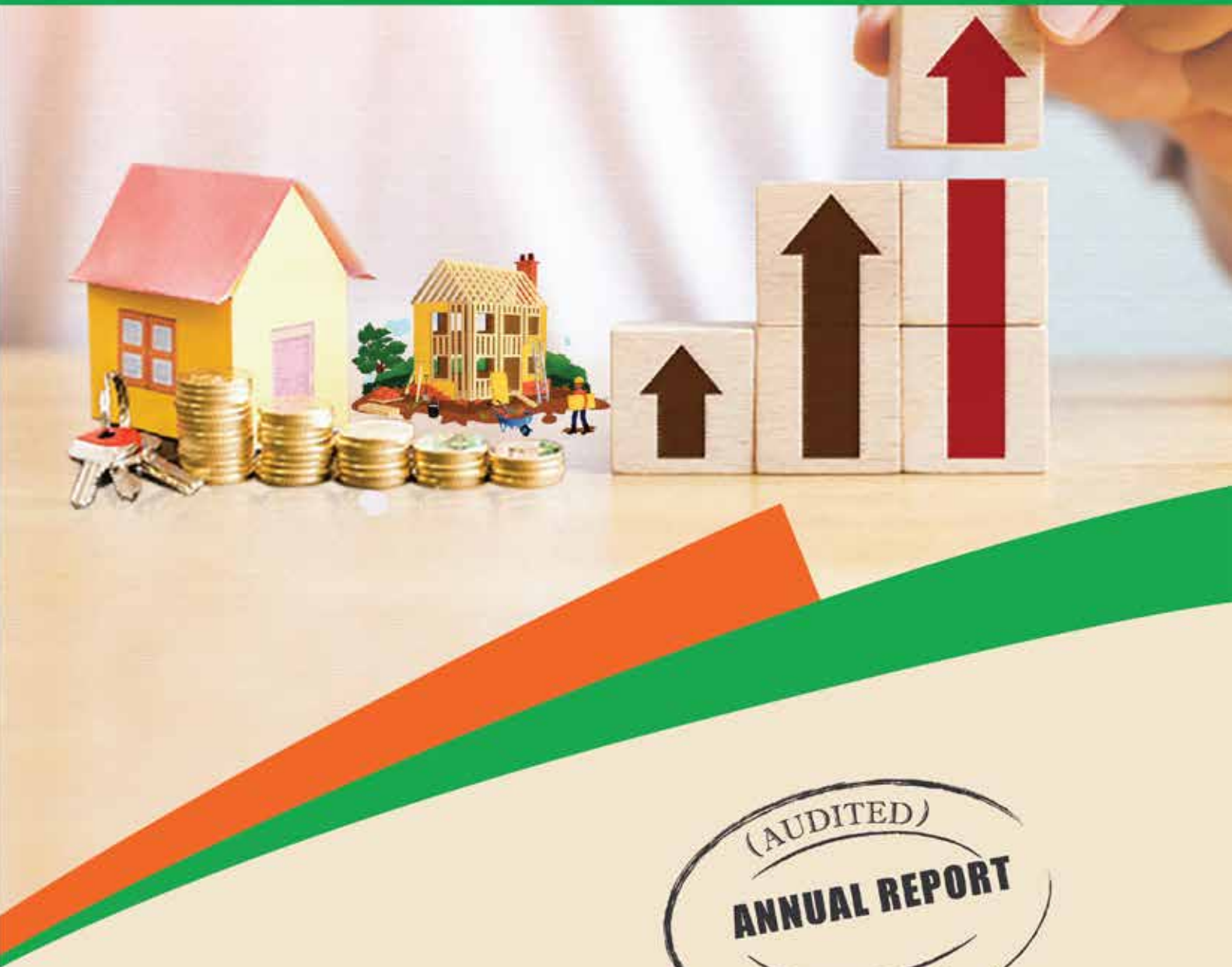


Growth + Prosperity



First Punjab Modaraba
(An Islamic Financial Institution)

Contents

Corporate Profile	02
Our Vision and Our Mission	03
Jama Punji	05
Six Years at a Glance	06
Chairman's Review	07
Directors' Report	09
Directors' Report (Urdu)	15
Statement of Compliance With Best Practices of Corporate Governance	21
Review Report on Statement of Compliance of Corporate Governance	24
Notice of Book Closure & Annual Review Meeting	26
Pattern of Certificate Holders	27
Categories of Certificate Holders	28

Financial Report

Auditors' Report	30
Annual Shari'ah Advisor's Report	32
Balance Sheet	33
Profit and Loss Account	34
Statement of Comprehensive Income	35
Cash Flow Statement	36
Statement of Changes in Equity	37
Notes to the unconsolidated Financial Statements	38

Consolidated Financial Report

Auditors' Report	72
Balance Sheet	73
Profit and Loss Account	75
Statement of Comprehensive Income	76
Cash Flow Statement	77
Statement of Changes in Equity	78
Notes to the Consolidated Financial Statements	89



Corporate Profile

Board of Directors

Punjab Modaraba Services (Pvt.) Ltd.

Nadeem Amir	Chairman
Aamir Malik	Chief Executive
Ijaz ur Rehman Qureshi	Director
Umer Iqbal Sheikh	Director
Imran Bashir	Director
Samina Afsar	Director
Khawar Shahid Ansari	Director

Auditors of the Modaraba

EY Ford Rhodes
Chartered Accountants

Auditors of the Management Company

Shinewing Hameed Chaudhry & Co.
Chartered Accountants

Chief Financial Officer & Company Secretary

Mudassar Kaiser Pal

Bankers

The Bank of Punjab
Bank Alfalah Limited

Audit Committee

Imran Bashir	Chairman
Ijaz ur Rehman Qureshi	Member
Samina Afsar	Member

Registrar

Hameed Majeed Associates (Pvt) Ltd.
H.M. House, 7-Bank Square,
The Mall, Lahore
Tel: (+92-42) 37235081-2

Human Resource Committee

Samina Afsar	Chairperson
Ijaz ur Rehman Qureshi	Member
Umer Iqbal Sheikh	Member
Aamir Malik	Member

Registered Office

Office No. 100, 3rd Floor National Tower,
Egerton Road, Lahore.
Postal Code No. 54600
PABX: (+92-42) 36365191
Fax: (+92-42) 36365193
E-mail: info@punjabmodaraba.com.pk
URL: www.punjabmodaraba.com.pk



First Punjab Modaraba

Our Vision

Connect the Community to
Islamic Mode of Financing.



Our Mission

We have committed
to progressively
enhance fully
researched Islamic
Financing Products
and shall continue to
meet our customers'
needs.










Product of First Punjab Modaraba








- Fast Processing
- No Pre-payment Penalty
- Option to choose Tenure
- Hassel Free
- Diminishing Musharakah
- Ijarah
- Murabaha



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notifications, corporate and
regulatory actions)
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mobile device
- 



Six Years at a Glance

	(Amounts in '000)					
	June-16	June-17	June-18	June-19	June-20	June-21
BANALNCE SHEET						
Authorized Capital	500,000	500,000	500,000	500,000	500,000	500,000
Equity:						
Issued, Subscribed & Paid Up Capital	340,200	340,200	340,200	340,200	340,200	340,200
Reserves	204,119	209,697	215,477	216,693	216,693	218,177
Un-appropriated Profit	(362,587)	(358,247)	(352,254)	(364,283)	(419,594)	(413,658)
Total	181,732	191,650	203,423	192,609	137,298	144,719
Liabilities:						
Redeemable Capital	100,000	400,000	400,000	445,518	1,013,549	1,014,102
Musharikhah Arrangements	955,925	1,101,205	1,193,495	1,223,622	648,739	535,129
Accrued, Deferred & Other Liabilities	189,704	180,964	195,971	267,847	284,388	254,069
Total	1,245,629	1,682,169	1,789,466	1,936,987	1,946,675	1,803,299
Total Equity & Liabilities	1,427,361	1,873,819	1,992,889	2,129,596	2,083,974	1,948,018
Operating Assets:						
Ijarah Assets	208,430	178,858	225,738	363,711	509,909	450,440
Deferred tax	48,144	56,069	61,834	64,399	64,399	64,399
Musharikhah Investment	458,781	889,074	896,722	857,740	650,888	582,556
Morabaha Investment	309,143	276,995	275,416	308,264	305,443	251,927
Sub Total	1,024,498	1,400,996	1,459,710	1,594,114	1,530,639	1,349,321
Other Assets:						
Assets in own use	9,914	2,561	3,390	3,338	3,108	3,217
Investment in Subsidiary	-	50,000	76,500	76,500	76,500	76,500
Deposits, Prepayments & other receivabl	352,570	378,509	406,090	412,619	448,624	407,232
Cash & Bank Balances	30,065	41,753	47,169	43,025	25,103	111,748
Sub Total	402,858	472,823	533,149	535,482	553,335	598,697
Total Assets	1,427,356	1,873,819	1,992,859	2,129,596	2,083,974	1,948,018
PROFIT & LOSS ACCOUNT						
Operating Income	135,358	125,081	128,663	169,527	187,385	139,449
Other Income	4,124	6,114	10,749	17,903	10,700	13,573
Total Income	139,482	131,195	139,413	187,430	198,084	153,023
Operating Expenses	58,813	29,374	15,117	30,319	45,719	24,877
Financial Charges	57,792	79,970	93,504	150,423	207,676	119,205
Management Fee	1,716	2,672	3,079	-	-	-
Total Expenses	118,321	112,016	111,700	180,742	253,395	144,082
Profit before Taxation	21,161	24,048	27,713	6,688	(55,311)	7,421
Taxation	6,371	3,836	1,041	(463)	-	-
Profit for the year	27,532	27,884	28,754	6,225	(55,311)	7,421
DISTRIBUTION:						
Cash Dividend(%)	5.00	5.00	5.00	-	-	-
Bonus (%)	-	-	-	-	-	-
RATIOS:						
Breakup Value (Rs.)	5.34	5.63	5.98	5.66	4.04	4.25
Earning per Certificate (Rs.)	0.53	0.82	0.81	0.18	(1.63)	0.22
Return on Equity (Rs.)	15.15	14.55	14.14	3.23	(40.29)	5.13

Chairman's Review

I am pleased to present the review for the year ended June 30, 2021 highlighting the Modaraba's performance and the role of the Board of Directors in guiding the management to carry out its responsibility for the benefits of all its stakeholders.

The Board of Directors ("the Board") of Punjab Modaraba Services (Pvt) Limited, the Management Company of First Punjab Modaraba has performed its duties diligently in upholding the best interest of the certificate holders of the Modaraba and has managed the affairs of the Modaraba in an effective and efficient manner. By the grace of Allah; the Modaraba has demonstrated a strong financial performance in a challenging business environment by attaining profit after tax of Rs.7.42 million.

The Board exercised its powers and has performed its duties as stated in Modaraba Ordinance, 1980; the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 read with the provisions of the Code contained in the Rule Book of the Pakistan Stock Exchange Limited where the Modaraba's certificate are listed. The Board performed its duties and responsibilities diligently and contributed effectively in guiding the Modaraba in all its strategic affairs. The Board also played a key role in monitoring of management performance and focus on major risks areas. All Directors including Independent Directors fully participated and contributed in decision making process of the Board. The Board during the year ended June 30, 2021 played an effective role in managing the affairs of the Modaraba and achieving its objectives.

The Board has ensured that there is adequate representation of non-executive and independent directors on the Board and its committees as required under the Code and that members of the Board and its respective committees have adequate skill, experience and knowledge to manage the affairs of the Modaraba. The Board also ensured that meetings of the Board and that of its committees were held with the requisite quorum, all the decision making were taken through Board resolutions and that the minutes of all the meetings including committees are appropriately recorded and maintained. The Board exercised its powers in light of the power assigned to the Board in accordance with the relevant laws and regulations applicable on the Modaraba and the Board has always prioritized the compliance with all applicable laws and regulations in terms of their conduct as directors and exercising their powers and decision making.

As Chairman of your Modaraba; I will continue to be responsible for leading the Board. I will remain firmly committed to ensuring that your Modaraba complies with all relevant codes and regulations and ensuring that our management team



continues to take decisions that will create value for you in the short, medium and long term.

I am pleased to record appreciation for the continued dedications, commitment and loyalty of the employees of your Modaraba. I am also thankful to all stakeholders for the confidence they have shown during our difficult period. I also appreciate the assistance and continued support of the various Government Departments, Bankers, Customers, Stakeholders and specially Registrar Modaraba.

Nadeem Aamir
Chairman

October 29, 2021

Directors' Report

The Board of Directors of Punjab Modaraba Services (Pvt.) Limited, the Management Company of First Punjab Modaraba (the Modaraba) is pleased to present the 28th Directors' Report of the Modaraba, together with audited financial statements and auditors' report for year ended June 30, 2021.

Economic Outlook and Future Prospects

As reported in Pakistan Economic Survey 2020-21, the economy achieved V-shaped recovery on the back of broad-based growth across all sectors. During FY2021, SBP maintained the policy rate at 7.0 percent. The existing stance of monetary policy remained appropriate to support the economic recovery with inflation expectations well-anchored and maintaining financial stability. It is pertinent to mention that inflation all over the world remained volatile mainly due to supply-side disruptions in commodities due to the COVID-19 pandemic. Rising international prices are putting pressure on domestic prices.

Going forward in FY22, the economic momentum that became evident in FY21 is expected to strengthen further. The business confidence has returned and economic activity is slowly getting back to normal. It is expected that macroeconomic stabilization measures and structural reforms supported by international development partners will help the economy to move on a higher and sustainable growth trajectory.

Principal activities and performance of Modaraba

The Modaraba is a perpetual and multi-dimensional Modaraba and is primarily engaged in the business of Ijarah, Musharikhah and Morabaha financing, equity investment and other related businesses in accordance with the injunctions of Islam. The diversification of business model, utilizing multi-purpose status of the Modaraba through construction and development activity has been envisioned as a business prospect. Accordingly, the Modaraba has obtained approval of the Securities & Exchange Commission of Pakistan to undertake Building, Construction and Real Estate activity by insertion of a new clause for this purpose in its Prospectus.

The year under consideration was year of turnaround in terms of bottom line which turned positive to the tune of Rs.7 million plus from negative of Rs. 55 million of last year. The most significant factors included reduction of 42.5% in financial cost and positive impact of recoveries from chronic non-performing assets. On the back of these two factors, FPM was able to absorb adverse impact of revised Prudential Regulations in shape of additional suspension of income amounting Rs. 12.50 million. At the same time, FPM was able to book fresh assets of Rs.400 million despite subdued business sentiments due to COVID-19 outbreak.

Going forward, booking of fresh assets for sustainable growth will be one of the fundamental features of business strategy while recovery from non-performing assets will remain the other priority. The addition of construction segment in business model is expected to bring the much needed diversity and couple with the revenue streams of the Modaraba.

Real estate and construction activity

As also explained in note 7 to the financial statements, the diversification of business model, utilizing multi-purpose status of the Modaraba through construction and development activity has been envisioned as a business prospect. The work on new business segment has been started. The FPM has done significant amount of spade work in terms of capacity building, compliance of regulatory framework, investment in human resource etc. Plots being acquired, procedural work since started and preliminary processing for construction is also underway.



Financial Results

The financial results of the Modaraba are summarized below:

	2021	2020
	<u>Rupees</u>	<u>Rupees</u>
Profit / (loss) for the year	7,420,750	(55,310,891)
Accumulated loss brought forward	(419,594,296)	(364,283,405)
Other comprehensive income	-	-
Profit available for appropriation	-	-
Appropriations		
Transfer to statutory reserve	1,484,150	-
Final dividend: Nil (2020:Nil)	-	-
Accumulated loss carried forward	(413,657,696)	(419,594,296)
Earning per certificate - Rs.	0.22	(1.63)

Profit Distribution and transfer to reserves

During the year, no dividend was declared while Rs.1,484,150 were transferred to reserves by the Board.

FPM Financial Strength Rating

The Pakistan Credit Rating Agency (Pvt.) Limited (PACRA) has maintained long term rating of "A-" and short term rating of "A2" with "Stable" outlook, based on annual and interim review.

Wholly owned Subsidiary

The wholly owned subsidiary of the Modaraba, i.e. Punjab Capital Securities (Private) Limited recorded net profit of Rs.7.6 million during the year. The total assets expanded to the tune of Rs.129.5 million by close of the year. The Company is expected to continue with the good run in future.

Corporate and Financial Reporting Framework

The Modaraba has complied with all the requirements of the Code of Corporate Governance as required by the listing regulations. Accordingly, the Directors are pleased to confirm the following:

- The financial statements, prepared by the management of the Modaraba, present its state of affairs fairly, the result of its operations, cash flows and changes in equity;
- 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 Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures there from have been adequately disclosed and explained;
- e) The system of internal control is sound in design and has been effectively implemented and monitored;
- f) There are no significant doubts upon the Modaraba's ability to continue as a going concern.
- g) There were no principal risks or uncertainties facing the Modaraba.
- h) During the financial year, construction and real estate segment has been added to the business of the Modaraba, while there were no significant changes concerning the nature of the business of its subsidiary.
- i) There has been no material departure from the best practices of corporate governance as detailed in listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) expect for those mentioned in the statement of compliance.
- j) There were no material changes and commitments affecting the financial position of the Modaraba which have occurred between the end of the financial year of the Modaraba to which the financial statement relates and the date of the report.
- k) The Board of directors and its management team are fully determined to move the Modaraba from present situation of uncertainties and for this a strategic plan has been developed and you will see positive improvements in the foreseeable future.
- l) Key operating and financial data for last six years, Pattern of holding by the certificate holders and additional related information is annexed.
- m) During the year; four meetings of the Board of Directors and four audit committee meetings were held separately. Attendance by each Director and member of audit committee is annexed.
- n) Majority of the members of the Audit Committee are amongst independent and non-executive directors.
- o) There are no outstanding demands of statutory payments on account of taxes, duties, levies and charges as at 30 June 2021, except for those disclosed in financial statements.
- p) The value of investments of the staff provident fund, based on audited accounts, was Rupees 4,400,000 as at 30 June, 2021.

Compliance with the Code of Corporate Governance

The requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019, relevant for year ended June 30, 2021 have been duly complied with and any exceptions have been disclosed in the Statement of Compliance with the Best Practices of Corporate Governance.

