ali)



AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet of First Fidelity Leasing 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 [Fidelity Capital Management (Private) Limited] responsibility who is also responsible to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981. Our responsibility is to express an opinion on these statements based on our audit.

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

- a) The capital work in progress as on June 30, 2023 includes an advance of Rs. 204 million (June 30, 2022: Rs. 204 million) as detailed in note 13.2.1 of the annexed financial statements. This advance was created vide settlement agreement dated June 28, 2012 through conversion of amounts availed by M/s Enplan (Private) Limited under Musharakah arrangements. In another sell and buyback agreement dated June 29, 2012, executed with this client, M/s Enplan (Private) Limited had agreed to complete the construction of ground floor of Corporate Tower, Garden Town, Lahore against the said advance within 18 months of the agreement. However, the construction work has stalled at the plinth level and the Modaraba has filed various recovery suits against M/s Enplan (Private) Limited. Pending the outcome of the aforesaid matters, the management has not measured the recoverable amount of the said advance. Accordingly, the impairment loss, if any, has not been recognized in these financial statements, which is a departure from IFRS Standards.
- b) The management has recognized membership assets of Rs 3.510 million as disclosed in note 11 to the annexed financial statements. The management has not assessed the estimated fair value of these membership assets and accordingly, the impairment loss, if any, has not been recognized in these financial statements, which is a departure from IFRS Standards.
- c) The Institute of Chartered Accountants of Pakistan has issued Islamic Financial Accounting Standard-1 Murabaha (IFAS) that describes the accounting and presentation of murabaha arrangements. In accordance with the requirements of IFAS-1, the sale under murabaha arrangement is regarded to be complied with Shariah Principles only if the subject matter is in existence at the time of sale; the seller owns the asset and has title of the subject matter in its name; and the seller has physical or constructive possession of the subject matter at the time of sales. As disclosed in note 8 to the annexed financial statements, the Modaraba has provided Murabaha facilities to its customers; however, it was observed that the pre-requisite of IFAS-1 were not present while the Modaraba extended the murabaha facilities to its clients. Accordingly, the transaction of extending murabaha facilities to its clients, amounting to Rs. 32.5 million, were not consistent with the requirements of the IFAS-1.
- d) in our opinion, except for the possible effects of the matter described in paragraph (a), (b) and (c), 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;
- e) in our opinion, except for the possible effects of the matter described in paragraph (a), (b) and (c);
 - i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of accounts and are further in accordance with the accounting policies consistently applied;
 - 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;
- f) in our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in paragraph (a), (b) and (c), 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 affairs of the Modaraba as at June 30, 2023 and of the loss, its other comprehensive loss, its cash flows and changes in its equity for the year then ended; and
- g) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

LAHORE

Dated: October 05, 2022

UDIN: AR202310051FJsiKkr18

Sowe Hussain Ch3G3

CROWE HUSSAIN CHAUDHURY & CO.

Chartered Accountants

(Engagement Partner: Amin Ali)



Shari'ah Review Report of First Fidelity Leasing Modaraba For The Year Ended June 30, 2023

I have conducted the Shari'ah review of M/s First Fidelity Leasing Modaraba managed by Fidelity Capital Management (Pvt.) Limited, the Modaraba Management Company for the period ended June 30, 2023 in accordance with the requirements of the Shari'ah Compliance and Shari'ah Audit Mechanism for Modaraba's and report that in my opinion;

1. The Modaraba has introduced a mechanism which has strengthened the Shari'ah compliance, in letter and spirit and the systems, procedures and policies adopted by the Modaraba are in line with the Shari'ah principles;
2. The Modaraba's financing portfolio mainly consists on Ijara and Morabaha financing, although no fresh financing facility is extended during the year 2023 however the transactions already made were executed under my supervision/review. The agreement(s) entered into by the Modaraba are Shari'ah compliant and the financing agreement(s) have been executed on the formats as approved by the Religious Board and all the related conditions have been met;
3. The management of Modaraba is pursuing legal proceedings against Enplan (Pvt.) Limited, one of the recovery suit filed before Banking Court has been decreed favoring the Modaraba appeal there-against is pending before Lahore High Court. In recovery suit pending before Lahore High Court PLA of the defendants and guarantors have been dismissed, appeal for restoration of PLA's filed by the defendants before Lahore High Court which was to be heard on 25-10-2023 however the same was adjourned for 22-01-2024, in addition, suit for damages filed by Enplan against the Modaraba has been dismissed. The management is hopeful for positive and early outcome in these cases which would strengthen the cash flows of the Modaraba;
4. The earnings have been realized from the sources or by means prohibited by Shariah have been credited to charity account.

Recommendations

The Modaraba should accelerate its efforts for early liquidation of its investment with Enplan and should focus on new innovations and explore possibility of entering into more specialized Shari'ah compliant business modes in addition to its core business activities.

It has also been recommended that the remaining amount kept under the head of charity should be disbursed AS soon as cash flows are included.

Conclusion:

In my opinion and to the best of my knowledge and information provided by FFLM management with relevant explanation, I am of the view that during the period overall business operations of the Modaraba are Shariah Compliant.

May Allah make us successful in this world and hereafter and forgive our mistakes.

Mufti Altaf Ahmed

Shari'ah Advisor

Dated: November 06, 2023



BALANCE SHEET AS AT JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
ASSETS			
CURRENT ASSETS			
Cash and bank balances	5	177,089	49,098
Profit receivable on murabaha arrangements	6	6,099,562	235,736
Unearned murabaha profit receivable		1,328,271	4,555,485
Ijarah rentals receivable	7	10,975,744	8,412,609
Short term investments under murabaha arrangements	8	75,942,999	75,942,999
Other receivables	9	5,721,380	6,795,317
Advance income tax		1,044,005	313,242
Current portion of long term advances	10	235,204	250,724
		101,524,254	96,555,210
NON-CURRENT ASSETS			
Long term advances and deposits	10	934,846	1,146,744
Membership assets	11	3,510,000	3,510,000
Long term investments under murabaha arrangements		2,500,000	2,500,000
Fixed assets under ijarah arrangements	12	24,877,315	37,508,299
Property and equipment	13	224,134,473	224,227,384
		255,956,634	268,892,427
TOTAL ASSETS		357,480,888	365,447,637
LIABILITIES			
CURRENT LIABILITIES			
Accrued and other liabilities	14	5,560,114	4,774,032
Unclaimed profit distribution	15	16,863,739	16,460,819
Deferred murabaha income		1,328,271	4,555,485
Current portion of security deposits	16	4,202,257	4,019,000
		27,954,381	29,809,336
NON-CURRENT LIABILITIES			
Security deposits	16	4,175,250	7,947,007
Post employment benefits	17	528,050	463,566
		4,703,300	8,410,573
TOTAL LIABILITIES		32,657,681	38,219,909
NET ASSETS		324,823,207	327,227,728
REPRESENTED BY:			
Certificate capital	18	264,138,040	264,138,040
Statutory reserves		94,620,283	94,620,283
Accumulated loss		(33,935,116)	(31,530,595)
TOTAL EQUITY AND RESERVES		324,823,207	327,227,728
CONTINGENCIES AND COMMITMENTS	19		

The annexed notes from 1 to 33 form an integral part of these financial statements.

For Fidelity Capital Management (Private) Limited
(Modaraba Management Company)

Chief Executive

Fidelity Capital Management
(Private) Limited

Director

Fidelity Capital Management
(Private) Limited

Director

Fidelity Capital Management
(Private) Limited

CFO/Company Secretary

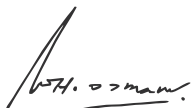


**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2023**

	Note	2023 Rupees	2022 Rupees
INCOME FROM OPERATIONS			
Income from ijarah financing		11,065,632	15,512,701
Profit on murabaha financing		6,090,941	5,246,710
		17,156,573	20,759,411
OTHER INCOME			
Other income	20	1,882,114	2,011,540
Reversal / (Provision) against non-performing investments-net	7 & 8	690,328	935,204
TOTAL INCOME		19,729,015	23,706,155
EXPENSES			
Administrative and general expenses	21	(11,207,902)	(13,436,239)
Depreciation of fixed assets under ijarah arrangements	12	(8,407,047)	(10,294,174)
Provision against other receivables	9 & 15	(2,304,130)	(5,931,609)
		(21,919,079)	(29,662,022)
LOSS BEFORE MANAGEMENT COMPANY'S FEE		(2,190,064)	(5,955,867)
Modaraba Company's management fee		-	-
LOSS BEFORE TAXATION		(2,190,064)	(5,955,867)
Taxation	22	(214,457)	(259,493)
NET LOSS FOR THE YEAR		(2,404,521)	(6,215,360)
LOSS PER CERTIFICATE - BASIC AND DILUTED	23	(0.09)	(0.24)

The annexed notes from 1 to 33 form an integral part of these financial statements.

For Fidelity Capital Management (Private) Limited
(Modaraba Management Company)



Chief Executive

Fidelity Capital Management
(Private) Limited



Director

Fidelity Capital Management
(Private) Limited



Director

Fidelity Capital Management
(Private) Limited



CFO/Company Secretary



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

	2023	2022
	Rupees	Rupees
Net Loss for the Year	(2,404,521)	(6,215,360)
Other Comprehensive Income:		
<i>Items that will not be reclassified to profit and loss</i>	-	-
<i>Items that may be reclassified subsequently to profit and loss</i>	-	-
Other comprehensive income for the year	-	-
Total Comprehensive Loss for the Year	<u>(2,404,521)</u>	<u>(6,215,360)</u>

The annexed notes from 1 to 33 form an integral part of these financial statements.