The Board of Directors

Composition of the Board

The Board of Directors is composed of seven members, with statutory representation of different category of directors, which includes independent directors, non-executive directors and executive directors as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019. The Board is responsible for making strategic decisions with respect to important management matters, including the execution of important business activities and other matters as prescribed by law. These decisions are made after deliberating matters according to established criteria: assessing risks and giving due consideration to ground realities. The Board is also responsible for supervising and monitoring conduct guidelines.

1. The total number of directors is seven (7) comprising of six (6) male and one (1) female directors.
2. The Board included one (1) executive, four (4) non-executive directors and two (2) were independent directors.
3. The composition of Board of Directors (the Board) is as follows:

Category	Names
Independent Directors	Mr. Imran Bashir, Ms. Samina Afsar,
Non-Executive Directors	Mr. Nadeem Aamir Mr. Ijaz ur Rehman Qureshi Mr. Umar Sheikh, Mr. Khawar Shahid
Executive Directors	Mr. Aamir Malik

Board Meeting and Attendance

During the year four (4) meetings of the Board of Directors of the Modaraba were held; attendance by each director is shown below:

Sr. No.	Name	Designation	Number of meetings Attended
1	Mr. Nadeem Amir	Chairman / Director	4
2	Mr. Aamir Malik	Chief Executive / Director	4
3	Mr. Ijaz-ur-Rehman Qureshi	Director	4
4	Mr. Umer Iqbal Sheikh	Director	3
5	Mr. Imran Bashir	Director	4
6	Ms. Samina Afsar	Director	2
7	Mr. Khawar Shahid Ansari	Director	2

**During the year, Mr. Khawar Shahid Ansari joined the Board as member.*

The Board of Directors has established Audit Committee, Human Resource Committee and Risk Management Committee in compliance with the Code of Corporate Governance.

Audit Committee Meeting and Attendance

During the year four (4) meetings of the Board Audit Committee of the Modaraba were held; attendance by each member is as under:

Sr. No.	Name	Designation	Number of meetings Attended
1	Mr. Imran Bashir	Chairman	4
2	Mr. Ijaz-ur-Rehman Qureshi	Member	4
3	Ms. Samina Afsar	Member	2

Human Resource Committee Meeting and Attendance

During the year one (1) meeting of the Human Resource Committee of the Modaraba was held; attendance by each member is as under:

Sr. No.	Name	Designation	Number of meetings Attended
1	Ms. Samina Afsar	Chairperson	1
2	Mr. Ijaz ur Rehman Qureshi,	Member	1
3	Mr. Umer Iqbal Sheikh	Member	1
4	Mr. Aamir Malik, Member	Member	1

- Leave of absence was granted to the Directors, who could not attend the Board meetings.
- The Modaraba has the policy to pay Rs. 25,000 as fee to independent directors only, for attending every meeting of the Board of Directors or committees of the Board. During the year, an accumulated amount of Rs.300,000 was paid to two independent directors.
- No trades in certificates of the Modaraba were carried out by the Directors, Executives or their spouses and minor children during the year ended June 30, 2021.

Related Party Transactions

All related party transactions during the financial year ended on June 30, 2021 were placed before the Audit Committee and the Board for their review and subsequently approved. These transactions were reviewed by the Audit Committee and approved by the Board. All these transactions were in line with the transfer pricing methods and the policy for related parties approved by the Board.

Role of Certificate-Holders

The Board aims to ensure that the Modaraba's certificate holders are kept informed about major developments affecting the Modaraba's state of affairs. To achieve this objective, information is communicated to certificate holders through quarterly, half-yearly and annual reports. The Board appreciates certificate-holders' active participation at annual review meeting to ensure high level of accountability.

Auditors

The present auditors M/s EY Ford Rhodes, Chartered Accountants, being eligible for appointment and upon their consent (subject to customary risk procedures) to act as auditors, have been appointed auditors of the Modaraba for financial year ending June 30, 2022 subject to the approval of Registrar Modaraba.

Statement of Ethics and Business Practices

The Board has adopted a Code of Conduct that sets out core values relating to lawful and ethical conduct of business. All employees have a copy of this code of conduct and are expected to observe high standards of integrity and fair dealing in relation to customers, staff and regulations. This forms a part of the Modaraba's compliance structure.

Social, Ethical and Environmental Responsibilities

The Board is conscious of social, ethical and environmental matters and is planning for its continued participation in these areas of public interest.

Chairman's Review

The accompanied Chairman review deals with the performance of the Modaraba for the year ended June 30, 2021 and future outlook. The directors endorse the contents of the review.

Relationship with Stakeholders

The Modaraba is committed to establishing mutually beneficial relations with all stakeholders, Pakistan Stock Exchange, SECP and other business partners of the Modaraba. Alhamdulillah during the period under review relations with all stakeholders remained cordial.

Post Balance Sheet Events

No material changes or commitments affecting the financial position of the Modaraba have occurred between the end of financial year of the Modaraba and date of this report.

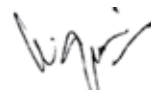
Acknowledgments

The Board is grateful for the continuous guidance and support extended by the Registrar Modaraba and Securities & Exchange Commission of Pakistan and expects to take their benefit in future as well.

For and on behalf of the Board



(Aamir Malik)
CHIEF EXECUTIVE



(Ijaz ur Rehman Qureshi)
DIRECTOR

Lahore: October 29, 2021

ڈائریکٹرز کی رپورٹ

پنجاب مضاربہ سروسز (پرائیویٹ) لمیٹڈ کے بورڈ آف ڈائریکٹرز، فرسٹ پنجاب مضاربہ (مضاربہ) کی 28 ویں ڈائریکٹرز کی رپورٹ کے ساتھ آڈٹ شدہ مالیاتی گوشواروں اور آڈٹرز کی رپورٹ کو ختم ہونے والے سال 30 جون 2021 کے لیے پیش کرتے ہوئے خوش ہے۔

اقتصادی آؤٹ لک اور مستقبل کے امکانات

جیسا کہ پاکستان اکنامک سروے 2020-21 میں رپورٹ کیا گیا ہے، معیشت نے تمام شعبوں میں وسیع البیاد ترقی کی وجہ سے V شکل کی بحالی حاصل کی۔ مالی سال 2021 کے دوران، اسٹیٹ بینک نے پالیسی ریٹ کو 7.00 فیصد پر برقرار رکھا۔ مالیاتی پالیسی کا موجودہ موقف مہنگائی کی توقعات کو اچھی طرح سے لنگر انداز کرنے اور مالی استحکام کو برقرار رکھنے کے ساتھ اقتصادی بحالی میں معاونت کے لیے موزوں رہا۔ یہ بات قابل ذکر ہے کہ پوری دنیا میں مہنگائی غیر مستحکم رہی جس کی بنیادی وجہ COVID-19 وبائی امراض کی وجہ سے اشیاء کی سپلائی میں رکاوٹ ہے۔ بین الاقوامی قیمتوں میں اضافہ مقامی قیمتوں پر باؤ ڈال رہا ہے۔

مالی سال 2022 میں آگے بڑھتے ہوئے، مالی سال 2021 میں واضح ہونے والی اقتصادی رفتار کے مزید مضبوط ہونے کی امید ہے۔ کاروباری اعتماد واپس آ گیا ہے اور معاشی سرگرمیاں آہستہ آہستہ معمول پر آ رہی ہیں۔ توقع کی جاتی ہے کہ بین الاقوامی ترقیاتی شرکت داروں کے تعاون سے میکرو اکنامک استحکام کے اقدامات اور ساختی اصلاحات سے معیشت کو بلند اور پائیدار ترقی کے راستے پر گامزن ہونے میں مدد ملے گی۔

مضاربہ کی بنیادی سرگرمیاں اور کارکردگی

مضاربہ ایک دائمی اور کثیر جہتی مضاربہ ہے اور بنیادی طور پر اسلام کے احکام کے مطابق اجارہ، مشارکہ اور مراہجہ فنانسنگ، ایکویٹی انویسٹمنٹ اور دیگر متعلقہ کاروبار میں مصروف ہے۔ کاروباری ماڈل کی تنوع، تعمیراتی اور ترقیاتی سرگرمیوں کے ذریعے مضاربہ کی کثیر المقاصد حیثیت کو بروئے کار لاتے ہوئے ایک کاروباری امکان کے طور پر تصور کیا گیا ہے۔ اس کے مطابق، مضاربہ نے اپنے پرائیکٹس میں اس مقصد کے لیے ایک نئی شق داخل کر کے بلڈنگ، کنسٹرکشن اور ریل اسٹیٹ کی سرگرمیاں شروع کرنے کے لیے سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان سے منظوری حاصل کر لی ہے۔

زیر غور سال منافع کے لحاظ سے تبدیلی کا سال تھا جو پچھلے سال کے 55 ملین منفی سے 70 لاکھ روپے سے مثبت ہو گیا۔ سب سے اہم عوامل میں مالیاتی لاگت میں 42.5 فیصد کمی اور دائمی غیر کارکردگی والے اثاثوں سے وصولیوں کے مثبت اثرات شامل تھے۔ ان عوامل کی بنا پر FPM نظر ثانی شدہ پروڈنشل ریگولیشنز کے منفی اثرات کو جذب کرنے میں کامیاب رہا جو 12.50 ملین روپے کی آمدنی کی اضافی معطلی ہے FPM کو 19 کے پھیلنے کی وجہ سے کاروباری جذبات میں کمی کے باوجود 400 ملین روپے کے نئے اثاثے حاصل کرنے میں کامیاب رہا۔

آگے بڑھتے ہوئے، پائیدار ترقی کے لیے تازہ اثاثوں کی بگنگ کاروباری حکمت عملی کی بنیادی خصوصیات میں سے ایک ہوگی جبکہ غیر فعال اثاثوں سے وصولی دوسری ترجیح رہے گی۔ کاروباری ماڈل میں تعمیراتی شعبے کے اضافے سے مضاربہ کی آمدنی کے سلسلے میں ضروری تنوع اور بڑھاوا آنے کی امید ہے۔

ریٹل اسٹیٹ اور تعمیراتی سرگرمی

جیسا کہ مالیاتی بیانات کے نوٹ 7 میں بھی وضاحت کی گئی ہے، کاروباری ماڈل کی تنوع، تعمیراتی اور ترقیاتی سرگرمیوں کے ذریعے مضاربہ کی کثیر المقاصد حیثیت کو بروئے کار لاتے ہوئے ایک کاروباری امکان کے طور پر تصور کیا گیا ہے۔ نئے کاروباری طبقے پر کام شروع کر دیا گیا ہے۔ ایف پی ایم نے صلاحیت کی تعمیر، ریگولیٹری فریم ورک کی تعمیل، انسانی وسائل میں سرمایہ کاری وغیرہ کے حوالے سے نمایاں کام کیا ہے۔ پلاٹ حاصل کیے جا رہے ہیں، طریقہ کار کا کام شروع ہونے کے بعد سے اور تعمیر کے لیے ابتدائی کارروائی بھی جاری ہے۔

مالیاتی نتائج

مضاربہ کے مالی نتائج کا خلاصہ ذیل میں دیا گیا ہے:

2021	2020	
روپے	روپے	
7,420,750	(55,310,891)	منافع/(نقصان) سال
(419,594,296)	(364,283,405)	جمع شدہ نقصان
-	-	دیگر جامع آمدنی
-	-	تخصیص کے لیے دستیاب منافع
		مخصصات
1,484,150	-	قانونی ریزرو میں منتقلی
-	-	فائل ڈیویڈنڈ: Nil (2020: Nil)
(413,657,696)	(419,594,296)	جمع شدہ نقصان
0.22	(1.63)	کمائی فی ٹھونکیٹ - روپے

منافع کی تقسیم اور ذخائر میں منتقلی۔

سال کے دوران، کسی ڈیویڈنڈ کا اعلان نہیں کیا گیا جبکہ بورڈ نے 1,484,150 روپے ریزرو میں منتقل کرنے کی منظوری دی۔

FPM مالیاتی طاقت کی درجہ بندی

پاکستان کریڈٹ ریٹنگ ایجنسی (پرائیویٹ) لمیٹڈ (PACRA) نے سالانہ اور عبوری جائزے کی بنیاد پر "مشکلم" آؤٹ لک کے ساتھ "A" کی طویل مدتی درجہ بندی اور

"A2" کی مختصر مدت کی درجہ بندی برقرار رکھی ہے۔

مکمل ملکیتی ماتحت ادارہ

مضاربہ کی مکمل ملکیتی ذیلی کمپنی، یعنی پنجاب کپٹیل سکیورٹیز (پرائیویٹ) لمیٹڈ نے سال کے دوران 6.7 ملین روپے کا خالص منافع ریکارڈ کیا۔ سال کے اختتام تک کل اثاثے 129.5 ملین روپے تک بڑھ گئے۔ کمپنی سے امید کی جاتی ہے کہ وہ مستقبل میں بھی اچھی کارکردگی کو جاری رکھے گی۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

مضاربہ نے کوڈ آف کارپوریٹ گورننس کے تمام تقاضوں کی تعمیل کی ہے جیسا کہ فہرست سازی کے ضوابط کی ضرورت ہے۔ اس کے مطابق، ڈائریکٹرز مندرجہ ذیل کی تصدیق کرتے ہوئے خوش ہیں:

- (a) مضاربہ کی انتظامیہ کی طرف سے تیار کردہ مالیاتی بیانات، اس کی حالت، اس کے آپریشنز، کیش فلو اور ایکویٹی میں تبدیلیوں کے نتائج کو منصفانہ طور پر پیش کرتے ہیں۔
 - (b) مضاربہ کے حساب کتاب کی مناسب دیکھ بھال کی گئی ہے۔
 - (c) مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو مستقل طور پر لاگو کیا گیا ہے اور اکاؤنٹنگ تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔
 - (d) بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جیسا کہ پاکستان میں لاگو ہوتا ہے، مالیاتی گوشواروں کی تیاری میں پیروی کی گئی ہے اور وہاں سے کسی بھی تضاد کا مناسب انکشاف اور وضاحت کی گئی ہے۔
 - (e) اندرونی کنٹرول کا نظام ڈیزائن میں درست ہے اور اسے مؤثر طریقے سے لاگو کیا گیا ہے اور اس کی نگرانی کی گئی ہے۔
 - (f) مضاربہ کی گونگ کنسرن کے طور پر رہنے کی صلاحیت پر کوئی خاص شک نہیں ہے۔
 - (g) مضاربہ کو درپیش کوئی بنیادی خطرہ یا غیر یقینی صورتحال نہیں تھی۔
 - (h) مالی سال کے دوران، مضاربہ کے کاروبار میں تعمیرات اور رئیل اسٹیٹ کے حصے کو شامل کیا گیا ہے، جبکہ اس کے ذیلی ادارے کے کاروبار کی نوعیت سے متعلق کوئی خاص تبدیلیاں نہیں کی گئیں۔
 - (i) کارپوریٹ گورننس کے بہترین طریقوں سے کوئی خاص رخصتی نہیں ہوئی ہے جیسا کہ لیکچرر (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 (ریگولیشنز) میں تفصیل سے تعمیل کے بیان میں ذکر کردہ افراد کے لیے توقع ہے۔
 - (j) مضاربہ کی مالی حالت کو متاثر کرنے والی کوئی مادی تبدیلیاں اور وعدے نہیں تھے جو مضاربہ کے مالی سال کے اختتام اور رپورٹ کی تاریخ کے درمیان واقع ہوئے ہیں۔
- ک) بورڈ آف ڈائریکٹرز اور اس کی انتظامی ٹیم مضاربہ کو موجودہ غیر یقینی صورتحال سے نکالنے کے لیے پوری طرح پرعزم ہے اور اس کے لیے ایک اسٹریٹجک منصوبہ تیار کیا گیا ہے اور آپ کو مستقبل قریب میں مثبت بہتری نظر آئے گی۔
- (l) پچھلے چھ سالوں کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا، تحفظیٹ ہولڈرز کے انعقاد کا نمونہ اور اضافی متعلقہ معلومات منسلک ہیں۔
- (m) سال کے دوران، بورڈ آف ڈائریکٹرز کے چار اجلاس اور آڈٹ کمیٹی کے چار اجلاس الگ الگ منعقد ہوئے۔ ہر ڈائریکٹر اور آڈٹ کمیٹی کے ممبر کی حاضری منسلک ہے۔
- (n) آڈٹ کمیٹی کے ارکان کی اکثریت آزاد اور غیر ایگزیکٹو ڈائریکٹرز میں سے ہے۔
- (o) 30 جون 2021 تک ٹیکسز، ڈیوٹی، لیویز اور چارجز کی مد میں قانونی ادائیگیوں کے کوئی بقایا مطالبات نہیں ہیں، سوائے مالی بیانات میں ظاہر کیے گئے مطالبات کے۔
- (p) اسٹاف پروویڈنٹ فنڈ کی سرمایہ کاری کی قدر، آڈٹ شدہ کھاتوں کی بنیاد پر 30 جون 2021 تک 4,400,000 روپے تھی۔

بورڈ میٹنگ اور حاضری

سال کے دوران مضاربہ کے بورڈ آف ڈائریکٹرز کے چار (4) اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی حاضری ذیل میں دکھائی گئی ہے۔

نمبر	نام	عہدہ	میٹنگز کی تعداد
1	جناب ندیم عامر	چیئر مین / ڈائریکٹر	4
2	جناب عامر ملک	چیف ایگزیکٹو / ڈائریکٹر	4
3	جناب اعجاز الرحمن قریشی	ڈائریکٹر	4
4	جناب عمر اقبال شیخ	ڈائریکٹر	3
5	جناب عمران بشیر	ڈائریکٹر	4
6	محترمہ شمینہ افسر	ڈائریکٹر	2
7	جناب خاور شاہد انصاری	ڈائریکٹر	2

* اس سال کے دوران، جناب خاور شاہد انصاری نے بورڈ میں بطور ممبر شمولیت اختیار کی۔

بورڈ آف ڈائریکٹرز نے کوڈ آف کارپوریٹ گورننس کی تعمیل میں آڈٹ کمیٹی، ہیومن ریسورس کمیٹی اور رسک مینجمنٹ کمیٹی قائم کی ہے۔