For Fidelity Capital Management (Private) Limited
[The Management Company]

Chief Executive

Fidelity Capital Management
(Private) Limited

Director

Fidelity Capital Management
(Private) Limited

Director

Fidelity Capital Management
(Private) Limited

CFO/Company Secretary

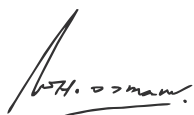


CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
	Rupees	Rupees
Loss before taxation	(2,190,064)	(5,955,867)
Adjustment for:		
Depreciation	86,191	282,811
Depreciation of fixed assets under ijarah arrangements	8,407,047	10,294,174
Provision against other receivables	-	5,931,609
Employees retirement benefits	100,884	129,994
Loss on disposal of fixed assets	6,461	-
Gain on disposal of ijarah assets	(1,056,464)	(1,957,308)
Provision for doubtful ijarah rentals receivables	1,007,772	(1,016,218)
	<u>8,551,891</u>	<u>13,665,062</u>
Operating (Loss) / profit before working capital changes	6,361,827	7,709,195
Short term investments under murabaha arrangements	-	(8,700,000)
Ijarah rentals receivable	(3,570,907)	1,245,414
Profit receivable on murabaha investments	(5,863,826)	4,449,578
Other receivables	1,073,937	(694,351)
Long term advances and deposits	227,418	(75,822)
Accrued and other liabilities	493,728	1,364,928
Cash (Used in) / Generated from Operations	(1,277,823)	5,298,942
<i>(Decrease) / Increase in non-current liabilities:</i>		
Security deposits	50,000	1,020,000
Purchase of ijarah assets	(600,000)	(20,000,000)
Proceeds from transfer of Ijarah assets	2,241,901	11,045,379
Employees retirement benefits	(36,400)	(60,500)
Income taxes	(652,866)	67,970
	<u>(275,188)</u>	<u>(2,628,209)</u>
Net Cash Used in Operating Activities	(275,188)	(2,628,209)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(104,000)
Proceeds from disposal of fixed assets	259	2,143,840
	<u>259</u>	<u>2,039,840</u>
Net Cash Generated from Investing Activities	259	2,039,840
CASH FLOWS FROM FINANCING ACTIVITIES		
Profit distribution	402,920	(3,337)
	<u>402,920</u>	<u>(3,337)</u>
Net Cash Generated from / (Used in) Financing Activities	402,920	(3,337)
Net Increase / (Decrease) in Cash and Cash Equivalents	127,991	(591,706)
Cash and cash equivalents at the beginning of the Year	49,098	640,804
Cash and Cash Equivalents at the End of the Year	<u>177,089</u>	<u>49,098</u>

The annexed notes from 1 to 33 form an integral part of these financial statements.

For Fidelity Capital Management (Private) Limited
[The Management Company]



Chief Executive
Fidelity Capital Management
(Private) Limited



Director
Fidelity Capital Management
(Private) Limited



Director
Fidelity Capital Management
(Private) Limited



CFO/Company Secretary



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

Particulars	Issued, Subscribed and Paid-Up Certificate	Share Reserves	Accumulated Loss	Total Equity
	-----Rupees-----			
Balance as at June 30, 2021	264,138,040	94,620,283	(25,315,235)	333,443,088
Comprehensive income for the year				
Net loss for the year	-	-	(6,215,360)	(6,215,360)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	-	-	(6,215,360)	(6,215,360)
Balance as at June 30, 2022	264,138,040	94,620,283	(31,530,595)	327,227,728
Comprehensive income for the year				
Net loss for the year	-	-	(2,404,521)	(2,404,521)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	-	-	(2,404,521)	(2,404,521)
Balance as at June 30, 2023	<u>264,138,040</u>	<u>94,620,283</u>	<u>(33,935,116)</u>	<u>324,823,207</u>

The annexed notes from 1 to 33 form an integral part of these financial statements.

For Fidelity Capital Management (Private) Limited
[The Management Company]


Chief Executive
 Fidelity Capital Management
 (Private) Limited


Director
 Fidelity Capital Management
 (Private) Limited


Director
 Fidelity Capital Management
 (Private) Limited


CFO/Company Secretary



NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Note 1

Legal Status and Nature of Business

First Fidelity Leasing Modaraba (the Modaraba) was formed in Pakistan under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, and the rules made thereunder. The Modaraba is being managed by Fidelity Capital Management (Private) Limited (FCML). The Modaraba was floated on December 05, 1991 and is listed on Pakistan Stock Exchange Limited.

The Modaraba is a perpetual, multi-purpose and multi-dimensional Modaraba, engaged in the business of Murabahas, Musharakahs, Ijarah, equity investments, brokerage and other related businesses. The principal place of business and registered office is located at Ground Floor 93, B-1 Canal Park, Gulberg-II, Lahore.

Note 2

Basis of Preparation**2.1 Statement of compliance**

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

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

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for post employment benefit obligations that are measured at present value.

2.3 Functional and presentation currency

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

2.4 Changes in accounting standards, interpretations and pronouncements**2.4.1 Standards, interpretations and amendments to approved accounting standards which became effective during the year**

The following standards, amendments and interpretations are effective for the year ended June 30, 2023. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Standard or Interpretation	Effective Date (Period beginning on or after)
IAS 37 Provisions, Contingent Liabilities and Contingent Assets [Amendments]	January 1, 2022
IAS 16 Property, Plant and Equipment [Amendments]	January 1, 2022
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022

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

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

IAS 1 Presentation of Financial Statements [Amendments]	January 1, 2023
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors [Amendments]	January 1, 2023
IAS 12 Income Taxes [Amendments]	January 1, 2023
IAS 7 'Statement of Cash Flows' and 'IFRS 7 Financial instruments disclosures' [Amendments]	January 1, 2024

The Modaraba has assessed that the impact of these amendments is not expected to be significant.



Note 3

Critical Accounting 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 Modaraba's accounting policies. Estimates and judgments are evaluated on an ongoing basis and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period affected.

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

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

Estimates with respect to residual values, depreciable lives and pattern of flow of economic benefits of assets as disclosed in note 4.4, 12 & 13 are based on the analysis by the management of the Modaraba. Further, the Modaraba reviews the value of assets for possible impairment on annual basis and any change in the estimates in the future that might affect the carrying amount of respective item of assets, properties and equipment, with a corresponding effect on the depreciation charge and impairment is established. Assets are derecognized when disposed or when no future economic benefits are expected from their use or disposal.

3.2 Provision against non performing receivables

The Modaraba reviews its overdue receivables from ijarah, murabahas as disclosed in note 4.3, 7.1, & 8.4 to the financial statements and at each reporting date to assess whether additional provision as per IFRS-9 should be recorded in the profit and loss account, besides the mandatory provisions required in accordance with the Prudential Regulations issued by the Securities and Exchange Commission of Pakistan. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provision.

3.3 Provision for taxation

Provision for current taxation is based on taxable income at the current rates of taxation as disclosed in note 4.8 to the financial statements after taking into account tax credits available, rebates and exemptions, if any.

3.4 Provisions and contingencies

The Modaraba reviews its provisions as disclosed and contingencies at each reporting date in accordance with the policies detailed in note 4.6 and 4.18 respectively to assess whether provision should be recorded in the profit and loss account. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provision.

Note 4

Summary of Significant Accounting Policies

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

4.1 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and balances with banks.

4.2 Financial instruments**4.2.1 Financial assets**

Financial assets are contracts where one party has right to receive cash or other financial asset from another party. All financial assets are recognized at the time when the Modaraba becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized and derecognized, as applicable, using trade-date accounting or settlement date accounting.

4.2.1.1 Classification

The management determines the classification of its financial assets at the time of initial recognition according to their contractual cash flows features and Modaraba's business model to collect cash flows. Based on business model financial assets can be classified into following three categories:



a) *Financial assets at amortized cost*

A financial asset is measured at amortized cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) *Financial assets at fair value through other comprehensive income*

A financial asset is measured at fair value through other comprehensive income if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Modaraba do not hold any such financial asset currently.

c) *Financial assets at fair value through profit or loss*

A financial asset is measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income. However, the Modaraba can make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income unless these are held for trading in which case these have to be measured at fair value through profit or loss. The Modaraba classifies or holds all assets carried at amortized cost.

Reclassification

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

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

4.2.1.2 Initial recognition and measurement

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

Except for receivables from Modaraba's main operations, financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit and loss account. Receivables from Modaraba's main operations are initially measured at the transaction price if these do not contain a significant financing component in accordance with IFRS 15. Where the Modaraba uses settlement date accounting for an asset that is subsequently measured at amortized cost, the asset is recognized initially at its fair value on the trade debt.

4.2.1.3 Subsequent measurement

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

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

4.2.1.4 Derecognition

Financial assets are derecognized when:

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

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



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

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

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

If the Modaraba's continuing involvement is in only a part of a financial asset, the Modaraba allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the consideration received for the part no longer recognized is recognized in profit and loss account.

4.2.1.5 Impairment of financial assets

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

The Modaraba recognizes the impairment at each reporting date for outstanding receivables against Ijarah, murabaha and musharaka on the basis of Prudential Regulations issued for Modarabas by the Securities and Exchange Commission of Pakistan (SECP). The management calculates loss allowance under IFRS to ascertain whether loss allowance calculated under IFRSs is not materially different from that calculated on the basis of Prudential Regulations. If the provisions calculated under prudence differ from IFRS, higher is taken for the purpose of impairment.

For other financial assets, the Modaraba recognizes a loss allowance for expected credit losses on a financial asset measured at amortized cost and through other comprehensive income.

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

The Modaraba always measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivables or contract assets that result from transactions under IFRS 15.

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

4.2.2 Financial liabilities

4.2.2.1 Initial recognition and measurement

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

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

The Modaraba does not reclassify any of its financial liabilities.

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

4.2.2.2 Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:



Financial liabilities at fair value through profit or loss

Such liabilities, including derivatives that are liabilities, are subsequently measured at fair value.

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

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

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

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

All other liabilities

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

4.2.2.3 Derecognition

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

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

4.2.3 Offsetting of financial assets and liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Modaraba has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.3 Murabaha investments

Modaraba obtains an undertaking (promise to purchase) from the client and purchases the requested assets / goods from third parties and takes possession of such goods / assets that are the subject matter of murabaha arrangements. However, the Modaraba can appoint the client as its agent to purchase the assets/goods on its behalf. Thereafter, it sells these goods / assets to the client at cost plus the profit agreed upon in the promise. Murabaha sale is recorded at the invoiced amount and profit is recognized in accordance with IFAS-1 (Murabaha) to the extent of pro-rata portion of sale price received as compared to total agreed price. Profit on the portion of sale revenue not due for payment is deferred and recognized as liability.

4.4 Tangible fixed assets

4.4.1 Operating fixed assets in own use and related depreciation

Operating fixed assets are stated at cost less accumulated depreciation. Depreciation is charged to profit and loss account by applying the straight-line method at the rates given in note 13.

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

Maintenance and normal repairs are charged to income as and when incurred. Gain / loss on disposal of assets is charged to profit and loss account.



4.4.2 **Assets given to customers under Ijarah arrangements**

Assets given to customers under ijarah arrangements are assets available / held for ijarah which are accounted for as operating lease assets in accordance with IFAS-2 and are stated at cost less accumulated depreciation and impairment loss, if any. Assets under ijarah arrangements are depreciated using the straight line basis over the period of lease term. In respect of additions and transfers during the year, depreciation is charged proportionately over the period of ijarah. Gain / loss on disposal of assets is charged to current year's income.

4.5 **Impairment of assets**

The Modaraba assesses, at each reporting date, whether there is any indication of impairment of its tangible fixed assets. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in the profit and loss account. A previously recognized impairment loss is reversed only if there is a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the profit and loss account. 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.

4.6 **Provisions**

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

4.7 **Revenue from Contracts with Customers**

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

Murabaha profit

Profit on transactions under murabaha arrangements is recognized on a pro-rata basis taking into account the elapsed duration for payment of murabaha amounts payable by the customer. Profit not due for payment in the current year is deferred by accounting for unearned murabaha income with corresponding credit to deferred murabaha income which is recorded as a liability. The same is then recognized as revenue on a time proportionate basis as and when the due dates approach for payment of recoverable amounts by the customers.

Ijarah rentals

Ijarah income is recognised in income on an accrual basis as and when the rental becomes due, unless another systematic basis is more representative of the time pattern in which the benefit of the use derived from the leased asset is diminished. Unrealized ijarah income pertaining to non-performing ijarah is held in suspense account, where necessary, in accordance with the requirements of the Prudential Regulations.

Return on deposit accounts

Return on deposit accounts is recognized on accrual basis.

Others

Gain on sale of fixed assets is recognized in the period in which it arises.

4.8 **Taxation**

Current

Provision for current tax is based on taxable income at current rates of taxation after taking into account applicable tax credit, rebates and exemption available, if any.

Deferred

Deferred taxation is accounted for using the balance sheet liability method providing in respect of temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary timing differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.



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

4.9 Post employment benefits

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

4.10 Dividend - Profit distribution and other appropriations of profit

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

Appropriations to statutory reserves declared / approved subsequent to balance sheet date are considered as non-adjusting event and are not recorded in financial statements of the current year. These are recognized in the year in which these are declared / approved.

4.11 Earnings per certificate

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

4.12 Segment Information

An operating segment is a component of an entity:

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

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

The Modaraba is divided into two operating segments:

- Ijarah finances; and
- Murabaha finances

All these operating segments are located in Pakistan.

4.12.1 Segment assets and liabilities

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

4.12.2 Allocation of segment expenses

All identifiable expenses are directly attributed to the respective segments.

4.13 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are included in current assets, except for maturities greater than twelve months after the reporting date, which are classified as non-current assets. Loans and receivables comprise loans, deposits and other receivables in the balance sheet.

4.14 Creditors and other liabilities

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



4.15 Related party transactions

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

4.16 Impairment of non-financial assets

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

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

4.17 Fair value measurement

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

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

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

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

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

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

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

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

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

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

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

4.18 Contingencies

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



Note 5

Cash and Bank Balances

	Note	2023 Rupees	2022 Rupees
Cash in hand		59	3,022
Balances with banks in:			
- Current accounts	5.1	82,621	24,280
- Savings accounts	5.2	94,409	21,796
		177,030	46,076
		177,089	49,098

5.1 This includes Rs. 8,863 (2022: Rs. 17,769) held in dividend account. Movement in dividend account is as follows:

Opening balance		17,769	14,885
Amount transferred during the year		19,933	3,000
Dividend claim received and settled		(28,839)	(116)
Closing balance		8,863	17,769

5.2 These balances yield return at rates ranging from 10% to 18% (2022: 5.8% to 7.2%) per annum.

5.3 The above figures of cash and bank balances reconcile to the amount of cash and cash equivalents shown in the statement of cash flows at the end of the financial year.

Note 6

Profit Receivable on Murabaha Arrangements

	Note	2023 Rupees	2022 Rupees
Considered good - secured		6,099,562	235,736
Considered doubtful		19,808,177	19,889,191
		25,907,739	20,124,927
Suspended income	6.1 & 6.2	(19,808,177)	(19,889,191)
		6,099,562	235,736

6.1 Suspended Income

Opening balance		19,889,191	19,808,177
Suspension during the year		-	81,014
Reversal of suspension during the year		(81,014)	-
Closing balance		19,808,177	19,889,191

6.2 Suspended income represents profit receivable from doubtful parties against which provision has been recognised.

Note 7

Ijarah Rentals Receivable - Secured

	Note	2023 Rupees	2022 Rupees
Considered good - secured		10,975,744	8,412,609
Considered doubtful		40,561,895	39,554,123
		51,537,639	47,966,732
Less: Provision against doubtful ijarah receivables	7.1	(40,561,895)	(39,554,123)
		10,975,744	8,412,609

7.1 Provision for doubtful ijarah rentals receivable

Opening balance		39,554,123	40,570,341
Provision for the year		1,991,195	1,821,379
Provision reversed during the year		(983,423)	(2,837,597)
Net charged during the year		1,007,772	(1,016,218)
Closing balance		40,561,895	39,554,123



- 7.2** Ijarah rentals receivables are secured against ijarah assets, promissory notes and personal guarantees. In some ijarahs, additional collateral is also obtained in the form of mortgaged property. The Modaraba is entitled to repossess and sell the ijarah assets in case of default by the customers.
- 7.3** Ijarah rental receivables include balance receivable of Rs. 282,587 (2022: Rs. 42,464) against ijarah facilities of Rs. 2,625,000 (2022: Rs. 2,870,000) extended to employees. Maximum aggregate amount outstanding at any month during the year is of Rs. 282,587 (2022: Rs. 42,464).

Future Ijarah rentals receivable

	2023	2022
	Rupees	Rupees
Not later than one year	9,460,625	17,544,290
Later than one year but not later than five years	26,103,101	28,841,625
Later than five years	-	-
	<u>35,563,726</u>	<u>46,385,915</u>

Note 8

Short Term Investments under Murabaha Arrangements

		2023	2022
	Note	Rupees	Rupees
Considered good	8.1	40,943,000	40,943,000
Considered doubtful	8.2 & 8.3	227,754,231	227,754,231
		<u>268,697,231</u>	<u>268,697,231</u>
Less: Provision for non-performing murabaha investments	8.4	(192,754,232)	(192,754,232)
		<u>75,942,999</u>	<u>75,942,999</u>

- 8.1** The Modaraba has sold goods to Murabaha customers with appropriate profit margins under Murabaha arrangements whereby payment is deferred over the time period agreed with customers. These finances are secured against mortgage of properties, demand promissory notes and personal guarantees. Profit margin on murabahah investments ranges from 14% to 17% (2022: 14% to 22%) per annum.
- 8.2** This represents receivables from 10 (2022: 10) customers under murabaha arrangements. Legal proceedings against these customers are in process in different courts of law. This includes receivable of Rs. 192.75 million (2022: 192.75 million) in respect of classified facilities of First Hajveri Modaraba.
- 8.3** This also includes receivable amounting to Rs. 35 million (2022: Rs. 35 million) which was given to M/s Enplan (Private) Limited against Murabahah facility for the construction material under the terms of settlement agreement dated April 01, 2011. It is secured against equitable as well as registered mortgage over land and building thereon measuring 4 kanals and 1 marla. It carried profit at 12.98% per annum. The Modaraba has filed a suit before Modaraba Tribunal / Banking Court Lahore (the Court) for recovery of murabaha receivable along with cost of funds amounting to Rs. 62,112,443 as on March 12, 2018. The same has been decreed in the favour of Modaraba by the Court vide order dated February 03, 2022 to the extent of Rs. 43,772,750 along with cost of funds. The valuer was appointed for the execution of decree on March 17, 2022 by the Court to get fresh valuation of the mortgaged property. Valuation was carried out by M/s A.S Consultants according to whom the fored sale value of the property was estimated at Rs. 558.790 million on April 04, 2022. Auction of the property was approved by the Court and was scheduled to be held on June 20, 2022. However, at the date of auction M/s Enplan (Private) Limited filed Request for Appeal 13776/2022 in Lahore High Court (LHC) and requested for stay order which was granted subject to the deposit of bank guarantee or an amount equal to 50% of decretal amount. M/s Enplan (Private) Limited deposited a pay order in LHC for the 50% amount and obtained a stay order. Next hearing for the case has been fixed on September 12, 2023.
- 8.4 Provision for classified receivables under Prudential Regulations for Modarabas:**