آڈٹ کمیٹی کا اجلاس اور حاضری

سال کے دوران مضاربہ کی بورڈ آڈٹ کمیٹی کے چار (4) اجلاس منعقد ہوئے۔ ہر ممبر کی حاضری حسب ذیل ہے:

نمبر	نام	عہدہ	میٹنگز کی تعداد
1	جناب عمران بشیر	چیئر مین	4
2	جناب اعجاز الرحمن قریشی	ممبر	4
3	محترمہ شمینہ افسر	ممبر	2

ہیومن ریسورس کمیٹی کا اجلاس اور حاضری

سال کے دوران مضاربہ کی ہیومن ریسورس کمیٹی کا ایک (1) اجلاس منعقد ہوا۔ ہر ممبر کی حاضری حسب ذیل ہے:

نمبر	نام	عہدہ	میٹنگز کی تعداد
1	محترمہ شمینہ افسر	چیئر پرسن	1

2	جناب اعجاز الرحمن قریشی	ممبر	1
3	جناب عمراقبال شیخ	ممبر	1
4	جناب عامر ملک	ممبر	1

- ڈائریکٹرز کو غیر حاضری کی چھٹی دی گئی، جو بورڈ کے اجلاسوں میں شرکت نہیں کر سکے۔
- مضاربہ کی بورڈ آف ڈائریکٹرز یا بورڈ کی کمیٹیوں کی ہر میٹنگ میں شرکت کے لیے 25,000 بطور فیس صرف آزاد ڈائریکٹرز کو ادا کرنے کی پالیسی ہے۔۔ سال کے دوران، دو آزاد ڈائریکٹرز 300,000 روپے کی کل رقم ادا کی گئی۔
- 30 جون 2021 کو ختم ہونے والے سال کے دوران ڈائریکٹرز، ایگزیکٹو یا ان کی شریک حیات اور نابالغ بچوں کے ذریعہ مضاربہ کے سرٹیفکیٹس میں کوئی تجارت نہیں کی گئی۔

متعلقہ پارٹی لین دین

30 جون 2021 کو ختم ہونے والے مالی سال کے دوران تمام متعلقہ فریقین کے لین دین کو ان کے جائزے کے لیے آڈٹ کمیٹی اور بورڈ کے سامنے رکھا گیا تھا اور بعد میں اس کی منظوری دی گئی تھی۔ ان لین دین کا آڈٹ کمیٹی نے جائزہ لیا اور بورڈ نے ان کی منظوری دی۔ یہ تمام لین دین منتقلی کی قیمتوں کے تعین کے طریقوں اور بورڈ کی طرف سے منظور شدہ متعلقہ فریقوں کی پالیسی کے مطابق تھے۔

سرٹیفکیٹ ہولڈرز کا کردار

بورڈ کا مقصد اس بات کو یقینی بنانا ہے کہ مضاربہ کے سرٹیفکیٹ ہولڈرز کو مضاربہ کی حالت پر اثر انداز ہونے والی اہم پیشرفت سے آگاہ رکھا جائے۔ اس مقصد کو حاصل کرنے کے لیے، معلومات کو سہ ماہی، ششماہی اور سالانہ رپورٹوں کے ذریعے سرٹیفکیٹ ہولڈرز تک پہنچایا جاتا ہے۔ بورڈ اعلیٰ سطحی احتساب کو یقینی بنانے کے لیے سالانہ جائزہ اجلاس میں سرٹیفکیٹ ہولڈرز کی فعال شرکت کو سراہتا ہے۔

آڈیٹرز

موجودہ آڈیٹرز میسرز ای وائی فورڈ روڈس، چارٹرڈ اکاؤنٹنٹس، تقرری کے اہل ہونے اور ان کی رضامندی پر (رسک کے روایتی طریقہ کار کے تحت) آڈیٹر کے طور پر کام کرنے کے لیے 30 جون 2022 کو ختم ہونے والے مالی سال کے لیے مضاربہ کے آڈیٹر مقرر کیے گئے ہیں۔ بشرط رجسٹرڈ مضاربہ کی منظوری کے

اخلاقیات اور کاروباری طریقوں کا بیان

بورڈ نے ایک ضابطہ اخلاق اپنایا ہے جو کاروبار کے قانونی اور اخلاقی طرز عمل سے متعلق بنیادی اقدار کا تعین کرتا ہے۔ تمام ملازمین کے پاس اس ضابطہ اخلاق کی کاپی ہے اور ان سے توقع کی جاتی ہے کہ وہ گاہکوں، عملے اور ضوابط کے سلسلے میں دیانتداری اور منصفانہ برتاؤ کے اعلیٰ معیارات کو اپنائیں۔ یہ مضاربہ کے تعمیل ڈھانچے کا ایک حصہ بناتا ہے۔

سماجی، اخلاقی اور ماحولیاتی ذمہ داریاں

بورڈ سماجی، اخلاقی اور ماحولیاتی معاملات سے باخبر ہے اور مفاد عامہ کے ان شعبوں میں اپنی مسلسل شرکت کی منصوبہ بندی کر رہا ہے۔

چیئر مین کا جائزہ

ہمراہ چیئر مین کا جائزہ 30 جون 2021 کو ختم ہونے والے سال کے لیے مضاربہ کی کارکردگی اور مستقبل کے نقطہ نظر سے متعلق ہے۔ ڈائریکٹرز جائزے کے مندرجات کی توثیق کرتے ہیں۔

اسٹیک ہولڈرز کے ساتھ تعلقات

مضاربہ تمام اسٹیک ہولڈرز، پاکستان اسٹاک ایکسچینج، ایس ای سی پی اور مضاربہ کے دیگر کاروباری شراکت داروں کے ساتھ باہمی طور پر فائدہ مند تعلقات قائم کرنے کے لیے پرعزم ہے۔ الحمد للہ زیر جائزہ مدت کے دوران تمام اسٹیک ہولڈرز کے ساتھ تعلقات خوشگوار رہے۔


بعد از بیلنس شیٹ واقعات


مضاربہ کے مالی سال کے اختتام اور اس رپورٹ کی تاریخ کے درمیان مضاربہ کی مالی حالت کو متاثر کرنے والی کوئی اہم تبدیلی یا وعدے نہیں ہوئے ہیں۔

اعترافات

بورڈ رجسٹرڈ مضاربہ اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے مسلسل رہنمائی اور تعاون کا مشکور ہے اور امید کرتا ہے کہ مستقبل میں بھی ان سے فائدہ اٹھایا جائے گا۔

بورڈ کے لیے اور اس کی جانب سے


(عجاز الرحمن قریشی)
ڈائریکٹر


(عامر ملک)
چیف ایگزیکٹو

لاہور: 29 اکتوبر 2021

Statement of Compliance

with Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of company: FIRST PUNJAB MODARABA

Year ending: JUNE 30, 2021

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

1. The total number of directors is Seven as per the following,-

- a. Male: Six
- b. Female: One

2. The composition of the Board is as follows:

- i. Independent directors Two
- ii. Non-executive directors Four
- iii. Executive directors One
- iv. Female directors One (*also an independent director*)

The fraction required for minimum number of independent directors, being less than 0.5, has not been rounded up to one.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this modaraba;

4. The modaraba has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the modaraba along with its supporting policies and procedures;

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the modaraba. 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 as empowered by the relevant provisions of the Act and these Regulations;

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;



9. The following directors have obtained certifications under directors training program:

Mr. Nadeem Amir
Mr. Ijaz ur Rehman Qureshi
Mr. Aamir Malik
Ms. Samina Afsar
Mr. Imran Bashir

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

Chairman	Mr. Imran Bashir
Member	Mr. Ijaz ur Rehman Qureshi
Member	Ms. Samina Afsar

b) HR and Remuneration Committee

Chairperson	Ms. Samina Afsar
Member	Mr. Ijaz ur Rehman Qureshi
Member	Mr. Umar Iqbal Sheikh
Member	Mr. Aamir Malik

c) Risk Management Committee

Chairman	Mr. Ijaz ur Rehman Qureshi
Member	Mr. Umar Iqbal Sheikh
Member	Mr. Aamir Malik

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 of the committee were as per following, -

a) Audit Committee:	Quarterly
b) HR and Remuneration Committee:	Annual
c) Risk Management Committee:	On need basis

15. The Board has set up an effective internal audit function who is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the modaraba;

16. The statutory auditors of the modaraba 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 modaraba;

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, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

19. Explanation for non-compliance with requirement of proviso to regulation 24 is given below:

- i. In view of the scale of operations of Modaraba, same person remained CFO and company secretary.



Signature (s)
NADEEM AMIR
Chairman

Review Report to the Certificate Holders

OF FIRST PUNJAB MODARABA

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 (the Board) of Punjab Modaraba Services (Private) Limited, the Management Company of First Punjab Modaraba (the Modaraba) for the year ended 30 June 2021 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of the Management Company of the Modaraba. Our responsibility is to review whether the Statement of Compliance reflects the status of the Management Company's compliance with the provisions of the Regulations in respect of the Modaraba 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 Management Company's personnel and review of various documents prepared by the Management 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 Boards' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Modaraba for the year ended 30 June 2021.

Further, we highlight below instance of non-compliance with the requirements of the Regulations as reflected in the note reference where this is stated in the Statement of Compliance.

S. No.	Note Reference	Description
(i)	19 (i)	In view of the scale of operations of Modaraba, the position of CFO and company secretary were held by same person.



EY Ford Rhodes
Chartered Accountants
Place: Lahore
Date: 30 October 2021

NOTICE OF ANNUAL REVIEW MEETING

The Certificate Holders are hereby notified that the Certificate Transfer Books shall remain closed from 19-11-2021 to 26-11-2021 (both days inclusive), for the purpose of attending Annual Review Meeting. All transfers received in order upto close of business hours on November 18, 2021 with our Registrar's office, M/s. Hameed Majeed Associates (Pvt.) Ltd., H.M House, 7-Bank Square, The Mall, Lahore, will be considered in time.

The Annual Review Meeting of the Certificate holders will be held at 10:00 am on Friday, November 26, 2021 through video link (Zoom Meeting) to review the performance of the Modaraba for the year ended June 30, 2021 in terms of Regulation No.33, Chapter IV of Modaraba Regulations, 2021.

The Certificate Holders are requested to send intimation through valid email ID to the address given below to participate in the meeting through video link, at least seven (07) days prior to the date of meeting:

arm2021@punjabmodaraba.com.pk

The Modaraba will communicate participation link through return email. Further, the certificate holders may send their comments / suggestions on the above email address or on Whatsapp / Mobile no. 0300 0774434, at least seven (07) days prior to the date of meeting.

The annual audited financial statements of the Modaraba for year ended June 30, 2021 are also available on Modaraba's website:

www.punjabmodaraba.com.pk.

By the Order of
Board of Directors



(Mudassar Kaiser Pal)
COMPANY SECRETARY

PATTERN OF SHAREHOLDINGS

As on 30 June 2021

Number of ShareHolders	Shareholdings		Total Number of Share Held	Percentage of Total Capital
	From	To		
929	1 -	100	41,058	0.12
1376	101 -	500	380,903	1.12
1036	501 -	1000	845,222	2.48
590	1001 -	5000	1,343,748	3.95
104	5001 -	10000	778,048	2.29
39	10001 -	15000	501,682	1.47
25	15001 -	20000	443,486	1.30
17	20001 -	25000	395,883	1.16
13	25001 -	30000	366,987	1.08
4	30001 -	35000	132,418	0.39
6	35001 -	40000	220,568	0.65
2	40001 -	45000	86,500	0.25
3	45001 -	50000	148,000	0.44
2	50001 -	55000	105,500	0.31
1	55001 -	60000	59,000	0.17
1	60001 -	65000	64,000	0.19
2	65001 -	70000	137,550	0.40
5	70001 -	75000	366,900	1.08
2	80001 -	85000	168,000	0.49
1	85001 -	90000	89,500	0.26
4	95001 -	100000	396,500	1.17
3	100001 -	105000	302,000	0.89
3	105001 -	110000	322,786	0.95
1	110001 -	115000	112,500	0.33
1	115001 -	120000	117,923	0.35
1	130001 -	135000	135,000	0.40
1	150001 -	155000	151,000	0.44
1	175001 -	180000	178,500	0.52
4	195001 -	200000	793,144	2.33
1	210001 -	215000	211,000	0.62
1	215001 -	220000	217,500	0.64
1	220001 -	225000	223,500	0.66
1	225001 -	230000	230,000	0.68
1	255001 -	260000	257,000	0.76
1	295001 -	300000	300,000	0.88
1	350001 -	355000	351,000	1.03
1	365001 -	370000	367,500	1.08
1	495001 -	500000	500,000	1.47
1	520001 -	525000	525,000	1.54
1	640001 -	645000	642,223	1.89
1	1265001 -	1270000	1,265,777	3.72
1	1320001 -	1325000	1,325,000	3.89
1	5095001 -	5100000	5,099,500	14.99
1	5230001 -	5235000	5,232,194	15.38
1	8085001 -	8090000	8,088,500	23.78
4,193			34,020,000	100



Categories of Certificate Holders

As at 30 June 2021

Categories of Shareholders	No. of Certificate Holders	Shares Held	Percentage
Individuals	4,137	13,556,104	39.8475
Associated Companies, Undertaking and Related Parties			
THE BANK OF PUNJAB		4,788	0.0141
PUNJAB MODARABA SERVICES (PVT) LTD.		13,320,694	39.1555
TRUSTEE-THE BANK OF PUNJAB EMPLOYEES GRATUITY FUND		5,099,500	14.9897
Running Total:	3	18,424,982	54.1593
Mutual Funds			
SECURITY STOCK FUND LTD.		3,100	0.00911
PRUDENTIAL STOCKS FUND LIMITED		100	0.00029
Running Total:	2	3,200	0.0094
Directors, Chief Executive Officer and their spouse and minor children		Nil	Nil
Executives		Nil	Nil
Public Sector Companies and Corporations	1	400	0.0012
Banks, Development Financial Institutions, Non Banking Financial Institutions, Insurance Companies, Takaful, Modarabas and Pension Funds.	36	1,860,848	5.4699
Others			
JAHANGIR SIDDIQUI & CO. LTD.		3,202	0.0094
ALLY BROTHERS & COMPANY M/S. (PAKISTAN) LTD.		17,500	0.0514
HAJVERI HOLDINGS (PVT) LTD		500	0.0015
SAPPHIRE FIBRES LTD		500	0.0015
TRUST LEASING CORPORATION LTD.		1,775	0.0052
B.R.R INVESTMENTS (PVT.) LTD		8,750	0.0257
MORGAN STANLEY INTERNATIONAL		1,200	0.0035
BILAL ASSOCIATES		19	0.0001
DADABHOY LEASING COMPANY LTD.		6,804	0.0200
IMPEX CORPORATION (PVT.) LTD.		3,248	0.0095
MORGAN STANLEY TRUST		19,335	0.0568
TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND		3,747	0.0110
TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND		106,786	0.3139
FRANKLIN INVESTMENT BANK LTD		1,100	0.0032
Running Total:	14	174,466	0.5128
	4,193	34,020,000	100.00



UnConsolidated Financial Statements

as at June 30, 2021



Auditors' Report to the Certificate Holders

We have audited the annexed unconsolidated balance sheet of **First Punjab Modaraba** (the Modaraba) as at **30 June 2021** and the related unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated 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 management company's (Punjab Modaraba Services (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) In our opinion, proper books of accounts have been kept by the Modaraba Company in respect of First Punjab Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and Modaraba Companies and Modaraba Rules, 1981;
- (b) In our opinion:
 - (i) the unconsolidated balance sheet and unconsolidated profit and loss account together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of accounts and are further in agreement with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Modaraba's business; And
 - (iii) the business conducted, investments made, and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the modaraba;

- (c) In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated balance sheet, unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at 30 June 2021 and of the profit, its comprehensive income its cash flows and changes in equity for the year then ended; and
- (d) In our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980(XVIII of 1980), was deducted by the Modaraba company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.



EY Ford Rhodes

Chartered Accountants

Audit Engagement Partner: Farooq Hameed

Lahore: 30 October 2021

Annual Shari'ah Advisor's Report

I have conducted the Shari'ah review of First Punjab Modaraba managed by Punjab Modaraba Services (PVT) Limited for the period ended June 30, 2021 in accordance with the requirements of the Shari'ah Compliance and Shari'ah Audit Mechanism for Modarabas and report that:

- i. The Modaraba has 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.
- ii. The major developments took place during the period included ancillary Shari'ah Compliant Products, arrangements for Covid relief for customers under the guidelines issued by the Regulator and Shariah Advisor.
- iii. Detailed training sessions have conducted for relevant staff during the period.
- iv. The agreement(s) entered by the Modaraba are Shari'ah compliant and the financing agreement(s) have been executed on the formats as approved by the Religious Board of SECP and all the related conditions have been met.
- v. During the year, the Shari'ah Advisor visited the premises regularly to provide Shari'ah guidance in day to day operations.
- vi. History of certain cases reviewed and approved them according to Shari'ah guidelines
- vii. Shari'ah compliance review has been conducted and some cases which were required to be consulted in accordance with Shari'ah principles has been discussed with concerned staff and dully resolved.
- viii. Charity amount has been credited to Charity Account.

Recommendation(s)

Modaraba should put more efforts to get the true spirit of Shariah compliance by taking the prior approvals from Shariah in all relevant operations, investments and procedures.

Conclusion:

To the best of my information and according to the explanations given to me, the business transactions undertaken by the Modaraba, and overall business operations are in conformity with the Shari'ah requirements.