	2023	2022
	Rupees	Rupees
Opening balance	192,754,231	192,754,231
Add: Provision for the year	-	-
Closing balance	<u>192,754,231</u>	<u>192,754,231</u>



Note 9

Other Receivables

		2023	2022
	Note	Rupees	Rupees
Receivable from clients (secured - considered good)	9.1	5,721,380	5,721,380
Receivable from Hajveri Modaraba Management Company (Private) Limited	9.2	-	-
Receivable against sale of shares	9.3	-	1,073,937
Other receivables (unsecured - considered good)	9.4	-	-
		<u>5,721,380</u>	<u>6,795,317</u>
9.1 Receivable from clients			
Gross amount receivable		16,869,630	16,869,630
Less: Provision against doubtful receivables from clients		<u>(11,148,250)</u>	<u>(11,148,250)</u>
		<u>5,721,380</u>	<u>5,721,380</u>
9.1.1	These balances represent receivables from brokerage clients that are secured against lien on respective listed shares of the clients in CDC system and a piece of mortgaged land. Owing to slim chances of recovery, receivables secured against shares have been provided.		
9.2 Receivable from Hajveri Modaraba Management Company (Private) Limited			
Gross amount due	9.2.1	2,905,482	2,905,482
Less: Diminuation in the value of certificates held as security		(1,396,795)	(1,396,795)
Transferred to receivable from other shareholder		<u>(1,508,687)</u>	<u>(1,508,687)</u>
		<u>-</u>	<u>-</u>
9.2.1	This represents amount withdrawn by Hajveri Modaraba Management Company (Private) Limited [‘the Previous management Company’] of First Hajveri Modaraba [‘the Modaraba’] from time to time during previous years out of the Modaraba’s fund. Such amounts were drawn on account of remuneration for services in violation of section 18 of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980.		
	During the process of amalgamation with the previous management company, 2,053,200 certificates of erstwhile First Hajveri Modaraba were acquired by the Management Company against the above receivables. Such certificates were then converted into 578,041 certificates of this Modaraba. The Management Company intended to apply the sales proceeds of these certificates to settle the receivable. An application to this effect is pending with Lahore High Court. During the year ended June 30, 2022, the Modaraba entered into a tri-party agreement, whereby the Management Company of the Modaraba had agreed to sell these certificates to an existing certificate holder for a consideration of Rs. 2.47 million whereby the sale proceeds would be transferred to the Modaraba and adjusted against the above mentioned receivables. The Modaraba received post dated cheques of Rs. 2.47 million against these receivables. The certificates shall be transferred to the buyer after the total consideration has been received. However, this sale of certificates could not take place and resultantly the management has restated the dividend payable and written off this amount entirely.		
9.3 Receivable against sale of shares			
Gross amount due		1,073,937	1,073,937
Allowance for expected credit losses	9.3.1	<u>(1,073,937)</u>	<u>-</u>
		<u>-</u>	<u>1,073,937</u>
9.3.1 Provision against receivable against sale of shares			
Opening balance		-	-
Add: Provision for the year		1,073,937	-
		<u>1,073,937</u>	<u>-</u>
9.4 Other receivables		2023	2022
		Rupees	Rupees
Gross amount due		5,552,630	4,757,187
Allowance for expected credit losses	9.4.1	<u>(5,552,630)</u>	<u>(4,757,187)</u>
		<u>-</u>	<u>-</u>
9.4.1 Allowance for expected credit losses			
Opening balance		4,757,187	543,349
Add: Provision for the year		795,443	4,213,838
		<u>5,552,630</u>	<u>4,757,187</u>

9.4.2 The other receivables include the amount of Rs. 4.186 million (2022: Rs. 3.518 million) receivable from the Management Company on the basis of rent. Owing to minimum chances of recovery, these receivables have been provided during the year.



Note 10

Long Term Advances and Deposits

	Note	2023 Rupees	2022 Rupees
Advances to employees	10.1	1,157,550	1,397,468
Current portion		(235,204)	(250,724)
		922,346	1,146,744
Long term deposits		12,500	-
		<u>934,846</u>	<u>1,146,744</u>

10.1 These represent loans to employees for personal purposes as per the Modaraba policy. These carry profit at 5% (2022: 5% per annum). These loans are repayable in 36 equal monthly installments. Maximum amount outstanding during the year is Rs. 1.442 million (2022: Rs. 1.887 million).

Note 11

Membership Assets

	2023 Rupees	2022 Rupees
Membership of Pakistan Mercantile Exchange Limited	1,010,000	1,010,000
Advance for room at Pakistan Mercantile Exchange Limited	2,500,000	2,500,000
	<u>3,510,000</u>	<u>3,510,000</u>

Note 12

Fixed Assets Under Ijarah Arrangements

Description	Vehicles	Office Equipment	Machinery	Total
Year Ended June 30, 2023				
Cost				
Balance as at July 01, 2022	58,636,103	293,999	8,613,000	67,543,102
Additions	600,000	-	-	600,000
Disposals / Adjustments	(14,362,715)	(65,000)	(2,575,000)	(17,002,715)
Balance as at June 30, 2023	<u>44,873,388</u>	<u>228,999</u>	<u>6,038,000</u>	<u>51,140,387</u>
Accumulated depreciation				
Balance as at July 01, 2022	25,007,252	257,692	4,769,859	30,034,803
Charge for the year	7,331,978	5,250	1,069,819	8,407,047
Disposals / Adjustments	(10,968,376)	(54,600)	(1,155,802)	(12,178,778)
Balance as at June 30, 2023	<u>21,370,854</u>	<u>208,342</u>	<u>4,683,876</u>	<u>26,263,072</u>
Total as at June 30, 2023	<u>23,502,534</u>	<u>20,657</u>	<u>1,354,124</u>	<u>24,877,315</u>
Year Ended June 30, 2022				
Cost				
Balance as at July 01, 2021	62,364,005	293,999	10,973,000	73,631,004
Additions	20,000,000	-	-	20,000,000
Disposals	(23,727,902)	-	(2,360,000)	(26,087,902)
Balance as at June 30, 2022	<u>58,636,103</u>	<u>293,999</u>	<u>8,613,000</u>	<u>67,543,102</u>
Accumulated depreciation				
Balance as at July 01, 2021	24,431,217	245,092	4,436,621	29,112,930
Charge for the year	8,889,170	12,600	1,392,404	10,294,174
Disposals	(8,313,135)	-	(1,059,166)	(9,372,301)
Balance as at June 30, 2022	<u>25,007,252</u>	<u>257,692</u>	<u>4,769,859</u>	<u>30,034,803</u>
Total as at June 30, 2022	<u>33,628,851</u>	<u>36,307</u>	<u>3,843,141</u>	<u>37,508,299</u>
Depreciation Rate	20%	10%-33%	20%	



- 12.1** The assets leased out by the Modaraba under ijarah arrangements are secured as the title to the asset is held by the Modaraba.
- 12.2** The Modaraba has filed suits for re-possession of leased assets costing Rs. 2.215 million (2022: Rs. 2.215 million) against 2 clients (2022: 2 clients). The Court has not yet awarded decree in favour of Modaraba.
- 12.3** **General description of significant ijarah arrangements (IFAS-2)**
 The Modaraba has entered into various ijarah agreements for periods ranging from 3 to 7 years (2022: 3 to 7 years). Security deposits ranging from 0% to 52% (2022: 0% to 73%) are obtained at the time of disbursement. The rate of profit implicit in ijarah rentals ranges from 13% to 27% (2022: 13% to 27%) per annum.
- 12.4** **Disposal of fixed assets given on ijarah**

Description	Cost	Accumulated Depreciation	Book Value	Adjustment / Sale Proceeds	Gain	Mode of Disposal	Particulars of Buyer
-----Rupees-----							
Vehicles							
Motor Vehicle	5,000,000	3,923,819	1,076,181	1,264,501	188,320	Matured	Ms. Sadia Khanum
Motor Vehicle	1,450,000	1,131,873	318,127	464,294	146,167	Pre-mature adjustment	Mr. Asad Ali
Motor Vehicle	1,450,000	916,654	533,346	624,397	91,051	Pre-mature adjustment	Mr. Ali Javed Sultan
Motor Vehicle	1,600,000	1,304,760	295,240	300,078	4,838	Matured	Mr. Ajmal Joya
Motor Vehicle	1,050,000	810,000	240,000	292,944	52,944	Matured	Mr. Muhammad Saeed
Motor Vehicle	1,050,000	784,468	265,532	348,379	82,847	Pre-mature adjustment	Mr. Qasim Ali Gill
Motor Vehicle	623,715	321,726	301,989	582,500	280,511	Pre-mature adjustment	Mr. Jiaz Fazal
Motor Vehicle	1,514,000	1,134,000	380,000	380,000	-	Matured	Ms. Aliya Ahmed
Motor Vehicle	625,000	424,983	200,017	239,964	39,947	Pre-mature adjustment	Mr. Akhtar Ali
Plant and Machinery							
Machinery	1,700,000	562,495	1,137,505	1,307,344	169,839	Matured	Mr. Hamza Munir Bhatti
Generator	280,000	266,000	14,000	14,000	-	Pre-mature adjustment	Mr. Muhammad Tariq Anwar
Machinery	500,000	450,000	50,000	50,000	-	Matured	Mr. Muhammad Ilyas Shafique
Machinery	95,000	85,000	10,000	10,000	-	Matured	Mr. Syed Muhammad Musa Raza
Office Equipment							
Air Conditioner	65,000	63,000	2,000	2,000	-	Matured	Mr. Jiaz Fazal
Total 2023	17,002,715	12,178,778	4,823,937	5,880,401	1,056,464		
Total 2022	26,087,902	9,372,301	16,715,601	18,672,909	1,957,308		



Note 13

Property and Equipment

		2023	2022
	Note	Rupees	Rupees
Operating fixed assets	13.1	134,473	227,384
Capital work in progress	13.2	224,000,000	224,000,000
		224,134,473	224,227,384

13.1 Operating fixed assets**Year Ended June 30, 2023**

Description	Furniture and fixtures	Computers and office equipment	Vehicles	Total
-----Rupees-----				
Cost				
Balance as at July 01, 2022	311,098	531,749	60,912	903,759
Additions	-	-	-	-
Disposals	-	(155,000)	(60,912)	(215,912)
Balance as at June 30, 2023	311,098	376,749	-	687,847
Accumulated depreciation				
Balance as at July 01, 2022	301,848	312,281	60,012	676,375
Charge for the year	7,990	77,301	900	86,191
Disposal / adjustment	-	(148,280)	(60,912)	(209,192)
Balance as at June 30, 2023	309,838	241,302	-	553,374
Total as at June 30, 2023	1,260	135,447	-	134,473

Year Ended June 30, 2022

Cost				
Balance as at July 01, 2021	301,098	729,749	2,436,990	3,467,837
Additions	10,000	94,000	-	104,000
Disposals	-	(292,000)	(2,376,078)	(2,668,078)
Balance as at June 30, 2022	311,098	531,749	60,912	903,759
Accumulated depreciation				
Balance as at July 01, 2021	301,098	522,726	91,744	917,802
Charge for the year	750	81,555	200,506	282,811
Disposals	-	(292,000)	(232,238)	(524,238)
Balance as at June 30, 2022	301,848	312,281	60,012	676,375
Total as at June 30, 2022	9,250	219,468	900	227,384

Annual rate of depreciation

10%	10%-33%	20%
-----	---------	-----

13.1.1 Owned fixed assets contain fully depreciated assets of Rs. 454,610 (2022: Rs. 342,912) that are still in use by the Modaraba.

13.2 Capital work in progress

		2023	2022
	Note	Rupees	Rupees
Advance against ground floor Corporate Tower, Lahore	13.2.1	204,000,000	204,000,000
Advance against purchase of property	13.2.2	4,500,000	4,500,000
Villas in Murree	13.2.3	20,000,000	20,000,000
		228,500,000	228,500,000
Impairment allowance		(4,500,000)	(4,500,000)
		224,000,000	224,000,000

13.2.1 This represents advance against purchase of ground floor, measuring 10,221 square feet, in Corporate Tower (the Tower), Garden Town, Lahore. This advance was created as a result of a settlement and swap agreement for amounts availed by a client, M/s Enplan (Private) Limited under musharikhah arrangements. Under these arrangements, M/s Enplan (Private) Limited had availed Rs. 99 million from the Moradaba (inclusive of principal and profit) as well as Rs. 105 million from another financial institution namely Trust Investment Bank Limited. Later on, through settlement agreement dated June 28, 2012, the Moradaba took over the exposure of finance facilities provided by Trust Investment Bank Limited for Rs. 105 million.



On June 29, 2012, the Moradaba entered into an agreement with M/s Enplan (Private) Limited to sell and buy back the ground floor of the Tower. According to the terms of agreement, M/s Enplan (Private) Limited had to complete the ground floor of the Tower within 18 months of the date of agreement. The Moradaba is also entitled to have the sale deed of the Floor executed in its name and it has constructive possession of the property. If the floor is not purchased by M/s Enplan (Private) Limited within required time, the Moradaba has a right to sell the floor to any third party. M/s Enplan (Private) Limited also has an option to repurchase the floor after the said period of 18 months at an agreed price of Rs. 204 million plus profit of 15% per annum for the period from the date of the agreement till the actual settlement. The Moradaba has created an equitable and a registered mortgage over the property of the Tower. Further, as indicated in note 8.3, the Moradaba has also extended murabahah facilities of Rs. 35 million to M/s Enplan (Private) Limited as per agreed terms for completion of the Tower. These facilities are also secured against equitable and registered mortgage over the property of the Tower.

The agreed work of construction of ground floor of the Tower did not commence and the work was stalled at plinth level. The Modaraba has filed recovery suits for amounts aggregating to Rs. 417 million before Banking Court / Modaraba Tribunal / Lahore High Court against M/s Enplan (Private) Limited. The Modaraba has also filed criminal complaint against the directors of M/s Enplan (Private) Limited for prosecution against criminal misrepresentation and breach of trust. These suits are pending adjudication as at the reporting date.

13.2.2 This represents advance to M/s Rahman Construction Company against purchase and construction of property amounting to Rs. 4.5 million which has been fully provided by the management during the previous periods as the chances of recovery of these advance are slim.

13.2.3 This represents property under construction comprising land measuring 1 kanal and 8 marlas, situated in Murree. Most recent valuation of this property was carried out in September 2022 by M/s Madadgar who estimated its value at Rs. 33.8 million and forced sale value at 28.7 million.

Note 14

Accrued and Other Liabilities

	Note	2023 Rupees	2022 Rupees
Due to customers	14.1	-	27,628
Advance ijarah rentals		574,381	537,539
Accrued liabilities	14.2	3,206,128	2,691,187
Payable to provident fund trust		207,365	237,792
Workers' Welfare Fund		177,149	177,149
Withholding tax payable		1,395,091	1,102,737
		<u>5,560,114</u>	<u>4,774,032</u>

14.1 These represent payable to brokerage clients amounting Rs. Nil (2022: Rs. 27,628), during the year these balances have been written off.

14.2 This includes Rs. 621,957 (Rs. 621,731) on account of charity payable.

Note 15

Unclaimed Profit Distribution

	Note	2023 Rupees	2022 Rupees
Opening balance		16,460,819	16,898,906
Add: Dividends writtten back		434,750	-
Add: Dividends adjusted	9.2.1	-	(434,750)
Less: Dividends paid		(31,830)	(3,337)
		<u>16,863,739</u>	<u>16,460,819</u>

Note 16

Security Deposits against Ijarah Assets

	2023 Rupees	2022 Rupees
Opening balance	11,966,007	18,573,537
Received during the year	50,000	1,020,000
Adjusted during the year	(3,638,500)	(7,627,530)
Closing balance	8,377,507	11,966,007
Current portion shown as current liabilities	(4,202,257)	(4,019,000)
	<u>4,175,250</u>	<u>7,947,007</u>



Note 17

Post Employment Benefits

The Modaraba operates a leave encashment facility for all of its employees as a defined benefit plan. Under the scheme, the Modaraba pays lump-sum benefits as leave encashment for unutilized privilege leaves accrued upto the end of service, subject to the maximum permissible accumulation of 90 days. The scheme is administered by the management of the Modaraba under the supervision and directions of the Board of Directors of the Management Company. The amount recognized in balance sheet represents present value of defined benefit obligations determined by independent actuary for the year ended June 30, 2023.

17.1	Movement in present value of defined benefit obligations	2023		2022
		Note	Rupees	Rupees
	Opening balance		463,566	394,072
	Charged to profit and loss account during the year	17.2	100,884	129,994
	Paid during the year		(36,400)	(60,500)
	Closing balance		<u>528,050</u>	<u>463,566</u>

17.2	Charged to profit and loss account during the year	2023	2022
	Current service cost	115,753	116,853
	Interest cost	50,928	37,292
	Actuarial gain	(65,797)	(24,151)
		<u>100,884</u>	<u>129,994</u>

17.3	Actuarial assumptions	2023	2022
	Discount rate - per annum	16.25%	13.25%
	Expected rate of increase in salary level - per annum	15.25%	12.25%
	Average number of days unutilized per annum	20 days	10 days
	Average expected remaining working lives of employees	13 years	13 years
	Expected mortality rate for active employees	SLIC (2001-2005) Mortality Table with 1 year setback	
	Actuarial valuation method	Projected Unit Credit Actuarial Cost	

17.4 The Modaraba does not have any plan assets covering its post-employment benefits payable. The comparative statement of present value of defined benefit obligations is as under:

	2023	2022	2021	2020	2019
	Rupees	Rupees	Rupees	Rupees	Rupees
Present value of defined benefit obligations	528,050	463,566	394,072	315,668	251,967
Fair value of plan asset	-	-	-	-	-
Net liability	<u>528,050</u>	<u>463,566</u>	<u>394,072</u>	<u>315,668</u>	<u>251,967</u>

17.5 Year end sensitivity analysis on defined benefit obligations

Reasonably possible changes as at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have resulted in present value of defined benefit obligation as stated below:

	2023	2022
	Rupees	Rupees
Discount rate + 1%	369,938	427,198
Discount rate - 1%	447,359	505,342
Salary increase + 1%	446,907	504,820
Salary increase - 1%	369,756	427,060



Note 18

Certificate Capital

	2023	2022
	Rupees	Rupees
Authorized Capital		
62,500,000 (2022: 62,500,000) Modaraba Certificates of Rs. 10 each	<u>625,000,000</u>	<u>625,000,000</u>
Issued, subscribed and paid-up certificate capital		
16,656,491 (2022: 16,656,491) Modaraba Certificates of Rs. 10 each fully paid in cash	166,564,910	166,564,910
3,976,908 (2022: 3,976,908) Modaraba Certificates of Rs. 10 each issued as fully paid bonus certificates	39,769,080	39,769,080
5,780,405 (2022: 5,780,405) fully paid Modaraba Certificates of Rs. 10 each issued as a result of amalgamation of First Hajvery Modaraba	<u>57,804,050</u>	<u>57,804,050</u>
	<u>264,138,040</u>	<u>264,138,040</u>

18.1 No certificates have been issued / cancelled during the year.

18.2 All certificates rank equally with regard to residual assets of the Modaraba. Certificate holders are entitled to receive all distributions including profit distributions and other entitlements in the form of bonus and right certificates as and when declared by the Modaraba.