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



MUFTI MUHAMMAD UMAR
SHARI'AH ADVISOR
MUFTI MUHAMMAD UMAR
SHARI'AH ADVISOR
FIRST PUNJAB MODARABA

Dated : October 06, 2021

Unconsolidated Balance Sheet

As at 30 June 2021

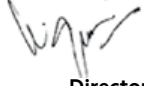
	Note	2021 Rupees	2020 Rupees
ASSETS			
Non current assets			
Tangible fixed assets			
- Ijarah assets	5.1	450,439,651	509,909,085
- Assets in own use	5.2	2,814,633	3,107,836
Intangible assets	6	402,186	-
Investment in subsidiary	7	76,500,000	76,500,000
Long term musharika investment - secured	8	220,934,378	228,414,227
Long term morabaha investment - secured	9	-	8,821,104
Long term deposits	10	203,444	203,444
Deferred tax asset	11	64,398,663	64,398,663
		815,692,955	891,354,359
Current assets			
Short term morabaha investment - secured	12	251,718,651	290,546,077
Current maturity of long term investment	13	346,068,240	412,794,668
Ijarah rental receivable	14	235,750,535	272,887,424
Development properties - Land	15	6,975,000	-
Advances, deposits, prepayments and other receivables	16	175,942,859	187,551,827
Tax refund due from government		4,121,734	3,736,354
Cash and bank balances	17	111,748,425	25,102,916
		1,132,325,444	1,192,619,266
TOTAL ASSETS		1,948,018,399	2,083,973,625
EQUITY AND LIABILITIES			
Authorized certificate capital			
50,000,000 (30 June 2020: 50,000,000) modaraba certificates of Rs. 10 each	18	500,000,000	500,000,000
Issued, subscribed and paid-up certificate capital			
34,020,000 (30 June 2020: 34,020,000) certificates of Rs. 10	18.1	340,200,000	340,200,000
Capital reserves	19	218,176,678	216,692,528
Revenue reserves	19	(413,657,696)	(419,594,296)
		144,718,982	137,298,232
Non current liabilities			
Long term security deposits	20	42,775,909	61,340,259
Deferred morabaha income	21	-	4,206,452
		577,904,683	714,285,324
Current liabilities			
Current maturity of non current liabilities	23	89,927,377	85,702,657
Redeemable capital - participatory and unsecured	24	1,014,101,593	1,013,549,225
Profit payable	25	23,762,005	37,742,338
Trade and other payables	26	78,716,761	77,937,508
Provision for taxation		1,519,913	-
Unclaimed profit		17,367,085	17,458,341
		1,225,394,734	1,232,390,069
TOTAL EQUITY AND LIABILITIES		1,948,018,399	2,083,973,625
CONTINGENCIES AND COMMITMENTS	27		

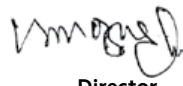
The attached notes 1 to 44 form an integral part of these unconsolidated financial statements.

For Punjab Modaraba Services (Private) Limited
(Modaraba Management Company)


Chief Financial Officer
Punjab Modaraba Services
(Private) Limited


Chief Executive
Punjab Modaraba Services
(Private) Limited


Director
Punjab Modaraba Services
(Private) Limited


Director
Punjab Modaraba Services
(Private) Limited

Unconsolidated Profit and Loss Account

As at 30 June 2021


	<u>Note</u>	<u>2021</u> Rupees	<u>2020</u> Rupees
Income			
Income from ijarah rentals	28.1	68,026,823	64,229,845
Income from morabaha financing	28.2	3,841,615	10,246,204
Income from diminishing musharaka financing	28.3	63,839,737	110,808,247
Gain on disposal of fixed assets	29	3,741,006	2,100,302
Other income	30	13,573,174	10,699,583
		153,022,355	198,084,181
Expenses			
Administrative expenses	31	43,044,852	38,373,706
Finance cost	32	119,204,898	207,676,049
		162,249,750	246,049,755
Operating loss before provision		(9,227,395)	(47,965,574)
Reversal for impairment of ijarah assets		5,000,000	-
Reversal / (provision) against ijarah rentals - net		13,168,058	(293,700)
Provision for musharika investment		-	(7,051,617)
		18,168,058	(7,345,317)
Operating profit / (loss) after provision and impairment		8,940,663	(55,310,891)
Modaraba Company's management fee	33	-	-
		8,940,663	(55,310,891)
Taxation	34	(1,519,913)	-
Profit / (loss) for the year		7,420,750	(55,310,891)
Earnings per certificate - basic and diluted	35	0.22	(1.63)

The attached notes 1 to 44 form an integral part of these unconsolidated financial statements.

For Punjab Modaraba Services (Private) Limited
(Modaraba Management Company)


Chief Financial Officer
Punjab Modaraba Services
(Private) Limited


Chief Executive
Punjab Modaraba Services
(Private) Limited


Director
Punjab Modaraba Services
(Private) Limited


Director
Punjab Modaraba Services
(Private) Limited

Unconsolidated Statement of Comprehensive Income

For the year Ended 30 June, 2021

	<u>Note</u>	<u>2021</u> Rupees	<u>2020</u> Rupees
Profit / (loss) for the year		7,420,750	(55,310,891)
Other Comprehensive Income for the year		-	-
Total comprehensive income / (loss) for the Year		<u>7,420,750</u>	<u>(55,310,891)</u>

The attached notes 1 to 44 form an integral part of these unconsolidated financial statements.

For Punjab Modaraba Services (Private) Limited
(Modaraba Management Company)



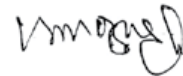
Chief Financial Officer
Punjab Modaraba Services
(Private) Limited



Chief Executive
Punjab Modaraba Services
(Private) Limited



Director
Punjab Modaraba Services
(Private) Limited



Director
Punjab Modaraba Services
(Private) Limited

Unconsolidated Cash Flow Statement

For the year Ended 30 June, 2021


	Note	2021 Rupees	2020 Rupees
Cash flow from operating activities			
Cash generated from operations	41	333,818,097	200,577,294
Profit paid on redeemable capital		(78,462,062)	(69,980,950)
Profit paid on musharikhah finances		(54,575,474)	(140,557,198)
Taxes paid		(385,380)	(583,340)
		(133,422,916)	(211,121,488)
Net cash generated from / (used in) operating activities		200,395,181	(10,544,194)
Cash flow from investing activities			
Proceeds from disposal of fixed assets		27,500	-
Purchase of fixed assets in own use	5.2	(628,445)	(426,507)
Net cash generated from investing activities		(600,945)	(426,507)
Cash flow from financing activities			
Musharikhah finances-net	22	(113,609,839)	(574,882,956)
Redeemable capital-net	24	552,368	568,030,732
Profit distributed among the certificate holders		(91,256)	(99,037)
Net cash generated from financing activities		(113,148,727)	(6,951,261)
Net (decrease) / increase in cash and cash equivalents		86,645,509	(17,921,962)
Cash and cash equivalents at the beginning of the year		25,102,916	43,024,878
Cash and cash equivalents at the end of the year	17	111,748,425	25,102,916

The attached notes 1 to 44 form an integral part of these unconsolidated financial statements.

**For Punjab Modaraba Services (Private) Limited
(Modaraba Management Company)**


Chief Financial Officer
Punjab Modaraba Services
(Private) Limited


Chief Executive
Punjab Modaraba Services
(Private) Limited


Director
Punjab Modaraba Services
(Private) Limited


Director
Punjab Modaraba Services
(Private) Limited


Unconsolidated Statement of Changes in Equity


For the year Ended 30 June, 2021


	Certificate capital	Capital Reserve Statutory reserve	Revenue Reserve Accumulated loss	Total
	Rupees			
Balance as at 01 July 2019	340,200,000	216,692,528	(364,283,405)	192,609,123
Loss for the year	-	-	(55,310,891)	(55,310,891)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	-	-	(55,310,891)	(55,310,891)
Balance as at 30 June 2020	340,200,000	216,692,528	(419,594,296)	137,298,232
Profit for the year	-	-	7,420,750	7,420,750
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	7,420,750	7,420,750
Transfer to statutory reserves	-	1,484,150	(1,484,150)	-
Balance as at 30 June 2021	340,200,000	218,176,678	(413,657,696)	144,718,982

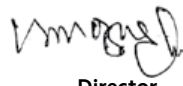
The attached notes 1 to 44 form an integral part of these unconsolidated financial statements.

For Punjab Modaraba Services (Private) Limited
(Modaraba Management Company)


Chief Financial Officer
Punjab Modaraba Services
(Private) Limited


Chief Executive
Punjab Modaraba Services
(Private) Limited


Director
Punjab Modaraba Services
(Private) Limited


Director
Punjab Modaraba Services
(Private) Limited



Notes to the Unconsolidated Financial Statements

For the year Ended 30 June, 2021

1 Status and nature of business

First Punjab Modaraba (the Modaraba) was formed under the Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980 and rules framed there under and is managed by Punjab Modaraba Services (Private) Limited (wholly owned subsidiary of The Bank of Punjab), a company incorporated in Pakistan. The registered office of the Modaraba is situated at Office No. 100, 3rd floor, National Tower, 28-Egerton Road, Lahore. The Modaraba commenced its operations on 23 December 1992. The Modaraba is listed on Pakistan Stock Exchange.

The Modaraba established its wholly owned subsidiary on November 29, 2016 as a private limited Company under the name of Punjab Capital Securities (Pvt) Limited. The registered office of Punjab Capital Securities (Pvt) Limited is situated at 3rd Floor, LSE Plaza, 19-Khayabane Aiwane Iqbal, Lahore. The Company is mainly engaged in the business of brokerage services, portfolio management and consultancy services.

The Modaraba is a perpetual and multi-dimensional Modaraba and is primarily engaged in the business of Ijarah, Musharikhah and Murabaha financing, equity investment and other related businesses in accordance with the injunctions of Islam.

During the year, Modaraba has obtained approval of the Securities & Exchange Commission of Pakistan to undertake Building, Construction and Real Estate activity by insertion of a new clause for this purpose in prospectus of the Modaraba on 13 January 2021.

1.1 Management's Assessment of Going Concern

In assessing the going concern status of the Modaraba, management has carefully assessed number of factors covering the performance of the business, business prospects and appetite of majority shareholder to continue financial support. Based on the analysis of these, management is comfortable that the Modaraba will be able to continue as a going concern in the foreseeable future.

During the year ended 30 June 2021, the Modaraba has made profit after tax of Rs. 7,420,750, which is mainly due to reduction in finance cost and reversal of provisions. The accumulated loss, net of reserves, as at 30 June 2021 amount to Rs. 195,481,018 (2020: Rs.202,941,768) which exceeds fifty percent of the total amount subscribed by the holders of the Modaraba Certificates. Further the current liabilities of the Modaraba exceed its current assets by Rs. 93,069,290 as at 30 June 2021.

In order to address going concern issue in terms of section 23 of the Modaraba Companies and Modarabas (Flotation and Control) Ordinance, 1980 (the Modaraba Ordinance), The Bank of Punjab (BOP) being the parent company of the Modaraba's Management Company' is providing enduring support and has confirmed that it shall continue to provide financial support to the Modaraba in order to mitigate liquidity risk. The Modaraba has obtained approval from the Securities & Exchange Commission of Pakistan dated 13 January 2021 to undertake Building, Construction and Real Estate activities. Accordingly, financial benefits shall be accrued in books of Modaraba in due course of time. Further, the Modaraba has made significant progress in terms of recovery from certain classified borrowers resulting in improvement of net equity in term of compliance of section 23 of the Modaraba Ordinance.

On the basis of support and the arrangements as outlined above and the business plan prepared by the management, the management is of the view that no material uncertainty exists related to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern and the Modaraba shall be able to operate on going concern basis in the foreseeable future. Consequently, these financial statements have been prepared reflecting these assumptions.

2 Basis of preparations

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by International Accounting Standards Board (IASB) as notified under Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017; and
- The requirements of Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modarabas (hereinafter referred to as the relevant laws).

Where provisions and directives issued under Companies Act, 2017 and the relevant laws differ from IFRS Standards, the provisions and directives issued under Companies Act, 2017 and the relevant laws have been followed.

The SECP has issued directive (vide SRO 431 (I) / 2007 dated May 22, 2007) that Islamic Financial Accounting Standard 2 (IFAS 2) shall be followed in preparation of the financial statements by Companies and Modarabas while accounting for Lease Financing transactions as defined by the said standard. The Modaraba has adopted the said standard.

The SECP has deferred the applicability of IFRS-9 for Modarabas upto June 30, 2022 via SRO 800(I) / 2021 dated June 22, 2021. However, the Modaraba had already adopted other requirements of IFRS 9 except for provision against Islamic financings. Therefore, the Modaraba has continued same practice during the current year as well. The provision against financing has been determined in accordance with requirement of the Prudential Regulations.

These financial statements are the separate financial statements of the Modaraba in which investments in subsidiary are accounted for on the basis of direct equity interest rather than on the basis of reported results. Consolidated financial statements are prepared separately.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the Modaraba's functional currency. Figures have been rounded off to the nearest rupees, unless otherwise stated.

2.4 Significant accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in application of the Modaraba's accounting policies. The estimates, judgment and associated assumptions are based on the management's experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an on-going basis.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both the current and future periods. The areas where various assumptions and estimates are significant to the Modaraba's financial statement or where judgment was exercised in the application of accounting policies are as follows:



2.4.1 Depreciation/Amortization

Estimates of residual values, useful lives and depreciation methods of fixed assets in own use and Ijarah assets (note 5).

2.4.2 Provision against non-performing loans and advances

The Modaraba reviews its portfolio to assess amount of non-performing contracts and provision required there against on a quarterly basis. The provision is made in accordance with the prudential regulations issued by Securities and Exchange Commission of Pakistan.

2.4.3 Income taxes

The Modaraba takes into account relevant provisions of current income tax laws while providing for current and deferred tax.

2.4.4 Provision against non performing financing (Suspense income)

The Modaraba reviews its overdue ijarah rentals, morabaha receivable and musharikah receivable at each reporting date to assess whether provision should be recorded in profit and loss account, in addition to the mandatory provisions required in accordance with the Prudential Regulations issued by the SECP. In particular, judgment by management is required in the estimation of the amount and the 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 provisions.

3 New accounting standards / amendments and IFRS interpretations that are effective for the year ended 30 June 2021

The Modaraba has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
IFRS 9	Prepayment Features with Negative Compensation – (Amendments)
IAS 28	Long-term Interests in Associates and Joint Ventures – (Amendments)
IAS 19	Plan Amendment, Curtailment or Settlement – (Amendments)
IFRS 3	Business Combinations - Previously held Interests in a joint operation – (Amendments)
IFRS 11	Joint Arrangements - Previously held Interests in a joint operation
IAS 12	Income Taxes - Income tax consequences of payments on financial instruments classified as equity
IAS 23	Borrowing Costs - Borrowing costs eligible for capitalization

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any material effect on the financial statements.

3.1 New accounting standards / amendments and IFRS interpretations that are not yet effective

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

		Effective date (annual periods beginning on or after)
IFRS 3	Definition of a Business (Amendment)	01 Jan 2020
IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reforms (Amendments)	01 Jan 2020
IAS 1 and IAS 8	Definition of Material (Amendment)	01 Jan 2020
IFRS 16	COVID 19 Related Rent Concessions (Amendments)	01 Jan 2020
IAS 1	Classification of Liabilities as Current or Non Current (Amendments)	01 Jan 2022
IFRS 3	Reference to the Conceptual Framework (Amendment)	01 Jan 2022
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendment)	01 Jan 2022
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendment)	01 Jan 2022
IFRS 9	Financial Instruments- Fees in the '10 per cent' test for derecognition of financial liabilities (Amendment)	01 Jan 2022
IAS 41	Agriculture – Taxation in fair value measurements (Amendment)	01 Jan 2022

The above standards and amendments are not expected to have any material impact on the Modaraba's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for annual reporting period beginning on or after January 01, 2020. The Modaraba expects that such improvements to the standards will not have any material impact on the Modaraba's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards		Effective date (annual periods beginning on or after)
IFRS 1	First time adoption of International Financial Reporting St	January 01, 2009
IFRS 14	Regulatory Deferral Accounts	January 01, 2016
IFRS 17	Insurance Contracts	January 01, 2022

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous year except for the change explained below:

4.1 Tangible fixed assets

Assets in own use

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the assets' carrying amounts or recognized as separate assets, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Modaraba and the cost of the items can be measured reliably. All other repairs and maintenance expenses are charged to the profit and loss account as and when incurred.

Depreciation on all fixed assets is charged to profit and loss on straight line basis, so as to write off the historical cost of an asset over its estimated useful life at annual rates mentioned in note 5.2.

Residual values and the useful lives of the assets are reviewed at least at each financial year end and adjusted if impact on depreciation is significant.

Assets' residual values and useful lives are reviewed and adjusted, if appropriate at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Modaraba and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset.

Intangible Assets

Intangible assets having a finite useful life are stated at cost less accumulated amortization and accumulated impairment losses, if any. Subsequent costs are included in the assets' carrying amounts or recognized as separate assets, as appropriate, only where it is probable that the future economic benefits associated with the assets will flow to the Modaraba and the cost of the items can be measured reliably. The useful lives and amortization method are reviewed and adjusted, as appropriate, at each reporting date. Amortization is charged from the month the asset is available for use while in the case of assets disposed of, it is charged till the month preceding the month of disposal.

Intangible assets having an indefinite useful life are stated at cost less accumulated impairment losses, if any.

Gain or loss on disposal of intangible assets, if any, is taken to the profit and loss account in the period in which these arise.

Ijarah Assets

Ijarah assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged to profit and loss account applying the straight line method whereby the cost of an asset less salvage value is written off over the period of facility, which is considered to be the estimated useful life of the asset. However, in the event the asset is expected to be available for re-ijarah, depreciation is charged over the economic life of asset using straight line basis. In respect of additions and disposals during the year, depreciation is charged proportionately from the date of delivery of assets to the date of its maturity / termination.

Ijarah income is recognized on an accrual basis as and when the rental becomes due.

4.2 Impairment (Including provision for potential ijarah losses and write offs)

The carrying amount of the Modaraba's assets are reviewed at each reporting date to determine whether there is any indication of impairment in any asset or group of assets. If such an indication exists, the recoverable amount of the assets is estimated and impairment losses are recognized immediately as an expense in the profit and loss account. For loans and receivables, a provision for impairment is established when there is objective evidence that the Modaraba will not be able to collect all amounts due according to the original terms. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective profit rate.

Provision for non-performing leases, if any, is made in accordance with the requirements of the Prudential Regulations for Modarabas issued by the Securities and Exchange Commission of Pakistan (SECP) and is charged to the profit and loss account in the current period. Outstanding balances in net investment in Ijarah finance are written off when there is no realistic prospect of recovery.

4.3 Investment in Subsidiary

Investment in subsidiary is initially recognized at cost. At subsequent reporting dates, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognized as expense. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the profit and loss account.

4.4 Ijarah rentals and Musharikah investments

Ijarah rentals and Musharikah investments are stated net of provision and suspense income. Provision is recognized for Ijarah rentals receivable and musharikah investment, in accordance with the Prudential Regulations for Modarabas issued by Securities and Exchange Commission of Pakistan (SECP). Bad debts are written-off when identified.

4.5 Morabaha Investments

Morabaha investments are stated net of provision. Provision is recognized for Morabaha investments in accordance with the Prudential Regulations for Modaraba's issued by the Securities and Exchange Commission of Pakistan. Bad debts are written off when identified.

Morabaha receivable are recorded by the Modaraba at the invoiced amount and disclosed as such in the balance sheet.

Purchase and sales under Morabaha and the resultant profit are accounted for on the culmination of Morabaha transaction.

The profit on that portion of sales revenue not due for payment are deferred by accounting for a debit to "Unearned Morabaha Income" account with the corresponding credit to "Deferred Morabaha Income" account and shown in the balance sheet as a liability.

4.6 Development properties

Property acquired, constructed or in the course of construction for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is classified as development properties and is measured at lower of cost and net realisable value.

All project costs incurred or to be incurred are capitalised as a cost of development properties and mainly includes: costs / rights for free-hold and leasehold land; construction cost, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs necessary to bring the premises in saleable condition and development charges.

Net realizable value is the estimated selling price in the ordinary course of business, based on market prices at the reporting date less estimated costs of completion and the estimated costs necessarily to be incurred to make the sale.

The cost of sales recognised in profit or loss is determined with reference to the costs incurred on the property sold and an allocation of any non-specific costs based on the total area of land sold for property, in relation to total area of land. The development charges are recognised in profit or loss on the basis of reimbursable development costs recoverable to date from customers on property sold apportioned to total area of land sold in relation to total area of land. Development charges not recoverable from customers are borne by the Modaraba and charged to profit or loss in the year, in which these are incurred.

The management reviews the carrying values of the development properties on an annual basis.

4.7 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 cash with banks in current, savings and deposit accounts.

4.8 Financial Instruments

4.8.1 Financial assets

Financial assets - initial recognition

The Modaraba has adopted IFRS 9 Financial Instruments with effect from 1 July 2018. Accordingly, financial assets are classified, at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Modaraba's business model for managing them. With the exception of trade debts and bank balance that do not contain a significant financing component or for which the Modaraba has applied the practical expedient, the Modaraba initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade debts that do not contain a significant financing component or for which the Modaraba has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Modaraba's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Modaraba commits to purchase or sell the asset.

Financial assets - subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- a) Financial assets at fair value through profit or loss
- b) Financial assets at amortized cost (debt instruments)
- c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- d) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

The Modaraba does not have financial assets recorded at fair value through profit or loss.

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Modaraba. The Modaraba measures financial assets at amortized cost if both of the following conditions are met:

- a) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- b) 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

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Modaraba's financial assets at amortized costs includes advances, deposits, prepayments and other receivables, ijarah rental receivables, musharikah investment, morabaha investment and long term deposits.

Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

Upon initial recognition, the Modaraba can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Modaraba benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Modaraba does not have equity instruments recorded at fair value through OCI with no recycling of cumulative gains and losses upon derecognition.

Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

The Modaraba measures debt instruments at fair value through OCI if both of the following conditions are met:

- a) The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- b) 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.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Modaraba does not have debt instruments recorded at fair value through OCI with recycling of cumulative gains and losses.

Financial assets - Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a Modaraba of similar financial assets) is primarily derecognized when:

- a) The rights to receive cash flows from the asset have expired; or
- b) 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.

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 the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. In that case, the Modaraba also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company 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.

Financial assets - Impairment

The Modaraba recognizes an allowance for expected credit losses ("ECL") for all debt instruments not held at fair value through profit or loss. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition and it is therefore no longer necessary for a credit event to have occurred before credit losses are recognized. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Modaraba expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Modaraba considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Modaraba may also consider a financial asset to be in default when internal or external information indicates that the Modaraba is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Modaraba. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

However, NBFIs & Modaraba Association of Pakistan, based on the clarification of the SECP, have informed all its members that the provisioning criteria will remain those as framed under Modaraba Ordinance, 1980 and Rules & Regulations framed therein. Accordingly, the Modaraba has maintained provision against financing assets in accordance with relevant laws applicable to Modaraba.

Securities and Exchange Commission of Pakistan (SECP) through its S.R.O No. 985 (1) / 2019 dated 2nd September 2019, in partial modification of its previous S.R.O 229 (1) / 2019 dated February 14, 2019 notified that, in respect of companies holding financial assets due from Government of Pakistan, the requirement contained in 'IFRS-9 (Financial Instruments) with respect to application of Expected credit losses method' shall not be applicable till 30 June 2021, provided that the company follow relevant requirement of IAS-39 'Financial instruments: Recognition and Measurement', in respect of above referred financial assets during the exemption period. Consequently, these financial statements do not include the impact of ECL method in respect of 'Tax refunds due from government'.

For bank balances, the Modaraba applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Modaraba reviews internal and external information available for each bank balance to assess expected credit loss and the likelihood to receive the outstanding contractual amount. The expected credit losses are recognized in the statement of profit or loss.

Upon adoption of IFRS 9, the Modaraba has no material impact on amounts in the statement of financial position as the current methodology adequately reflects requirements of the new standards.

4.8.2 Financial liabilities

Financial liabilities - initial recognition

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Modaraba's financial liabilities include deferred Murabaha income, redeemable capital, trade and other payables, unclaimed profit, profit payable and long term musharikhah finance.

Financial liabilities - subsequent measurement

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of comprehensive income.

This category applies to long term loans, short term borrowings utilized under mark-up arrangements, creditors, liabilities against assets subject to finance lease, accrued and other liabilities.

Financial liabilities - derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When 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 the respective carrying amounts is recognized in the statement of profit or loss.

Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the financial statements when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on net basis, or realize the asset and settle the liabilities simultaneously.

4.9 Finance arrangements including Certificates of Musharikhah

These are carried on the balance sheet at principal amount.

Profits on these arrangements are recognized as expense in the period in which they incur.

Profit on Musharikhah finance is accounted for on the basis of the projected rate of profit. The effect of adjustments, if any, between actual rate and projected rate of profit is accounted for at the end of each year after determination of the actual rate.

4.10 Provisions

Provisions are recognized when the Modaraba has a 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 balance sheet date and are adjusted to reflect the current best estimate.

4.11 Staff retirement benefit

Defined contribution plan

The Modaraba operates a recognized provident fund for all eligible employees. Equal monthly contributions @ 8.33% of the basic salary are made to the fund both by the Modaraba and employees.

Defined benefit plan

The Modaraba operates an un-funded gratuity scheme for its eligible employees completing prescribed period of service in accordance with service rules of the Modaraba. Provision is made for gratuity in accordance with the requirements laid down by IAS 19. The actuarial gains and losses are recognized in other comprehensive income when they occur. Amounts recorded in profit and loss are limited to current and past service costs, gains or losses on settlements and net interest income (expense). All other changes in the net defined benefit asset (liability) are recognized in other comprehensive income with no subsequent recycling to profit and loss.

4.12 Revenue recognition

Ijarah rentals

Ijarah rentals are recognized as income on accrual basis, as and when rentals become due.

Documentation charges, front-end fee and other Ijarah income are recognized as income on receipt basis. Unrealized Ijarah income pertaining to non-performing Ijarah is held in suspense account, where necessary, in accordance with the requirements of the Prudential Regulations (PR).

Murabaha transaction

Profit on Murabaha transaction is recognized over the period the payment becomes due. The unearned portion is reflected as deferred Murabaha income.

Profit on musharikhah arrangement is recognized under the effective interest rate, based on the amount outstanding.

Profit on bank deposit

Return on bank deposits are recognized on accrual basis, using effective interest rate method.

Capital gain or losses on sale of investment

Capital gain / loss on investment is recognized on sale of the respective investments.

Dividend income

Dividend income on equity instruments is recognized when the right to receive the same is established.

Commission income

Commission income is recognized on accrual basis.

4.13 Trade date accounting

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

4.14 Profit distribution and appropriations

Profit distribution and appropriation to reserves are recognized as liability in the financial statements in the period in which these are approved. Transfer to statutory reserve and any of the mandatory appropriations, as may be required by law, are recognized in the period to which these relate.

4.15 Taxation

Current

Provision for current taxation is made on taxable income at the prevailing rates of tax after taking into account tax credits available, if any. The income of non-trading modarabas is exempt from tax provided that not less than 90% of their profits are distributed to the certificate-holders as reduced by amount transferred to a mandatory reserve as required under the provisions of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) are distributed to the certificate holders.

Deferred

The Modaraba accounts for deferred taxation using the balance sheet liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized 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. The carrying amount of all deferred tax assets is reviewed at each balance sheet date and reduced to the extent, if it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account.

4.16 Earnings per certificate

Earnings per certificate is calculated by dividing the profit after taxation for the year by weighted average number of certificates outstanding during the year. Diluted earnings per certificate is determined by adjusting the profit or loss attributable to ordinary certificate holders by taking into account the conversion of any diluted potential ordinary certificate.

4.17 Segment reporting

As per IFRS 8 - 'Operating Segments', operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision maker. The chief executive officer of the management company has been identified as the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments.

The Chief Executive Officer is responsible for the Modaraba's entire product portfolio and considers the business to have a single operating segment. The Modaraba's asset allocation decisions are based on a single integrated investment strategy and the Modaraba's performance is evaluated on an overall basis.

5.1.1 Transfers represent the assets disposed through negotiation after expiry / termination of Ijarah. However, in view of large number of disposals, detail of each disposal has not been given.

5.1.2 The Gross Carrying amount (cost) of fully depreciated assets that are still in use amounts to Rs. 411,641,601 (30 June 2020: Rs. 553,815,454).

[illegible]

Office Equipment	2,630,640	439,245	(126,990)	2,942,895	2,155,057	236,809	(126,990)	2,264,876	678,019	15% & 30%
Furniture & Fixtures	2,358,733	34,400	(194,133)	2,199,000	1,361,956	232,209	(194,133)	1,400,032	798,967	15%
Vehicles	2,174,400	154,800	(69,900)	2,259,300	538,924	450,426	(67,697)	921,653	1,337,647	20%
	7,163,773	628,445	(391,023)	7,401,195	4,055,937	919,443	(388,820)	4,586,560	2,814,633	

Description	2020								Depreciation Rate	
	COST			DEPRECIATION			NBV			
	As at 1 July 2019	Additions	Disposal	As at 30 June 2020	As at 1 July 2019	Charge for the Year	Disposal	As at 30 June 2020		
									(Rupees) ..	
Office Equipment	2,585,910	44,730	-	2,630,640	1,862,471	292,586	-	2,155,057	475,583	15% & 30%
Furniture & Fixtures	1,976,956	381,777	-	2,358,733	1,127,236	234,720	-	1,361,956	996,777	15%
Vehicles	2,174,400	-	-	2,174,400	409,358	129,566	-	538,924	1,635,476	20%
	6,737,266	426,507	-	7,163,773	3,399,065	656,872	-	4,055,937	3,107,836	

5.2.2.2 The Gross Carrying amount (cost) of assets disposed off during the year amounts to Rs. 391,023 (30 June 2020 : Nil).

	Note	2021 Rupees	2020 Rupees
6 Intangible Assets			
Cost		2,495,000	1,295,000
Amortization	6.1	(2,092,814)	(1,295,000)
Carrying Amount		402,186	-
Balance as at 1 July 2020		1,295,000	1,295,000
Additions		1,200,000	-
Balance as at 30 June 2021		2,495,000	1,295,000
6.1 Amortization			
Balance as at 1 July 2020		(1,295,000)	(1,295,000)
Amortization for the year	31	(797,814)	-
Balance as at 30 June 2021		(2,092,814)	(1,295,000)
Rate of amortization		20% - 66.67%	20%
7 Investment in subsidiary			
As a result of Stock Exchange (Corporatization, Demutualization and Integration) Act 2012, the Modaraba acquired Trading Rights Entitlement Certificate (TREC) and the subsidiary has been setup to undertake brokerage business and thereby utilize the TREC. The Modaraba obtained permission from SECP vide letter dated October 21, 2016 to form a wholly owned subsidiary to undertake brokerage business and the subsidiary was incorporated on November 29, 2016. During the year, total investment in subsidiary remained at Rs. 76,500,000 (June 2020: Rs. 76,500,000).			
8 Long term musharikhah investment - secured	Note	2021 Rupees	2020 Rupees
Long term musharikhah investment	8.1	582,555,541	650,894,432
Less: Current portion of long term musharikhah investment	13	(361,621,163)	(422,480,205)
		220,934,378	228,414,227
8.1	The profit charged on these facilities ranged from 9.32% to 19.98% per annum (June 2020: 8.55% to 22.55% per annum). These facilities are secured by way of personal guarantees and mortgage of properties.		
9 Long term morabaha investment - secured		Rupees	Rupees
Long term morabaha investment	9.1	9,008,220	21,619,598
Add: Unearned morabaha income		-	2,077,112
		9,008,220	23,696,710
Less: Current portion of long term morabaha investment	13	(9,008,220)	(12,489,038)
		-	11,207,672
Less: Current portion of unearned morabaha income	13	-	(2,386,568)
		-	8,821,104
9.1	These are secured against mortgage of properties, hypothecation and pledge of stocks, personal guarantees and demand promissory notes. The rate of profit on morabaha finances ranges from 8.50% to 19.53% per annum (2020 : 8.50% to 23%).		
10 Long term deposits	Note	2021 Rupees	2020 Rupees
Long term deposits	10.1	203,444	203,444
10.1	Represents non interest bearing security deposit paid to LESCO and Central Depository Company.		



First Punjab Modaraba

	Note	2021 Rupees	2020 Rupees
11 Deferred tax			
Deferred tax asset	11.1	64,398,663	64,398,663

11.1 This represents deferred tax asset created against brought forward losses and depreciation & amortization expense available for use in future. The management is confident that sufficient taxable profits will be available to set off these losses. Further, the management does not intend to avail exemption under clause 100 of Part 1 of Second Schedule to the Income Tax Ordinance 2001.

The aggregate deferred tax asset available to the Modaraba for set off against future taxable profits as at 30 June 2021 amounted to Rs. 183.16 million (30 June 2020: Rs. 150.92 million). Of these, deferred tax asset aggregating Rs. 64.40 million (30 June 2020: Rs 64.40 million) have been recognized in the financial statements.

Expiry of business losses, depreciation and alternate corporate tax is as follows:

Tax year	Nature	2021 Rupees	2020 Rupees
2026	Business loss	22,289,062	22,232,390
Unlimited	Depreciation	55,084,521	24,378,509
2024	Alternate corporate tax	9,816,975	9,816,975
2025	Alternate corporate tax	16,739,766	16,739,766
2026	Alternate corporate tax	3,489,927	3,489,927
2027	Alternate corporate tax	4,016,478	4,016,478
2028	Alternate corporate tax	4,711,236	4,711,236
2029	Alternate corporate tax	1,136,970	1,136,970
2030	Alternate corporate tax	-	-
2031	Alternate corporate tax	1,477,096	-
		41,388,448	39,911,352

	Note	2021 Rupees	2020 Rupees
12 Short term morabaha investment-secured			
Short term morabaha Investment	12.1	486,122,013	521,591,548
Add: Unearned morabaha income		1,158,017	4,515,908
		487,280,030	526,107,456
Less: Provision for doubtful morabaha investment	12.2	(235,561,379)	(235,561,379)
		251,718,651	290,546,077

12.1 These are secured against mortgage of properties, hypothecation and pledge of stocks, personal guarantees and demand promissory notes. The rate of profit on morabaha finances ranges from 11.93% to 19.90% per annum (2020: 16.29% to 19.45% per annum).