Note 19

Contingencies and Commitments

19.1 Contingencies

As mentioned in note 13.2.1, the Modaraba has filed recovery suits against M/s Enplan (Private) Limited for Rs. 417 million. M/s Enplan (Private) Limited has also filed a counter suit against the Modaraba for recovery of alleged losses and damages to the tune of Rs. 2.86 billion which has been dismissed. These suits and complaints are pending for hearing before the appropriate judicial / appellate authorities. On the basis of opinion of its legal advisors, the management is confident that the case will be decided in the favour of the Modaraba.

19.2 Commitments

There are no material commitments as at the reporting date (2022: Nil).

Note 20

Other Income

	2023	2022
	Rupees	Rupees
Profit on deposit and saving accounts with banks	6,259	34,834
Markup on loans to employees	16,622	16,398
Fees and commission	-	3,000
Miscellaneous income	802,769	-
Gain on disposal of ijarah assets	12.4	1,957,308
	<u>1,882,114</u>	<u>2,011,540</u>



Note 21

Administrative and General Expenses

	Note	2023 Rupees	2022 Rupees
Salaries, allowances and other benefits	21.1	7,612,394	8,995,181
Utilities		426,777	303,185
Repairs and maintenance		50,190	290,940
Printing and stationery		282,567	184,685
Communication		165,789	169,261
Travelling and conveyance		248,290	320,600
Fees and subscription		1,106,208	808,733
Director's meeting fee		-	100,000
Entertainment		43,631	160,059
Auditors' remuneration	21.2	592,300	592,300
Legal and professional charges		270,245	640,680
Bank charges		11,682	12,311
Penalty		-	130,025
Balances written off		78,045	230,057
Depreciation on owned assets		86,191	282,811
Loss on disposal of fixed assets		6,461	-
Miscellaneous		227,132	215,411
		<u>11,207,902</u>	<u>13,436,239</u>

21.1 Salaries, allowances and other benefits

The aggregate amounts charged for remuneration to officers and employees of the Modaraba including all benefits are as under:

	2023			2022		
	Officers	Employees	Total	Officers	Employees	Total
	-----Rupees-----					
Basic salary	2,789,915	1,044,933	3,834,848	4,496,876	389,418	4,886,294
House rent allowance	984,500	700,560	1,685,060	1,048,987	110,321	1,159,308
Utilities	192,329	44,264	236,593	358,011	101,771	459,782
Bonus	-	-	-	-	-	-
Provident fund	192,329	44,264	236,593	175,000	150,000	325,000
Fuel allowance	1,619,300	-	1,619,300	1,890,480	274,317	2,164,797
	<u>5,778,373</u>	<u>1,834,021</u>	<u>7,612,394</u>	<u>7,969,354</u>	<u>1,025,827</u>	<u>8,995,181</u>
Number of persons	<u>5</u>	<u>6</u>	<u>11</u>	<u>7</u>	<u>6</u>	<u>13</u>

21.1.1 All employees are entitled for reimbursement of the fuel expenses up to certain limits.

21.1.2 This includes Rs. 0.236 million (2022: Rs. 0.325 million) in respect of contribution to the staff provident fund.

21.1.3 This includes Rs. 0.1 million (2022: Rs. 0.129 million) in respect of post employment benefits.

21.2 Auditors' remuneration

	2023 Rupees	2022 Rupees
Annual audit fee	315,000	315,000
Half yearly review and other certifications fee	237,300	237,300
Out of pocket expenses	40,000	40,000
	<u>592,300</u>	<u>592,300</u>

Note 22

Taxation

22.1 Provision for current tax for the year has been made under section 113C of the Income Tax Ordinance, 2001 on minimum tax basis as the Modaraba has incurred loss during the year.

22.2 The Modaraba has carried forward provisions and other liabilities against which a deferred tax asset amounting to Rs. 16.55 million (2022: Rs. 81.292 million) may be created. However, the Modaraba has not recognized the deferred tax assets as the temporary differences are not expected to be reversed in foreseeable future due to non-availability of taxable profits against which the temporary differences may be utilized.



Note 23

Loss Per Certificate - Basic and Diluted

		2023	2022
Loss attributable to certificate holders	Rupees	(2,404,521)	(6,215,360)
Weighted average number of certificates outstanding during the year	Number	26,413,804	26,413,804
Loss per certificate - basic	Rupees	(0.09)	(0.24)

23.1 There is no dilutive effect on the basic earnings per certificate as the Modaraba has not issued any instrument which would have an impact on its earnings per certificate.

Note 24

Changes in Financing Activities

	As at June 30, 2022	Non-cash changes	Cash flows (Net)	As at June 30, 2023
	----- Rupees -----			
Unclaimed profit distribution	16,460,819	434,750	(31,830)	16,863,739
	----- Rupees -----			
	As at June 30, 2021	Non-cash changes	Cash flows (Net)	As at June 30, 2022
	----- Rupees -----			
Unclaimed profit distribution	16,898,906	(434,750)	(3,337)	16,460,819

Note 25

Remuneration of Executives / Key Management Personnel

Aggregate amounts charged in the financial statements for the year as remuneration and benefits to executives / key management personnel of the Modaraba are as follows:

	Executives / Key Management Personnel	
	2023	2022
	-----Rupees-----	
Managerial remuneration	1,083,334	1,496,876
House rent allowance	433,333	448,987
Utilities allowance	108,333	153,311
Meeting fee	-	100,000
Other allowances	1,238,579	1,056,820
	2,863,579	3,255,994
Number of persons	2	2

25.1 Executives are entitled for reimbursement of fuel expenses only as per the Modaraba policy.

Note 26

Transactions and Balances with Related Parties

Related parties comprise the Management Company, directors of the Modaraba management company and their close family members, key management personnel of the Management Company and their close family members and entities with common directors or under common management. Details of transactions with related parties and balances outstanding with them as at the reporting date are as follows:



Transactions during the year

Related party	Basis of Relationship	Nature of transaction	2023	2022
			Rupees	Rupees
Employees' Provident Fund	Associated undertaking	Contribution for the year	236,593	325,053
Officers and employees	Associated persons	Ijarah rentals received	339,843	779,840
Fidelity Capital Management (Private) Limited	Management Company	Rent accrued during the year	667,525	850,722

The amounts above do not include salaries and other employee benefits of the executives of the Company which have been disclosed in Note 25.

Outstanding Balance as at the reporting date

Employees' Provident Fund	Contribution payable	207,365	237,792
Officers and employees	Ijarah rentals receivables	282,587	42,464

Note 27

Maturities of Assets and Liabilities

	2023			
	Total	Up to one year	One year to five years	Over five years
 Rupees			
Assets:				
Cash and bank balances	177,089	177,089	-	-
Short term investments under murabaha arrangements	75,942,999	75,942,999	-	-
Ijarah rentals receivable	10,975,744	10,975,744	-	-
Unearned murabaha profit receivable	1,328,271	1,328,271	-	-
Profit receivable on murabaha arrangements	6,099,562	6,099,562	-	-
Other receivables	5,721,380	5,721,380	-	-
Advance income tax	1,044,005	1,044,005	-	-
Long term advances and deposits	1,170,050	235,204	934,846	-
Long term investments under murabaha arrangements	2,500,000	-	2,500,000	-
Membership assets	3,510,000	-	3,510,000	-
Fixed assets under ijarah arrangements	24,877,315	6,678,587	18,198,728	-
Property and equipment	224,134,473	65,979	224,068,494	-
	<u>357,480,888</u>	<u>108,268,820</u>	<u>249,212,068</u>	<u>-</u>
Liabilities:				
Accrued and other liabilities	5,560,114	5,560,114	-	-
Unclaimed profit distribution	16,863,739	16,863,739	-	-
Deferred murabaha income	1,328,271	1,328,271	-	-
Security deposits	8,377,507	4,202,257	4,175,250	-
Post employment benefits	528,050	-	528,050	-
	<u>32,657,681</u>	<u>27,954,381</u>	<u>4,703,300</u>	<u>-</u>
Net Balance	<u>324,823,207</u>	<u>80,314,439</u>	<u>244,508,768</u>	<u>-</u>
Certificate holders' equity	<u>324,823,207</u>			



	2022			
	Total	Up to one year	One year to five years	Over five years
..... Rupees				
Assets:				
Cash and bank balances	49,098	49,098	-	-
Short term investments under murabaha arrangements	75,942,999	75,942,999	-	-
Ijarah rentals receivable	8,412,609	8,412,609	-	-
Unearned murabaha profit receivable	4,555,485	4,555,485	-	-
Profit receivable on murabaha arrangements	235,736	235,736	-	-
Other receivables	6,795,317	6,795,317	-	-
Advance income tax	313,242	313,242	-	-
Long term advances and deposits	1,397,468	250,724	1,146,744	-
Certificate capital	2,500,000	-	2,500,000	-
Membership assets	3,510,000	-	3,510,000	-
Fixed assets under ijarah arrangements	37,508,299	6,678,587	30,829,712	-
Property and equipment	224,227,384	65,979	224,161,405	-
	<u>365,447,637</u>	<u>103,299,776</u>	<u>262,147,861</u>	<u>-</u>
Liabilities:				
Accrued and other liabilities	4,774,032	4,774,032	-	-
Unclaimed profit distribution	16,460,819	16,460,819	-	-
Deferred murabaha income	4,555,485	4,555,485	-	-
Post employment benefits	463,566	-	463,566	-
Security deposits	11,966,007	4,019,000	7,947,007	-
	<u>38,219,909</u>	<u>29,809,336</u>	<u>8,410,573</u>	<u>-</u>
Net Balance	<u>327,227,728</u>	<u>73,490,440</u>	<u>253,737,288</u>	<u>-</u>
Certificate holders' equity	<u>327,227,728</u>			

Note 28

Financial Risk Management

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

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

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

28.1 Market risk

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

28.1.1 Currency risk

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



28.1.2 Equity price risk

Equity price risk represents the risk that the fair value of equity investments will fluctuate because of changes in levels of indices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Modaraba is not exposed to equity price risk.