	Note	2021 Rupees	2020 Rupees
12.2 Provision for doubtful morabaha investment			
Opening balance		235,561,379	235,561,379
Additions during the year		-	-
Reversals during the year		-	-
		-	-
Closing balance		235,561,379	235,561,379

13	Current maturity of long term investment	Note	2021	2020
			Rupees	Rupees
	Current portion of long term musharika investment	8	361,621,163	422,480,205
	Less: Provision against musharika investment	13.1	(15,761,143)	(15,761,143)
			345,860,020	406,719,062
	Current portion of long term morabaha investment	9	9,008,220	12,489,038
	Add: Unearned morabaha income	9	-	2,386,568
	Less: Provision against morabaha investment	13.2	(8,800,000)	(8,800,000)
			208,220	6,075,606
			346,068,240	412,794,668
13.1	Provision against musharika investment			
	Opening balance		15,761,143	8,709,526
	Additions during the year		-	10,561,330
	Specific provision		-	10,561,330
	Reversed during the year		-	(3,509,713)
	Closing balance		15,761,143	15,761,143
13.2	Provision for doubtful morabaha investment			
	Opening balance		8,800,000	8,800,000
	Charge during the year		-	-
	Closing balance		8,800,000	8,800,000
14	Ijarah rental receivables			
	Ijarah rental receivable		368,478,892	428,484,372
	Less: Provision against ijara rental receivable	14.1	(132,728,357)	(155,596,948)
			235,750,535	272,887,424
14.1	Provision against ijara rental receivable			
	Opening balance		155,596,948	155,303,248
	Additions in provision during the year		787,464	293,700
	Additions in suspension during the year		8,707,278	-
	Reversal of suspension during the year	28.1	(18,407,811)	-
	Reversal of provision during the year		(13,955,522)	-
			(32,363,333)	-
	Closing balance		132,728,357	155,596,948
14.2	Future Ijarah rentals receivable			
	Aggregate amount of future ijara rentals receivable on the basis of agreements executed up to 30 June 2021 are as follows:			
		Note	2021	2020
			Rupees	Rupees
	Up to one year		183,198,769	175,733,168
	Above one year and up to five year		171,358,513	266,958,991
			354,557,282	442,692,159
15	Development Properties - Land			
	The diversification of business model, utilizing multi-purpose status of the Modaraba through construction and development activity has been envisioned as a business prospect. The Modaraba has obtained approval of the Securities and Exchange Commission of Pakistan to undertake Building, Construction and Real Estate activity by insertion of a new clause for this purpose in its Prospectus. The work on new business segment has been started and two plots have been acquired while more are under process of acquisition, for a project comprising construction of small houses.			
16	Advances, deposits, prepayments and other receivables			
	Profit receivable			
	- Morabaha investment	16.1	20,454,798	10,535,511
	- Musharika investment	16.2	43,453,092	36,979,801
			63,907,890	47,515,312
	Prepayments		4,952,103	3,342,702
	Advances		2,795,704	2,807,424
	Non-banking assets		8,486,298	31,782,500
	Other receivables		106,929,156	113,232,181
			187,071,151	198,680,118
	Less: Provision for other receivables	16.3	(11,128,292)	(11,128,292)
			175,942,859	187,551,827



First Punjab Modaraba

	Note	2021 Rupees	2020 Rupees
16.1 Morabaha profit receivable			
Morabaha profit receivable		47,984,578	37,656,836
Less: Income transferred to suspense	16.1.1	(27,529,780)	(27,121,325)
		<u>20,454,798</u>	<u>10,535,511</u>
16.1.1 Income transferred to suspense			
Opening balance		27,121,325	27,121,325
Addition during the year		408,455	
Closing balance		<u>27,529,780</u>	<u>27,121,325</u>
16.2 Musharikah profit receivable			
Musharikah profit receivable		64,907,268	56,869,751
Less: Income transferred to suspense	16.2.1	(21,454,176)	(19,889,950)
		<u>43,453,092</u>	<u>36,979,801</u>
16.2.1 Income transferred to suspense			
Opening balance		19,889,950	16,851,729
Addition during the year	28.3	12,566,330	6,555,237
Reversal of suspension during the year	28.3	(11,002,104)	(3,517,016)
Closing balance		<u>21,454,176</u>	<u>19,889,950</u>
16.3 Provision against other receivables			
Opening balance		11,128,292	11,128,292
Additions during the year		-	-
Closing balance		<u>11,128,292</u>	<u>11,128,292</u>
17 Cash and bank balances			
Cash at banks			
- Current accounts	17.1	59,368,191	-
- Deposit accounts	17.2&17.3	52,040,602	24,791,967
- Savings accounts	17.2&17.3	49,509	49,509
- Current account with State Bank of Pakistan	17.4	233,586	65,249
		<u>111,691,888</u>	<u>24,906,725</u>
Cash in hand		56,537	196,191
		<u>111,748,425</u>	<u>25,102,916</u>
17.1	The balance of Rs. 59.36 million (2020: Rs.3.89 million) is maintained with The Bank of Punjab (the holding company of the Modaraba's Management Company).		
17.2	Under the terms and conditions for the issuance of certificates of musharikah (both long and short term), the Modaraba is required to maintain a Redemption Reserve Fund equal to at least 5% of the contribution against Certificates of Musharikah Finance received, which may be utilized for redemption purposes.		
17.3	The rate of profit on deposit and saving accounts ranges between 4.25% to 8.94% per annum (2020: 4.25% to 13.00% per annum).		
17.4	This account has been opened for payment of online charges of the Credit Information Bureau of State Bank of Pakista		
18 Certificate capital	Note	2021 Rupees	2020 Rupees
Authorized certificate capital			
50,000,000 modaraba certificates of Rs.10 each		<u>500,000,000</u>	<u>500,000,000</u>
18.1	Issued, subscribed and paid-up certificate capital		
2021	2020	2021	2020
----- (Number of certificates) -----		Rupees	Rupees
20,000,000	20,000,000	200,000,000	200,000,000
14,020,000	14,020,000	140,200,000	140,200,000
34,020,000	34,020,000	340,200,000	340,200,000
18.2	As at 30 June 2021, The Punjab Modaraba Services (Private) Limited (the management company) held 13,320,694 (2020: 13,320,694) certificates of Rs. 10 each.		

		Note	2021 Rupees	2020 Rupees
19	Reserves			
	Capital reserve			
	Statutory reserve	19.1	218,176,678	216,692,528
	Revenue reserves			
	Accumulated loss		(413,657,696)	(419,594,296)
			<u>(195,481,018)</u>	<u>(202,901,768)</u>
19.1	This represents profit set aside to comply with the Prudential Regulations for Modarabas issued by Securities and Exchange Commission of Pakistan requiring modaraba to transfer not less than 20% and not more than 50% of its profits after tax in such manner that reserves equal 100% of the paid up capital. Thereafter a sum not less than 5% of the profit after tax is to be set aside.			
19.1.1	Movement in statutory reserve			
	Opening balance		216,692,528	216,692,528
	Transfer from profit		1,484,150	-
			<u>218,176,678</u>	<u>216,692,528</u>
20	Long term security deposits			
	Long term security deposits against Ijarah		131,545,269	144,656,348
	Less: Current maturity of security deposits	23	(88,769,360)	(83,316,089)
			<u>42,775,909</u>	<u>61,340,259</u>
21	Deferred morabaha income			
	Deferred morabaha income	12	1,158,017	6,593,020
	Less: Current maturity of deferred morabaha income		(1,158,017)	(2,386,568)
			<u>-</u>	<u>4,206,452</u>
21.1	These represent receivables against morabaha transactions on deferred payment basis at profit margin which ranges from 8.50% to 19.53% per annum (2020 : 8.50% to 23%).			
22	Long term musharikhah finance secured			
	Opening balance		648,738,613	1,223,621,569
	Additions during the year		4,425,797,407	2,378,250,696
	Less: Paid during the year		(4,539,407,246)	(2,953,133,652)
			<u>(113,609,839)</u>	<u>(574,882,956)</u>
		22.1	<u>535,128,774</u>	<u>648,738,613</u>
22.1	The Modaraba has availed musharikhah finance facilities from The Bank of Punjab having approved limits of Rs. 1,585 million (2020: Rs. 1,585 million) and tenor of 3 years. The facilities have expired on 26 October 2021 and are under process of renewal for another 3 years. These facilities are secured by way of first pari passu charge over present and future fixed assets of Modaraba for amount of Rs. 860 million, first pari passu charge over present and future current assets of Modaraba for an amount of Rs. 1,040 million and ranking charge over present and future current assets for an amount of Rs. 860 million. The estimated share of profit payable on musharikhah facilities is 3 month Kibor plus 25 bps per annum (2020: 3 month Kibor per annum).			
23	Current maturity of non current liabilities			
	Current maturity of long term security deposits	23.1	88,769,360	83,316,089
	Current maturity of deferred morabaha income	21	1,158,017	2,386,568
			<u>89,927,377</u>	<u>85,702,657</u>
23.1	This includes security deposit amounting to Rs. 70.90 million (2020: Rs.82.70 million) against those ijarah where the customers have defaulted payment of rentals and the Modaraba has filed suits for recovery.			
24	Redeemable capital - participatory and unsecured			
	Opening balance		1,013,549,225	445,518,493
	Add: Issued during the year		552,368	2,410,030,732
	Add: Re- issued during the year		1,000,000,000	105,000,000
	Less: Redeemed during the year		(1,000,000,000)	(1,947,000,000)
			<u>552,368</u>	<u>568,030,732</u>
	Closing balance	24.1	<u>1,014,101,593</u>	<u>1,013,549,225</u>
24.1	The Certificates of Musharaka have been issued with a maturity of upto 3 years. The share of profit payable ranges from 5.35% to 13.60% per annum (2020: 5.35% to 13.75%).			



First Punjab Modaraba

		Note	2021	2020
			Rupees	Rupees
25	Profit payable			
	Musharikhah finance		11,170,271	18,685,681
	Redeemable capital		12,591,734	19,056,657
			23,762,005	37,742,338
26	Trade and other payables			
	Accrued expenses	26.1	4,906,528	3,859,647
	Tax deducted at source		1,289,173	817,321
	Advances against ijarah / morabaha / musharikhah		42,759,127	57,114,805
	Other payables		29,761,933	16,145,735
			78,716,761	77,937,508
26.1	This includes amount in respect of gratuity payable to employees amounting to Rs. 4.51 million (2020: 3.66 million).			
27	Contingencies and commitments			
27.1	Contingencies			
27.1.1	The assessing officer, while finalizing assessments for the years 1997-98 and 1998-99, made add backs out of profit and loss account. The Modaraba had filed an appeal before the Commissioner of Income Tax (Appeals) (CIT-(A)), who has rejected the appeals. The Modaraba has filed an appeal, against the order of CIT-(A), before the honorable Income Tax Appellate Tribunal, which has been decided in favor of Modaraba, however Income Tax Department has filed appeal before honorable Lahore High Court. Modaraba management company expects a favorable outcome of the case.			
27.1.2	Additional Commissioner Inland Revenue (ACIR) issued order under section 122 (5A) of the Income Tax Ordinance, 2001, (the Ordinance) for tax year 2003 while rejecting the exemption claimed from tax under Clause 100 of Part I of Second Schedule to the Ordinance and made additions on account of provision for bad debts, which resulted in a tax liability of Rs. 27.410 million. The Modaraba filed a rectification application under section 221 of the Ordinance for reducing the tax rate from 35% to 25%, resultantly the rectification order passed by the tax department and reduced the tax liability to Rs. 14.580 million. The Modaraba also filed an appeal before the CIR (Appeals) for tax year 2003 against the order of ACIR. In this regard, after hearing of the appeal, the CIR (Appeals) by accepting the claim of exemption has issued a favorable order to the Modaraba while deleting the tax liability of Rs. 14,580,110 vide order No. 31 dated 27 June 2009. The income tax department has filed an appeal before Appellate Tribunal Inland Revenue against the order of CIR (Appeals) which was decided in favor of the Modaraba. The Income Tax Department has filed reference in High Court against decision of Appellate Tribunal Inland Revenue which is pending for adjudication. Modaraba management company expects a favorable outcome of the case.			
27.1.3	Additional Commissioner Inland Revenue (ACIR) issued order under section 122 (5A) of the Income Tax Ordinance, 2001, (the Ordinance) for tax year 2005 while rejecting the exemption claimed from tax under Clause 100 of Part I of Second Schedule to the Ordinance in an arbitrary manner and assessing the taxable income at Rs. 49.85 million and tax liability at Rs. 17.67 million. The Modaraba filed a rectification application under section 221 of the Ordinance for reducing the tax rate from 35% to 25%. Further, the Modaraba has filed an appeal before the CIR (Appeals) for tax year 2005 against this order. In this regard, after hearing of the appeal, the CIR (Appeals) by accepting the claim of exemption has issued a favorable order to the Modaraba while deleting the tax liability of Rs. 17.67 million.			
	The income tax department has filed an appeal before Appellate Tribunal Inland Revenue against the order of CIR (Appeals) which was decided in favor of the Modaraba. The Income Tax Department has filed reference in High Court against decision of Appellate Tribunal Inland Revenue which is pending for adjudication. Modaraba management company expects a favorable outcome of the case.			
27.1.4	Legal suits against Modaraba			
	Suit for rendition of account Rs. 22.145 million filed by a defaulter against the Modaraba. The suit is pending in Honorable Banking Court. The management is of the view that case has no merit and would be disposed off in favor of the Modaraba.			
23.1.5	Aggregate amount of guarantee given by a bank on behalf of the Modaraba in respect of the payment guarantee amounts to Nil (2020: Rs. Nil).			
27.2	Commitments			
27.2.1	Ijarah commitments approved but not disbursed as on balance sheet date amount to Rs. Nil (2020: Nil).			
27.2.2	Morabaha commitments approved but not disbursed as on balance sheet date amount to Rs. Nil (2020 : Nil).			
27.2.3	Musharikhah commitments approved but not disbursed as on balance sheet date amount to Rs. 22.29 million. (2020: Rs.10.85 million).			

		Note	2021 Rupees	2020 Rupees
28	Operating income			
28.1	Income from ijarah rentals			
	Ijarah income		162,026,751	161,087,010
	Add: Reversal of rentals suspended	14.1	18,407,811	-
	Less: Addition of rentals suspended		8,707,278	-
	Less: Depreciation on ijarah assets		(121,115,017)	(96,857,165)
			<u>68,026,823</u>	<u>64,229,845</u>
28.2	Income from morabaha financing			
	Morabaha investment		3,433,160	11,232,932
	Less: Suspension	16.1.1	(408,455)	(986,728)
			<u>3,841,615</u>	<u>10,246,204</u>
28.3	Income from diminishing musharaka financing			
	Musharikhah investment		65,403,963	113,846,468
	Add: Reversals of rentals suspended	16.2.1	11,002,104	3,517,016
	Less: Rentals suspended	16.2.1	(12,566,330)	(6,555,237)
			<u>63,839,737</u>	<u>110,808,247</u>
29	Gain on disposal of assets			
	Gain on disposal of non banking assets		1,900,000	1,333,000
	Gain on disposal of owned assets		25,297	-
	Gain on disposal of Ijarah assets		1,815,709	767,302
			<u>3,741,006</u>	<u>2,100,302</u>
30	Other income			
	Profit on bank deposits		3,266,467	3,113,493
	Processing fee		1,349,031	1,743,356
	Cheque return charges		-	17,500
	Gain on settlement of musharikhah		5,049,915	1,490,539
	Gain on settlement of morabaha		22,024	740,508
	Miscellaneous income		1,378,020	1,132,430
	Rebate income from Takaful		2,507,717	2,461,757
			<u>13,573,174</u>	<u>10,699,583</u>
31	Administrative expenses			
	Salaries and benefits		29,411,235	27,638,711
	Traveling and conveyance		146,018	230,168
	Depreciation - owned asset	5.2	919,444	656,872
	Amortization of Intangible Assets	6.1	797,814	-
	Legal and professional		1,252,327	709,946
	Printing and stationary		720,804	796,794
	Insurance		2,345,307	968,951
	Fee and subscription		1,090,801	1,440,664
	Auditor's remuneration	31.2	585,000	585,000
	Repair and maintenance		1,693,972	1,213,149
	Vehicle running and maintenance		229,792	157,494
	Power and utilities		1,073,405	911,386
	Entertainment expenses		529,562	665,410
	Advertisement		194,000	58,768
	Telephone and postage		593,059	624,615
	Corporate expenses		545,334	514,646
	Rent rates and taxes		21,325	6,040
	Selling and marketing expenses		644,649	1,085,442
	Miscellaneous expenses		251,004	109,650
			<u>43,044,852</u>	<u>38,373,706</u>
31.1	Salaries and other benefits include Rs. 0.913 million (2020: Rs. 0.887 million) on account of provident fund contribution and Rs.1.130 million (2020: Rs. 1.656 million) in respect of gratuity payable to employees.			
31.2	Auditors' remuneration	Note	2021 Rupees	2020 Rupees
	Audit fee		300,000	300,000
	Half yearly review and others		175,000	175,000
	Out of pocket expenses		110,000	110,000
			<u>585,000</u>	<u>585,000</u>



First Punjab Modaraba

	Note	2021 Rupees	2020 Rupees
32 Finance cost			
Financial charges on musharikhah		47,060,064	124,632,929
Financial charges on redeemable capital		71,997,139	82,875,907
Bank charges		147,695	167,213
		119,204,898	207,676,049
33 Management fee			
Management fee is payable to Punjab Modaraba Services (Private) Limited. During the current year the management has decided not to pay out the dividend to certificate holders from the current year net annual profit therefore, as per SECP circular the management cannot pay the management fee to Management Company.			
34 Taxation	Note	2021 Rupees	2020 Rupees
Current Tax			
- Current year		1,519,913	-
Deferred			
- Relating to origination and reversal of temporary differences		-	-
		1,519,913	-
35 Earning per certificate			
35.1 Basic			
Basic earnings per certificate are calculated by dividing the net profit for the year by the weighted average number of certificates outstanding during the year as follows:			
	Note	2021 Rupees	2020 Rupees
Profit for the year		7,420,750	(55,310,891)
Weighted average number of ordinary certificates		34,020,000	34,020,000
Earning per certificate		0.22	(1.63)
35.2 Diluted			
No figure for diluted earnings per certificate has been presented as the Modaraba has not issued any instruments which would have an impact on earnings per certificate when exercised.			
36 Transactions with related parties			
The related parties and associated undertakings comprise of The Bank of Punjab, Punjab Modaraba Services (Private) Limited and Punjab Capital Securities (Private) Limited. Transactions with related parties and associated undertakings other than remuneration and benefits to key management personnel under the term of employment are as follows:			
36.1 Balances outstanding at the end of year			
36.1.1 The Bank of Punjab (Holding company of Modaraba's Management Company)	Note	2021 Rupees	2020 Rupees
Musharikhah finances		535,128,774	648,738,613
Profit payable on musharikhah finances		11,170,271	18,685,681
Certificates of musharikhah		1,000,000,000	1,000,000,000
Profit payable on certificates of musharikhah		11,564,368	17,742,455
36.1.2 Punjab Capital Securities (Private) Limited (Subsidiary Company)			
Investment in shares		76,500,000	76,500,000
36.2 Transactions during the year			
36.2.1 The Bank of Punjab (Holding company of Modaraba's Management Company)			
Bank charges		147,695	167,213
Profit charged on finances		47,060,064	124,632,929
Profit charged on certificates of Musharikhah		71,370,373	80,752,732

37 Remuneration of officers and executives

	2021		
	Executives	Other employees	Total
	Rupees	Rupees	Rupees
Remuneration	17,176,266	212,089	17,388,355
House rent allowance	5,416,811	84,836	5,501,647
Utility allowance	1,351,743	21,209	1,372,952
Medical allowance	1,351,743	21,209	1,372,952
Provident fund contribution	913,476	-	913,476
Gratuity Fund	1,126,881	-	1,126,881
Expenses reimbursed	1,734,973	-	1,734,973
	29,071,893	339,342	29,411,235
Number of employees at the year end	37	2	39
Average no of employees	37	2	39

37.1 The chief financial officer has been provided a vehicle on Ijarah.

	2020		
	Officers	Other employees	Total
	Rupees	Rupees	Rupees
Remuneration	14,801,292	345,402	15,146,694
House rent allowance	4,928,678	138,162	5,066,840
Utility allowance	2,252,865	34,542	2,287,407
Medical allowance	1,024,673	34,542	1,059,215
Provident fund contribution	771,418	16,428	787,846
Gratuity Fund	1,087,344	-	1,087,344
Expenses reimbursed	2,222,148	-	2,222,148
	27,088,418	569,076	27,657,494
Number of employees at the year end	30	3	33
Average number of employees	30	3	33

38 Financial instruments

The Modaraba has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors of the management company has overall responsibility for the establishment and oversight of Modaraba's risk management framework.