28.1.3 Profit rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market profit rates. As at the reporting date the profit rate profile of the Modaraba's profit bearing financial instruments were as under:

Fixed rate instruments

Financial assets	2023	2022
	Rupees	Rupees
Short term investments under murabaha arrangements	75,942,999	75,942,999
Ijarah rentals receivable	10,975,744	8,412,609
Profit receivable on murabaha arrangements	6,099,562	235,736

Floating rate instruments

Financial assets

Bank balances - deposit accounts	94,409	21,796
----------------------------------	--------	--------

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for floating rate instruments

If profit rates, as at the reporting date, fluctuates by 1% higher / lower with all other variables held constant, profit before taxation for the year would have been Rs. 944 (2022: Rs. 217) higher / lower. This analysis is prepared assuming the amounts of floating rate instruments outstanding at reporting dates were outstanding for the whole year, which may not be representative of whole year.

28.2 Credit risk

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

Bank balances	177,030	46,076
Short term investments under murabaha arrangements	75,942,999	75,942,999
Ijarah rentals receivable	10,975,744	8,412,609
Profit receivable on murabaha arrangements	6,099,562	235,736
Other receivables	5,721,380	6,795,317
Long term advances and deposits	1,170,050	1,397,468
	<u>100,086,765</u>	<u>92,830,205</u>

28.2.2 Geographically all credit exposure is concentrated in Pakistan.

The maximum exposure to credit risk for receivables (murabaha financing and ijarah / lease rental receivables) as at the reporting date by type of customer is given below:

	2023	2022
	Rupees	Rupees
Individuals	<u>93,018,305</u>	<u>84,591,344</u>



28.2.3 The aging of murabaha, musharakah, lease / ijarah rental and other receivables and related impairment loss as at the reporting date is as follows:

Aging of murabaha and ijarah rentals

Not past due	55,747,015	56,411,094
Past due 1 - 180 days	17,075,306	8,622,997
Past due 181 days - 1 year	-	-
Past due 1 - 2 years	-	-
More than 2 years	25,917,364	26,352,570
	<u>98,739,685</u>	<u>91,386,661</u>

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

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

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

	Rating		Rating Agency	2023	2022
	Short term	Long term			
				Rupees	Rupees
MCB Bank Limited	A1+	AAA	PACRA	12,797	13,729
Faysal Bank Limited	A1+	AA	PACRA	174	174
Samba Bank Limited	A-1	AA	JCR-VIS	1,932	1,932
Meezan Bank Limited	A-1+	AAA	JCR-VIS	88,369	23,730
Bank Al Habib Limited	A1+	AAA	PACRA	72,210	242
State Bank of Pakistan				1,548	6,269
				<u>177,030</u>	<u>46,076</u>

Further, the Modaraba's exposure to credit risk related to Murabaha financing, Ijarah financing, and other receivables are disclosed in the relevant notes to the financial statements.

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

The mudaraba revenue is not depending upon single customer and there is no single customer from whom mudaraba is generating more than 10% of total revenue.

28.3 Liquidity risk

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

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



Fair value estimation

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

	Carrying Amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years	Over 5 years
------(Rupees)-----					
June 30, 2023					
Accrued and other liabilities	4,165,023	4,165,023	4,165,023	-	-
Unclaimed profit distribution	16,863,739	16,863,739	16,863,739	-	-
	<u>21,028,762</u>	<u>21,028,762</u>	<u>21,028,762</u>	<u>-</u>	<u>-</u>
June 30, 2022					
Accrued and other liabilities	3,671,295	3,671,295	3,671,295	-	-
Unclaimed profit distribution	16,460,819	16,460,819	16,460,819	-	-
	<u>20,132,114</u>	<u>20,132,114</u>	<u>20,132,114</u>	<u>-</u>	<u>-</u>

Note 27 to the financial statements summarizes the maturity profile of the Modaraba's assets and liabilities.

28.4 Fair value of financial instruments

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

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

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

28.5 Financial instruments by categories

	At fair value through OCI	Amortized cost	Assets at fair value through profit or loss	Total
-----Rupees-----				
Financial assets as at June 30, 2023				
Cash and bank balances	-	177,089	-	177,089
Short term investments under murabaha arrangements	-	75,942,999	-	75,942,999
Ijarah rentals receivable	-	10,975,744	-	10,975,744
Profit receivable on murabaha arrangements	-	6,099,562	-	6,099,562
Other receivables	-	5,721,380	-	5,721,380
Long term murabaha	-	2,500,000	-	2,500,000
	<u>-</u>	<u>101,416,774</u>	<u>-</u>	<u>101,416,774</u>
Financial assets as at June 30, 2022				
Cash and bank balances	-	49,098	-	49,098
Short term investments under murabaha arrangements	-	75,942,999	-	75,942,999
Ijarah rentals receivable	-	8,412,609	-	8,412,609
Profit receivable on murabaha arrangements	-	235,736	-	235,736
Other receivables	-	6,795,317	-	6,795,317
Long term murabaha	-	2,500,000	-	2,500,000
	<u>-</u>	<u>93,935,759</u>	<u>-</u>	<u>93,935,759</u>

**Financial liabilities at amortized cost**

As at June 30,
Accrued and other liabilities
Unclaimed profit distribution

	2023	2022
	Rupees	Rupees
	4,165,023	3,671,295
	16,863,739	16,460,819
	<u>21,028,762</u>	<u>20,132,114</u>

28.6 Operational Risks

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

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

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

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

28.7 Capital Risk Management

The Modaraba's objectives when managing capital are to safeguard the Modaraba's ability to continue as a going concern in order to provide return for certificate holders and benefits for other stakeholders and to maintain healthier capital ratios in order to support its business and maximize certificate holders value. The Modaraba manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. There were no changes to the Modaraba's approach to capital management during the year and the modaraba is not subject to externally imposed capital requirements. Furthermore, the Modaraba is not geared as at the reporting date.

Note 29

Segment Reporting

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

Types of segments	Nature of business
- Murabaha finances	Sale of goods under murabaha arrangement
- Ijarah finances	Giving right to the benefit of using an asset for a consideration

No operating segments have been aggregated to or form the above reportable operating segments.

The Chief Executive Officer monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is generally evaluated based on certain key performance indicators including business volume, gross profit, profit from operations, reduction in operating cost and free cash flows.

Transfer prices between operating segments are made on an arm's length basis in a manner similar to transactions with third parties. There were no transfers between operating segments during the year (2022: Nil).



29.2 Segment analysis

The segment information for the reportable segments is mentioned below:

	June 30, 2023			June 30, 2022		
	Murabaha Finances	Ijarah Finances	Total	Murabaha Finances	Ijarah Finances	Total
-----Rupees-----						
Segment revenues / profits						
Gross revenue from external customers	6,090,941	11,065,632	17,156,573	5,246,710	15,512,701	20,759,411
Other income	-	1,056,464	1,056,464	-	1,960,308	1,960,308
Net revenue	6,090,941	12,122,096	18,213,037	5,246,710	17,473,009	22,719,719
Depreciation	-	(8,407,047)	(8,407,047)	-	(10,294,174)	(10,294,174)
Suspension / Provision for doubtful receivables	81,014	609,314	690,328	(81,014)	1,016,218	935,204
Reportable segment profit	6,171,955	4,324,363	10,496,318	5,165,696	8,195,053	13,360,749
Reportable segment assets	85,870,832	35,853,059	121,723,891	83,234,220	45,920,908	129,155,128
Reportable segment liabilities	1,328,271	8,951,888	10,280,159	4,555,485	12,503,546	17,059,031
Additions to non-current assets	-	600,000	600,000	-	20,000,000	20,000,000
Reconciliation of reportable segments revenues, profit or loss, assets and liabilities is as follows:			2023			2022
-----Rupees-----						
Revenues						
Total revenues for reportable segments			18,213,037			22,719,719
Other revenues			(1,056,464)			(1,960,308)
Modaraba's revenues			<u>17,156,573</u>			<u>20,759,411</u>
Loss						
Total profit for reportable segments			10,496,318			13,360,749
Other income			832,111			51,232
Administrative and general expenses			(13,512,032)			(19,367,848)
Fair value loss on certificates held as security against receivables			-			-
Taxation			(214,457)			(259,493)
			<u>(2,398,060)</u>			<u>(6,215,360)</u>
Assets						
Total assets for reportable segments			121,723,891			129,155,128
Corporate assets unallocated:			177,089			49,098
Cash and bank balances			5,721,380			6,795,317
Other receivables			1,044,005			313,242
Advance income tax			235,204			250,724
Current portion of long term advances			934,846			1,146,744
Long term advances and deposits			3,510,000			3,510,000
Membership assets			224,134,473			224,227,384
Property and equipment			235,756,997			236,292,509
			<u>357,480,888</u>			<u>365,447,637</u>
Total assets as per the balance sheet						
Liabilities						
Total liabilities for reportable segments Corporate liabilities unallocated:			10,280,159			17,059,031
Accrued and other liabilities			4,985,733			4,236,493
Unclaimed profit distribution			16,863,739			16,460,819
Post employment benefits			528,050			463,566
Total liabilities as per the balance sheet			<u>32,657,681</u>			<u>38,219,909</u>

Certain liabilities, assets, other income and other operating charges of the Modaraba cannot be allocated to a specific segment. Accordingly, these amounts have been classified as unallocated.

There are no differences between the measurements of the reportable segments' profits or losses, assets and liabilities with the Modaraba's profits or losses, assets and liabilities.



There are no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

There are no asymmetrical allocations to reportable segments.

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

Note 30

Number of Employees

	2023	2022
Total Number of employees as at June 30,	11	13
Average number of employees during the year	12	13

Note 31

Provident Fund

	2023	2022
	Rupees (Un-audited)	Rupees (Un-audited)
Size of the fund	382,598	423,135
Percentage of investments made	1.18%	1.18%
Fair value of investments	5,000	5,000

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

	2023		2022	
	Investment Rupees	Investment as a % of Size of funds	Investment Rupees	Investment as a % of Size of funds
Investment in mutual funds	5,000	1.18%	5,000	1.18%

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

Note 32

Authorization of Financial Statements

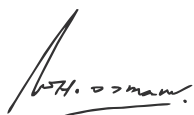
These financial statements were approved for issue by the Board of Directors of the Management Company in its meeting held on November 06, 2023.

Note 33

General

Corresponding figures have been re-arranged, wherever necessary, to facilitate comparison. However, no material re-arrangements have been made during the year.

**For Fidelity Capital Management (Private) Limited
[The Management Company]**



Chief Executive
Fidelity Capital Management
(Private) Limited



Director
Fidelity Capital Management
(Private) Limited



Director
Fidelity Capital Management
(Private) Limited



CFO/Company Secretary
125,854



The Companies ACT, 2017
The Companies (General Provisions and Forms) Regulations,
2018[Section 227(2)(f)] Summary
Pattern of Shareholding

PART - I

Form - 34

1.1 Name of The Company

First Fidelity Leasing Modaraba

PART - II

2.1 Pattern of Holding of the Shares held by the Shareholders as at :June 30, 2023

2.2

No. of Shareholders	Shareholding		Total Shares held
	From	To	
3,322	1	100	133,960
2,146	101	500	518,064
781	501	1,000	597,863
843	1,001	5,000	1,659,914
88	5,001	10,000	635,067
42	10,001	15,000	485,971
18	15,001	20,000	319,303
13	20,001	25,000	290,931
3	25,001	30,000	85,103
7	30,001	35,000	232,755
3	35,001	40,000	111,519
2	40,001	45,000	84,440
1	45,001	50,000	48,500
2	50,001	55,000	108,362
1	55,001	60,000	56,427
1	65,001	70,000	69,500
1	75,001	80,000	78,500
1	85,001	90,000	88,100
1	90,001	95,000	93,991
1	95,001	100,000	100,000
1	105,001	110,000	105,254
2	125,001	130,000	259,000
1	145,001	150,000	149,496
1	160,001	165,000	165,000
1	165,001	170,000	170,000
1	190,001	195,000	191,230
1	195,001	200,000	200,000
1	200,001	205,000	200,153
1	225,001	230,000	226,183
1	265,001	270,000	266,792
1	280,001	285,000	281,500
1	350,001	355,000	350,804
1	445,001	450,000	445,078
1	575,001	580,000	578,041
1	580,001	585,000	582,170
1	745,001	750,000	746,142
1	770,001	775,000	775,000
1	815,001	820,000	820,000
1	1,000,001	1,005,000	1,005,000
1	1,030,001	1,035,000	1,034,931
1	1,440,001	1,445,000	1,444,000
1	2,640,001	2,645,000	2,641,380
1	3,225,001	3,230,000	3,228,234
1	4,750,001	4,755,000	4,750,146
7,302			26,413,804

**CATEGORIES OF CERTIFICATE HOLDING**

As On: June 30, 2023

First Fidelity Leasing Modaraba

As On: June 30, 2023

2.3 Categories of Shareholder	Folios	Physical	CDC	Share held	Percentage
2.3.1 - Directors, CEO, Their Spouse and Minor Children	1	-	54,552	54,552	0.21
2.3.2 - Associated Companies, Undertakings & Related Parties	3	578,041	5,869,614	6,447,655	24.41
2.3.3 - NIT & ICP	1	-	445,078	445,078	1.69
2.3.4 - Banks, DFIs, NBFCs	12	31,417	2,472	33,889	0.13
2.3.5 - Insurance Companies	3	40	1,034,931	1,034,971	3.92
2.3.6 - Modarabas and Mutual Funds	5	437	1,200	1,637	0.01
2.3.8 - A. General Public (Local)	7,244	2,958,970	15,212,079	18,171,049	68.79
2.3.8 - B. General Public (Foreigner)	1	-	664	664	0.00
2.3.9 - A. Other Companies (Local)	32	84,646	139,663	224,309	0.85
	7,302	3,653,551	22,760,253	26,413,804	100.00

Shareholders More Than 10.00%			
Mr. Muhammad Iqbal	1	4,750,146	17.98
M/S. FIDELITY CAPITAL MANAGEMENT (PVT) LTD	3	6,447,655	24.41



www.jamapunji.pk



**Be aware, Be alert,
Be safe**
Learn about investing at
www.jamapunji.pk

Key features:

- Licensed Entities Verification
- Scam meter*
- Jamapunji games*
- Tax credit calculator*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered
- Stock trading simulator (based on live feed from KSE)
- Knowledge center
- Risk profiler*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

jamapunji.pk [@jamapunji_pk](https://twitter.com/jamapunji_pk)

*Mobile apps are also available for download for android and ios devices

**CorpTec Associates (Pvt.) Limited**CorpTec/GOC/0001146/1
September 22, 2018**Most Urgent**

To All Shareholder(s)

Re: Mandatory Requirement of IBAN for Credit Dividend into Bank Electronically

This is to inform you that under second proviso to Section 242 of the Companies Act 2017, listed companies are required to pay declared cash dividends only through electronic mode directly into the bank accounts designated by the entitled shareholders. Accordingly, you being registered shareholder of the company under folio No. _____, in **(Company Name)** are requested to provide the following information for payment of cash dividend declared / to be declared by the company through electronic mode directly into bank account designated by you.

Yours faithfully,

For **CorpTec Associates (Pvt) Limited**
Share Registrar: (Company Name)**Muhammad Imran Bhatti**
Head - Share Registrar Affairs

IBAN - [36 Digits] <i>Including Country Code and Bank Identifier</i>	
CNIC Number (For Individuals) (Please attach photocopy)	
National Tax Number <i>(For Companies)</i>	
Title of Bank Account	
Bank Account Number	
Bank's Name	
Branch Name and Address	
Cell Number of Shareholder	
Landline Number of Shareholder	
Email of Shareholder	

It is stated that the above-mentioned information is correct and I will intimate the changes, if any in the above-mentioned information to the Share Registrar, i.e. **CorpTec Associates (Pvt) Limited, 503 - E, Johar Town, Lahore.** as soon as these occur.

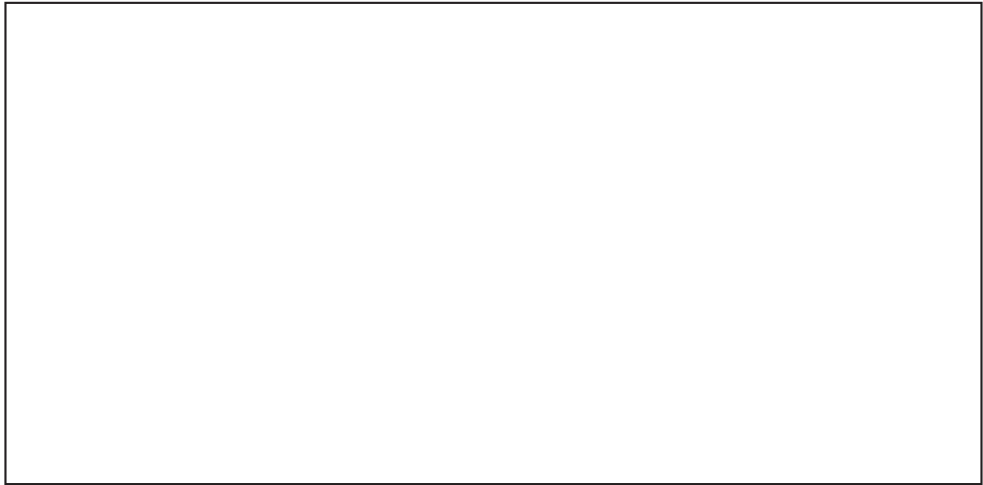
Signature of Shareholder**Share Registrar & Corporate Consultants**

503 - E, Johar Town, Lahore.

Ph: 042-35170335-7, Fax: 042-35170338, Email: info@corptec.com.pk

Book Post

TO:



**If undelivered please return to:
93, B-1 Canal Park, Gulberg -II, Lahore
Tel: 042-35713461 - 64, Fax: 042 - 35759122**