38.1 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Modaraba by failing to discharge an obligation. The risk is generally limited to the carrying to principal amounts and accrued profit thereon, if any. The Modaraba's policy is to enter into financial contracts in accordance with the internal risk management policies and the requirements of the Prudential Regulations. The carrying amount of the following financial assets represents the maximum credit exposure at the reporting date:

	Note	2021	2020
		Rupees	Rupees
Bank balances	17	111,691,888	24,906,725
Musharikhah investment - net	8	566,794,398	635,133,289
Long term morabaha investment - net		208,220	14,896,710
Short term morabaha investment - net	12	251,718,651	290,546,077
Ijarah rental receivable - net	14	235,750,535	272,887,424
Advances, deposits, prepayments and other receivables	16	159,708,754	149,619,201
Long term deposits		203,444	203,444
		1,326,075,890	1,388,192,870

38.1.1 Bank balances

The Modaraba kept its surplus funds with banks having good credit rating. Currently the surplus funds are kept with banks having medium to long term rating from AAA to AA+ and short term rating from A1+ to A1. Credit risk rating of the banks are as follows:

Banks	Short Term	Long Term	Agency
The Bank of Punjab	A1+	AA	PACRA
Bank Alfalah Limited	A1+	AA+	PACRA / VIS
Al Baraka Bank (Pakistan) Limited	A1	A	PACRA / VIS
National Bank of Pakistan	A1+	AAA	PACRA / VIS
NRSP Microfinance Bank Limited	A1	A	PACRA / VIS



38.1.2 Description of collateral held

The Modaraba's ijarah are secured against ijarah assets and personal guarantees. In few ijarah additional collateral is also obtained in the form of mortgaged property.

Morabaha investments are secured by way of personal guarantees of the directors, pledge of stocks, mortgage of properties and charge on the assets varying from case to case.

Musharikhah investments are secured against musharikhah assets, personal guarantees and mortgage of properties.

38.1.3 Aging Analysis of Morabaha profit receivable

Past due	2021			
	Total	Non-classified	Classified	Suspension
	-----Rupees-----			
Not Yet Due	-	-	-	-
Less than 3 months	20,454,798	20,454,798	-	-
3 months to 6 months - OAEM	1,395,183	-	1,395,183	1,395,183
6 months to 1 year - Substandard	-	-	-	-
1 to 1.5 years - Doubtful	-	-	-	-
More than 1.5 years - Loss	26,134,597	-	26,134,597	26,134,597
	47,984,578	20,454,798	27,529,780	27,529,780
	-----Rupees-----			
Past due	2020			
	Total	Non-classified	Classified	Suspension
	-----Rupees-----			
Not yet due	-	-	-	-
Less than 6 months	3,586	3,586	-	-
6 to 12 months - OAEM	10,531,925	-	10,531,925	-
1 to 2 years - Substandard	986,728	-	986,728	986,728
2 to 3 years - Doubtful	-	-	-	-
More than 3 years - Loss	26,134,597	-	26,134,597	26,134,597
	37,656,836	3,586	37,653,250	27,121,325

Suspension is recognized by the Modaraba on the basis of requirements given under the Prudential Regulations for Modarabas and subjective evaluation carried out on an ongoing basis.

38.1.4 Aging Analysis of Morabaha investment

Past due	2021			
	Total	Non-classified	Classified	Provision
	-----Rupees-----			
Not Yet Due	-	-	-	-
Less than 3 months	24,016,220	24,016,220	-	-
3 months to 6 months - OAEM	-	-	-	-
6 months to 1 year - Substandard	-	-	-	-
1 to 1.5 years - Doubtful	-	-	-	-
More than 1.5 years - Loss	471,114,013	-	471,114,013	244,361,379
	<u>495,130,233</u>	<u>24,016,220</u>	<u>471,114,013</u>	<u>244,361,379</u>
	-----Rupees-----			
Past due	2020			
	Total	Non-classified	Classified	Provision
	-----Rupees-----			
Not yet due	-	-	-	-
Less than 6 months	59,397,134	59,397,134	-	-
6 to 12 months - OAEM	12,700,000	-	12,700,000	-
1 to 2 years - Substandard	-	-	-	-
2 to 3 years - Doubtful	-	-	-	-
More than 3 years - Loss	471,114,013	-	471,114,013	244,361,379
	<u>543,211,146</u>	<u>59,397,134</u>	<u>483,814,013</u>	<u>244,361,379</u>

Provision is recognized by the Modaraba on the basis of provision requirements given under Prudential Regulations for Modarabas and subjective evaluation carried out on an ongoing basis.



38.1.5 Aging Analysis of Ijarah receivable

Past due	2021			
	Total	Non-classified	Classified	Provision / Suspension
	-----Rupees-----			
Not Yet Due	-	-	-	-
Less than 3 months	32,655,035	32,655,035	-	-
3 months to 6 months - OAEM	501,254	-	501,254	-
6 months to 1 year - Substandard	96,218	-	96,218	-
1 to 1.5 years - Doubtful	87,676	-	87,676	-
More than 1.5 years - Loss	335,138,709	-	335,138,709	132,728,357
	368,478,892	32,655,035	335,823,857	132,728,357

Past due	2020			
	Total	Non-classified	Classified	Provision / Suspension
	-----Rupees-----			
Not yet due	-	-	-	-
Less than 6 months	45,137,205	45,137,205	-	-
6 to 12 months - OAEM	61,953	-	61,953	-
1 to 2 years - Substandard	98,946	-	98,946	-
2 to 3 years - Doubtful	103,015	-	103,015	-
More than 3 years - Loss	383,083,253	-	383,083,253	155,303,248
	428,484,372	45,137,205	383,347,167	155,303,248

Suspension is recognized by Modaraba on the basis of requirements given under the Prudential Regulations for Modarabas and subjective evaluation carried out on an ongoing basis.

38.1.6 Aging Analysis of Musharikah profit receivable

Past due	2021			
	Total	Non-classified	Classified	Suspension
	-----Rupees-----			
Not Yet Due	-	-	-	-
Less than 3 months	41,707,712	41,707,712	-	-
3 months to 6 months - OAEM	16,069,782	-	16,069,782	14,324,403
6 months to 1 year - Substandard	-	-	-	-
More than 1.5 years - Loss	7,120,917	-	7,120,917	7,120,915
	64,907,269	41,707,712	23,199,557	21,454,176

Past due	2020			
	Total	Non-classified	Classified	Suspension
	-----Rupees-----			
Not yet due	-	-	-	-
Less than 6 months	18,376,667	18,376,667	-	-
6 to 12 months - OAEM	151,778	-	151,778	-
1 to 2 years - Substandard	184,104	-	184,104	-
2 to 3 years - Doubtful	129,218	-	129,218	-
More than 3 years - Loss	38,027,984	-	38,027,984	19,889,950
	56,869,751	18,376,667	38,493,084	19,889,950

Suspension is recognized by the Modaraba on the basis of requirements given under the Prudential Regulations for Modarabas and subjective evaluation carried out on an ongoing basis.



38.1.7 Aging Analysis of Musharikah investment

Past due	2021			
	Total	Non-classified	Classified	Provision
	-----Rupees-----			
Not Yet Due	510,581,270	510,581,270	-	-
Less than 3 months	9,193,845	-	9,193,845	-
3 months to 6 months - OAEM	2,514,420	-	2,514,420	-
6 months to 1 year - Substandard	1,623,264	-	1,623,264	-
1 to 1.5 years - Doubtful	9,742,742	-	9,742,742	-
More than 1.5 years - Loss	48,900,000	-	48,900,000	15,761,143
	582,555,541	510,581,270	71,974,271	15,761,143

Provision is recognized by the Modaraba on the basis of provision requirements given under Prudential Regulations for Modarabas and subjective evaluation carried out on an ongoing basis.

Past due	2020			
	Total	Non-classified	Classified	Provision
	-----Rupees-----			
Not yet due	509,844,905	509,844,905	-	-
Less than 6 months	36,240,675	36,240,675	-	-
6 to 12 months - OAEM	40,692,536	-	40,692,536	10,561,332
1 to 2 years - Substandard	6,816,317	-	6,816,317	-
2 to 3 years - Doubtful	8,400,000	-	8,400,000	-
More than 3 years - Loss	48,900,000	-	48,900,000	5,199,813
	650,894,432	546,085,580	104,808,853	15,761,145

Provision is recognized by the Modaraba on the basis of provision requirements given under Prudential Regulations for Modaraba and subjective evaluation carried out on an ongoing basis.

38.1.8 The Modaraba manages credit risk and its concentration through diversification of activities to avoid undue concentration of risks with individuals, groups or specific industry segments. For this purpose, the Modaraba has established exposure Break down of credit risk exposure by class of business as at 30 June 2021 is as follows:

	2021				
	Assets	Morabaha	Musharikah	Total	% age
	Ijarah	investment	investment		
	-----Rupees-----				
Textile Spinning and Composite	35,464,801	172,178,735	2,804,238	210,447,774	13.77%
Sugar and Allied	-	32,000,000	-	32,000,000	2.09%
Electric Goods	100,000	93,023,643	-	93,123,643	6.09%
Chemical and Pharmaceuticals	483,054	4,720,170	13,787,485	18,990,709	1.24%
Paper and Board	100,000	-	-	100,000	0.01%
Food and Allied	2,740,721	-	33,956,685	36,697,406	2.40%
Individuals	88,784,540	88,616,222	82,090,641	259,491,403	16.98%
Jute	-	-	-	-	0.00%
Oil and Gas	-	-	27,539,253	27,539,253	1.80%
Miscellaneous	30,965,233	37,091,463	21,534,191	89,590,887	5.86%
Aviation and transport	247,319,771	-	387,043,445	634,363,216	41.51%
Engineering, Steel & Construction	44,481,531	67,500,000	10,726,517	122,708,048	8.03%
Cement	-	-	3,073,086	3,073,086	0.20%
	450,439,651	495,130,233	582,555,541	1,528,125,425	100%
	-----Rupees-----				
	2020				
	Assets	Morabaha	Musharikah	Total	% age
	Ijarah	investment	investment		
	-----Rupees-----				
Bank and NBFIs	-	-	-	-	0.00%
Textile Spinning and Composite	40,391,050	171,104,735	4,232,936	215,728,721	12.97%
Sugar and Allied	-	32,000,000	-	32,000,000	1.92%
Electric Goods	3,032,650	94,223,643	-	97,256,293	5.85%
Chemical and Pharmaceuticals	616,347	2,720,170	25,646,217	28,982,734	1.74%
Paper and Board	100,000	-	-	100,000	0.01%
Food and Allied	5,302,655	-	39,065,855	44,368,510	2.67%
Individuals	66,481,180	85,694,115	90,089,953	242,265,248	14.57%
Jute	-	-	-	-	0.00%
Oil and Gas	-	-	42,190,906	42,190,906	2.54%
Miscellaneous	44,197,874	48,674,949	39,213,306	132,086,129	7.94%
Aviation and transport	300,936,139	-	398,263,043	699,199,182	42.05%
Engineering, Steel & Construction	48,851,189	67,500,000	5,854,511	122,205,700	7.35%
Cement	-	-	6,337,705	6,337,705	0.38%
	509,909,085	501,917,611	650,894,432	1,662,721,128	100%

38 Liquidity risk

Liquidity risk is the risk that the Modaraba will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Modaraba could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. 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. The following are the contractual maturities of financial liabilities, including profit payments:

	2021					
	Carrying Amount	Contractual cash flows	6 months or less	6 to 12 months	1 year to 2 years	2 years to 5 years
			Rupees-----			
Financial liabilities						
Redeemable capital	1,014,101,593	1,032,794,470	1,032,794,470	-	-	-
Security deposits against Ijarah	131,545,269	131,545,269	76,019,110	12,750,250	21,613,800	21,162,109
Musharikah finance	535,128,774	619,020,545	20,919,577	20,919,577	41,839,153	576,967,927
Unclaimed profit	17,367,085	17,367,085	17,367,085	-	-	-
Trade and other payables	35,957,634	35,957,634	35,957,634	-	-	-
Profit payable	23,762,005	23,762,005	23,762,005	-	-	-
	1,757,862,361	1,860,447,009	1,206,819,881	33,669,827	63,452,953	598,130,036
			2020			
Financial liabilities		Contractual cash flows	6 months or less	6 to 12 months	1 year to 2 years	2 years to 5 years
			Rupees-----			
Redeemable capital	1,013,549,225	1,032,605,776	1,032,605,776	-	-	-
Security deposits against Ijarah	144,656,348	144,656,348	82,886,889	429,200	25,478,950	35,861,309
Musharikah finance	648,738,613	742,547,993	23,452,345	23,452,345	46,904,690	695,643,303
Unclaimed profit	17,458,341	17,458,341	17,458,341	-	-	-
Trade and other payables	20,822,703	20,822,703	20,822,703	-	-	-
Profit payable	37,742,338	37,742,338	37,742,338	-	-	-
	1,882,967,568	1,995,833,499	1,214,968,392	23,881,545	72,383,640	731,504,612

38.2.1 The contractual cash flows relating to the above financial liabilities have been determined on the basis of profit rates effective as at year end (and includes both principal and profit payable thereon). The rates of profit have been disclosed in notes 22 and 24 to these financial statements.

38 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, profit rates and equity prices will affect the Modaraba's income or the value of its holdings of financial instruments. The Modaraba has adopted appropriate policies to minimize its exposure to this risk.

38.3.1 Profit rate risk

At the reporting date, the profit rate profile of Modaraba's significant profit bearing financial instruments and the periods in which they mature is as follows:

	2021	2020	2021	2020
	Effective profit rate (Percentage)		Carrying amount (Rupees)	
Financial assets				
Musharikhah investments	9.32 - 19.98	8.55 - 22.55	566,794,398	635,133,289
Morabaha investment	8.50 - 19.90	8.50 - 23.00	250,768,854	305,442,787
Cash and bank balances	4.25 - 8.94	4.25 - 13.13	52,090,111	24,841,476
			869,653,363	965,417,552
Financial liabilities				
Redeemable Capital	5.35 - 13.60	5.35 - 13.75	1,014,101,593	1,013,549,225
Musharikhah finance	7.25 - 7.84	11.22 - 13.85	535,128,774	648,738,613
			1,549,230,367	1,662,287,838

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in profit rates at the reporting date would have increased / (decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the basis for 2021.

	Profit and loss 100 bps	
	Increase	Decrease
As at 30 June 2021		
Cash flow sensitivity-variable rate financial assets	8,696,534	11,835,908
Cash flow sensitivity-variable rate financial liabilities	(15,492,305)	(16,691,400)
Net effect	(6,795,771)	(4,855,492)
	Profit and loss 100 bps	
	Increase	Decrease
As at 30 June 2020		
Cash flow sensitivity-variable rate financial assets	9,654,176	(9,654,174)
Cash flow sensitivity-variable rate financial liabilities	(16,622,879)	16,622,878
Net effect	(6,968,703)	6,968,704

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Modaraba.

38.3.2 Currency risk

As at 30 June 2021, there is no foreign exchange exposure on Morabaha's balance sheet

38 Operational risk

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

- The Modaraba's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its objective of generating returns for certificate holders.
- The primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors of the management Company. This responsibility encompasses the controls in the following areas:

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

39 Fair value of financial instruments

The IFRS-13 defines fair value as 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.



First Punjab Modaraba

39 Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain investors, creditors and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Modaraba defines as net operation income divided by total capital employed. The Board of Directors also monitors the level of dividend payouts to certificate holders.

40 Reconciliation of liabilities arising from financing activities

	Balance as at 01 July 2020	Availed / Announced	Repaid / Redeemed	Balance as at 30 June 2021
Long term musharika finance	648,738,613	4,425,797,407	(4,539,407,246)	535,128,774
Profit payable	17,458,341	-	(91,256)	17,367,085
Redeemable capital	1,013,549,225	1,010,500,000	(1,009,947,632)	1,014,101,593
	1,679,746,179	5,436,297,407	(5,549,446,134)	1,566,597,452

41 Cash flow from operating activities

	Note	2021 Rupees	2020 Rupees
Profit / (Loss) for the year		8,940,663	(55,310,891)
Adjustments for:			
Depreciation of ijarah assets		121,115,017	96,857,165
Depreciation of assets in own use		919,444	656,872
Amortization of Intangible Assets		797,814	-
Gain on disposal of Ijarah assets		(1,815,709)	(767,302)
Gain on disposal of owned assets		(25,297)	-
Gain on disposal of non-banking assets		(1,900,000)	(1,333,000)
Reversal for impairment of ijarah assets		(5,000,000)	-
(Reversal) / Provision for musharika investment		-	7,051,617
(Reversal) / Provision for Ijara investment		(13,168,058)	293,700
Financial charges on musharika finances		47,060,064	124,632,929
Financial charges on redeemable capital		71,997,139	82,875,907
		219,980,414	310,267,888
Operating profit before working capital changes		228,921,077	254,956,997

Working capital changes

(Increase)/decrease in operating assets:

Morabaha investment	41,509,917	6,251,809
Purchase of assets under ijarah arrangements	(90,535,199)	(327,113,090)
Investment in musharika-net	68,338,891	215,555,198
Purchase of Software	(1,200,000)	-
Purchase of assets-Development Properties	(6,975,000)	-
Proceeds from transfer of ijarah assets	53,873,383	84,825,225
Ijarah Rental Receivable - net	41,836,438	26,981,742
Advances, deposits, prepayments and other receivables	11,608,967	(78,112,706)
	118,457,397	(71,611,822)

Increase / (decrease) in operating liabilities:

Security deposits - net	(14,339,630)	409,455
Trade and other payables	779,253	16,822,664
	(13,560,377)	17,232,119

Net changes in operating assets and operating liabilities

	104,897,020	(54,379,703)
--	--------------------	---------------------

Cash generated from operations

	333,818,097	200,577,294
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42 Provident fund

Size of the fund	5,256,866	4,874,516
Percentage of investments made	100%	100%
Fair value of investments made	4,400,000	4,000,000
Cost of investment made	4,400,000	4,000,000

Break-up of investments in terms of amount and percentage of the size of the

2021 (Audited)		2020 (Audited)	
Investment	Investment as % of size of the	Investment	Investment as % of size of the
Term Deposit Receipts	4,400,000 100%	4,000,000 100%	
	4,400,000 100%	4,000,000 100%	

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

43 Date of authorization for issue

The unconsolidated financial statements of Modaraba were approved by the Directors of Modaraba Management Company and authorized for issue on October 29, 2021.

44 General

Figures have been rounded off to the nearest rupees unless otherwise provided.


Chief Financial Officer
Punjab Modaraba Services
(Private) Limited


Chief Executive
Punjab Modaraba Services
(Private) Limited


Director
Punjab Modaraba Services
(Private) Limited


Director
Punjab Modaraba Services
(Private) Limited



Consolidated Financial Statements

as at June 30, 2021



Auditors' Report to the Certificate Holders

We have audited the annexed consolidated balance sheet of **First Punjab Modaraba** and its subsidiary (the Group) as at **30 June 2021** and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated 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 consolidated financial statements are the Modaraba management company's (Punjab Modaraba Services (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) In our opinion, proper books of accounts have been kept by the Modaraba Company in respect of First Punjab Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and Modaraba Companies and Modaraba Rules, 1981;
- (b) In our opinion:
 - (i) the consolidated balance sheet and consolidated profit and loss account together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of accounts and are further in agreement with accounting policies consistently applied, except for the changes as stated in note 4.1, with which we concur;
 - (ii) the expenditure incurred during the year was for the purpose of the Modaraba's business; And

- (iii) the business conducted, investments made, and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the modaraba;
- (c) In our opinion and to the best of our information and according to the explanations given to us, the consolidated balance sheet, consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at 30 June 2020 and of the profit, its comprehensive income its cash flows and changes in equity for the year then ended; and
- (d) In our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980(XVIII of 1980), was deducted by the Modaraba company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

EY Ford Rhodes

EY Ford Rhodes
Chartered Accountants
Audit Engagement Partner: Farooq Hameed
Lahore: 30 October 2021



CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2021

ASSETS

Non current assets

Tangible fixed assets

- Ijarah assets
- Assets in own use

Intangible assets

Long Term Investment

Long term musharikhah investment - secured

Long term morabaha investment - secured

Long term deposits

Deferred tax asset

Current assets

Short term morabaha investment - secured

Current maturity of long term investment

Ijarah rental receivable

Trade Receivable

Development properties - Land

Advances, deposits, prepayments and other receivables

Tax refund due from government

Cash and bank balances

TOTAL ASSETS

EQUITY AND LIABILITIES

Authorized certificate capital

50,000,000 (30 June 2020: 50,000,000) modaraba
certificates of Rs. 10 each

Issued, subscribed and paid-up certificate capital

34,020,000 (30 June 2020: 34,020,000) certificates of Rs. 10
each

Capital reserves

Fair Value Reserve

Revenue reserves

Non current liabilities

Long term security deposits

Deferred morabaha income

Long term musharikhah finance - secured

Current liabilities

Current maturity of non current liabilities

Redeemable capital - participatory and unsecured

Profit payable

Trade and other payables

Provision for taxation

Unclaimed profit

TOTAL EQUITY AND LIABILITIES

CONTINGENCIES AND COMMITMENTS

Note	2021	2020
	Rupees	Rupees
5.1	450,439,651	509,909,085
5.2	3,800,610	4,332,069
6	7,167,912	6,765,726
7	20,533,912	19,605,539
8	220,934,378	228,414,227
9	-	8,821,104
10	3,295,435	2,381,853
11	64,386,484	64,398,663
	770,558,382	844,628,266
12	251,718,651	290,546,077
13	346,068,240	412,794,668
14	235,750,535	272,887,424
16	32,655,884	8,983,643
15	6,975,000	-
17	209,553,424	196,617,173
	6,874,104	5,945,010
18	140,072,304	69,445,617
	1,229,668,142	1,257,219,612
	2,000,226,524	2,101,847,878
19	500,000,000	500,000,000
19.1	340,200,000	340,200,000
20	218,176,678	216,692,528
20	9,774,741	8,846,368
20	(422,177,511)	(435,710,622)
	145,973,908	130,028,274
21	42,775,909	61,340,259
22	-	4,206,452
23	535,128,774	648,738,613
	577,904,683	714,285,324
24	89,927,377	85,702,657
25	1,014,101,593	1,013,549,225
26	23,762,005	37,742,338
27	128,111,554	102,700,068
36	3,078,319	381,651
	17,367,085	17,458,341
	1,276,347,933	1,257,534,280
	2,000,226,524	2,101,847,878
28		

The attached notes 1 to 46 form an integral part of these unconsolidated financial statements.

**For Punjab Modaraba Services (Private) Limited
(Modaraba Management Company)**

Chief Financial Officer

Punjab Modaraba Services
(Private) Limited

Chief Executive

Punjab Modaraba Services
(Private) Limited

Director

Punjab Modaraba Services
(Private) Limited

Director

Punjab Modaraba Services
(Private) Limited

Consolidated Profit and Loss Account

As at 30 June 2021


	<u>Note</u>	<u>2021</u> Rupees	<u>2020</u> Rupees
Income			
Income from ijarah rentals	29.1	68,026,823	64,229,845
Income from morabaha financing	29.2	3,841,615	10,246,204
Income from diminishing musharaka financing	29.3	63,839,737	110,808,247
Revenue from contract with customers	30	26,054,757	8,189,093
Gain on disposal of fixed assets	31	3,741,006	2,100,302
Other income	32	16,794,167	15,069,857
		182,298,105	210,643,548
Expenses			
Administrative expenses	33	63,130,642	51,648,886
Finance cost	34	119,227,762	207,688,021
		182,358,404	259,336,906
Operating loss before provision		(60,299)	(48,693,359)
Reversal for impairment of ijarah assets		5,000,000	-
Reversal / (provision) against ijarah rentals - net		13,168,058	(293,700)
Provision for musharika investment		-	(7,051,617)
		18,168,058	(7,345,317)
Operating profit / (loss) after provision and impairment		18,107,759	(56,038,676)
Modaraba Company's management fee	35	-	-
		18,107,759	(56,038,676)
Taxation	36	(3,090,498)	(156,992)
Profit / (loss) for the year		15,017,261	(56,195,668)
Earnings per certificate - basic and diluted	37	0.44	(1.65)

The attached notes 1 to 46 form an integral part of these unconsolidated financial statements.

For Punjab Modaraba Services (Private) Limited
(Modaraba Management Company)


Chief Financial Officer
Punjab Modaraba Services
(Private) Limited


Chief Executive
Punjab Modaraba Services
(Private) Limited


Director
Punjab Modaraba Services
(Private) Limited


Director
Punjab Modaraba Services
(Private) Limited



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2021

	<u>Note</u>	<u>2021</u> Rupees	<u>2020</u> Rupees
Profit / (loss) for the Year		15,017,261	(56,195,668)
Other Comprehensive Income for the Year		928,373	450,473
Total comprehensive income / (loss) for the Year		<u>15,945,634</u>	<u>(55,745,195)</u>

The attached notes 1 to 46 form an integral part of these unconsolidated financial statements.

**For Punjab Modaraba Services (Private) Limited
(Modaraba Management Company)**

Chief Financial Officer
Punjab Modaraba Services
(Private) Limited

Chief Executive
Punjab Modaraba Services
(Private) Limited

Director
Punjab Modaraba Services
(Private) Limited

Director
Punjab Modaraba Services
(Private) Limited

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Note</u>	<u>2021</u> Rupees	<u>2020</u> Rupees
Cash flow from operating activities			
Cash generated from operations	43	318,314,007	210,088,980
Profit paid on redeemable capital		(78,462,062)	(69,980,950)
Profit paid on musharikhah finances		(54,755,623)	(140,557,198)
Taxes paid		(1,310,745)	(1,065,976)
		(134,528,430)	(211,604,124)
Net cash generated from / (used in) operating activities		183,785,577	(1,515,144)
Cash flow from investing activities			
Proceeds from disposal of fixed assets		27,500	-
Dividend Income		590,783	675,180
Purchase of fixed assets in own use	5.2	(628,445)	(483,307)
Net cash (used in) / generated from investing activities		(10,162)	191,873
Cash flow from financing activities			
Musharikhah finances-net	23	(113,609,839)	(574,882,956)
Redeemable capital-net	25	552,368	568,030,732
Profit distributed among the certificate holders		(91,257)	(99,037)
Net cash generated from financing activities		(113,148,728)	(6,951,261)
Net (decrease) / increase in cash and cash equivalents		70,626,687	(8,274,532)
Cash and cash equivalents at the beginning of the year		69,445,617	77,720,149
Cash and cash equivalents at the end of the year	18	140,072,304	69,445,617

The attached notes 1 to 46 form an integral part of these unconsolidated financial statements.

**For Puniab Modaraba Services (Private) Limited
(Modaraba Management Company)**


Chief Financial Officer
Punjab Modaraba Services
(Private) Limited


Chief Executive
Punjab Modaraba Services
(Private) Limited


Director
Punjab Modaraba Services
(Private) Limited


Director
Punjab Modaraba Services
(Private) Limited





CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2021


	Certificate capital	Capital Reserve Fair Value Reserve	Statutory reserve	Revenue Reserve Accumulated loss	Total
	-----Rupees-----				
Balance as at 01 July 2019	340,200,000	8,846,368	216,692,528	(379,965,427)	185,773,469
Loss for the year	-	-	-	(55,745,195)	(55,745,195)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(55,745,195)	(55,745,195)
Balance as at 30 June 2020	340,200,000	8,846,368	216,692,528	(435,710,622)	130,028,274
Profit for the year	-	928,373	-	15,017,261	15,945,634
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	928,373	-	15,017,261	15,945,634
Transfer to statutory reserves	-	-	1,484,150	(1,484,150)	-
Balance as at 30 June 2021	340,200,000	9,774,741	218,176,678	(422,177,511)	145,973,908

The attached notes 1 to 46 form an integral part of these unconsolidated financial statements.

**For Punjab Modaraba Services (Private) Limited
(Modaraba Management Company)**


Chief Financial Officer
Punjab Modaraba Services
(Private) Limited


Chief Executive
Punjab Modaraba Services
(Private) Limited


Director
Punjab Modaraba Services
(Private) Limited


Director
Punjab Modaraba Services
(Private) Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1 The Group and its Operations

1.1 The "Group" consists of:

Parent

First Punjab Modaraba

Subsidiary Company

Punjab Capital Securities (Private) Limited

Percentage of holding	
2021	2020

100% 100%

First Punjab Modaraba (the Modaraba) was formed under the Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980 and rules framed there under and is managed by Punjab Modaraba Services (Private) Limited (wholly owned subsidiary of The Bank of Punjab), a company incorporated in Pakistan. The registered office of the Modaraba is situated at 3rd floor, National Tower, Egerton Road, Lahore. The Modaraba commenced its operations on 23 December 1992. The Modaraba is listed on Pakistan Stock Exchange.

The Modaraba is a perpetual and multi-dimensional Modaraba and is primarily engaged in the business of Ijarah, Musharikah and Morabaha financing, equity investment and other related businesses in accordance with the injunctions of Islam.

During the year, Modaraba has obtained approval of the Securities and Exchange Commission of Pakistan to undertake Building, Construction and Real Estate activity by insertion of a new clause for this purpose in prospectus of the Modaraba on 13 January 2021.

Punjab Capital Securities (Private)

The Punjab Capital Securities (Private) Limited ("the Company") is registered under the repealed Companies Ordinance, 1984 (which is replaced by Companies Act 2017) as a company limited by shares on the 29th day of November 2016. The Company is mainly engaged in business of brokerage services, portfolio management and consultancy services. The registered office of the Company is situated at Room No 319, 3rd Floor, Lahore stock exchange (LSE) Building, Lahore.

1.2 Basis of Consolidation

The Group consolidated financial statements include the consolidated financial statements of the Modaraba and its subsidiary.

Subsidiary are fully consolidated from the date on which control is transferred to the Modaraba. They are deconsolidated from the date that control ceases. The consolidated financial statements of subsidiary have been consolidated on line by line basis. All significant inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognized in assets are also eliminated.

The Modaraba applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Modaraba recognizes any non-controlling interest in the acquiree on an acquisition- by-acquisition basis, at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets. The consolidated financial statements of the Modaraba and its subsidiary are prepared upto the same reporting date using consistent accounting policies.

Acquisition-related costs are expensed as incurred. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through income statement.



Any contingent consideration to be transferred by the Modaraba is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill, if any, is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in income statement. After initial recognition, is measured at carrying value i.e. cost at the date of acquisition less any accumulated impairment.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Modaraba ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Modaraba had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

Non-controlling interest

The Group applies a policy of treating transactions with non- controlling interests as transaction with parties external to the Group. Disposals of non-controlling interests results in gain and losses for the Group that are recorded in the profit and loss account.

1.3 Management's Assessment of Going Concern

In assessing the going concern status of the Modaraba, management has carefully assessed number of factors covering the performance of the business, business prospects and appetite of majority shareholder to continue financial support. Based on the analysis of these, management is comfortable that the Modaraba will be able to continue as a going concern in the foreseeable future.

During the year ended 30 June 2021, the Modaraba has made profit after tax of Rs. 7,420,750, which is mainly due to reduction in finance cost and reversal of provisions. The accumulated loss, net of reserves, as at 30 June 2021 amount to Rs. 195,481,018 (2020: Rs.202,941,768) which exceeds fifty percent of the total amount subscribed by the holders of the Modaraba Certificates. Further the current liabilities of the Modaraba exceed its current assets by Rs. 93,069,290 as at 30 June 2021. However sufficient cushion is available in financing lines approved in favor of the Modaraba.

In order to address going concern issue in terms of section 23 of the Modaraba Companies and Modarabas (Flotation and Control) Ordinance, 1980 (the Modaraba Ordinance), The Bank of Punjab (BOP) being the parent company of the Modaraba's Management Company' is providing enduring support and has confirmed that it shall continue to provide financial support to the Modaraba in order to mitigate liquidity risk. The Modaraba has obtained approval from the Securities & Exchange Commission of Pakistan dated 13 January 2021 to undertake Building, Construction and Real Estate activities. Accordingly, financial benefits shall be accrued in books of Modaraba in due course of time. Further, the Modaraba has made significant progress in terms of recovery from certain classified borrowers resulting in improvement of net equity in term of compliance of section 23 of the Modaraba Ordinance.

On the basis of support and the arrangements as outlined above and the business plan prepared by the management, the management is of the view that no material uncertainty exists related to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern and the Modaraba shall be able to operate on going concern basis in the foreseeable future. Consequently, these financial statements have been prepared reflecting these assumptions.

2 Basis of preparations

These financial statements are the consolidated financial statements of the group in which investment in subsidiary is accounted for on the basis of acquisition method. Standalone financial statements of Modaraba and its subsidiary are prepared separately.

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by International Accounting Standards Board (IASB) as notified under Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017; and
- The requirements of Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modarabas (hereinafter referred to as the relevant laws).

Where provisions and directives issued under Companies Act, 2017 and the relevant laws differ from IFRS Standards, the provisions and directives issued under Companies Act, 2017 and the relevant laws have been followed.

The SECP has deferred the applicability of IFRS-9 for Modaraba upto 30 June 2022 via SRO 800(I) / 2021 dated 22 June 2021. However, the Modaraba had already adopted other requirements of IFRS-9 except for provision against Islamic financings. Therefore, the Modaraba has continued same practice during the current year as well. The provision against financing has been determined in accordance with requirement of the Prudential Regulations.

The SECP has issued directive (vide SRO 431 (I) / 2007 dated May 22, 2007) that Islamic Financial Accounting Standard 2 (IFAS 2) shall be followed in preparation of the consolidated financial statements by Companies and Modarabas while accounting for Lease Financing transactions as defined by the said standard. The Modaraba has adopted the said standard.

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except for certain financial assets and liabilities which are stated at their fair value or amortized cost as applicable.

2.3 Functional and presentation currency

These consolidated financial statements are presented in Pakistan Rupees which is also the Modaraba's functional currency. All financial information presented in Pakistan Rupees has been rounded to the nearest rupee, unless otherwise stated.

2.4 Significant accounting estimates and judgments

The preparation of consolidated financial statements in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in application of the Modaraba's accounting policies. The estimates, judgment and associated assumptions are based on the management's experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an on-going basis.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both the current and future periods. The areas where various assumptions and estimates are significant to the Modaraba's financial statement or where judgment was exercised in the application of accounting policies are as follows:

2.4.1 Depreciation/Amortization

Estimates of residual values, useful lives and depreciation methods of fixed assets in own use and Ijarah assets (note 5)

2.4.2 Provision against non-performing loans and advances

The Modaraba reviews its portfolio to assess amount of non-performing contracts and provision required there against on a quarterly basis. The provision is made in accordance with the prudential regulations issued by Securities and Exchange Commission of Pakistan.

2.4.3 Income taxes

The Group takes into account relevant provisions of current income tax laws while providing for current and deferred tax

2.4.4 Provision against non performing financing (Suspense income)

The Modaraba reviews its overdue ijarah rentals, morabaha receivable and musharikhah receivable at each reporting date to assess whether provision should be recorded in profit and loss account, in addition to the mandatory provisions required in accordance with the Prudential Regulations issued by the SECP. In particular, judgment by management is required in the estimation of the amount and the 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 provisions.

3 New accounting standards / amendments and IFRS interpretations that are effective for the year ended 30 June 2020

The Group has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
IFRS 9	Prepayment Features with Negative Compensation – (Amendments)
IAS 28	Long-term Interests in Associates and Joint Ventures – (Amendments)
IAS 19	Plan Amendment, Curtailment or Settlement – (Amendments)
IFRS 3	Business Combinations - Previously held Interests in a joint operation – (Amendments)
IFRS 11	Joint Arrangements - Previously held Interests in a joint operation
IAS 12	Income Taxes - Income tax consequences of payments on financial instruments classified as equity
IAS 23	Borrowing Costs - Borrowing costs eligible for capitalization

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any material effect on the consolidated financial statements.

3.1 New accounting standards / amendments and IFRS interpretations that are not yet effective

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

		Effective date (annual periods beginning on or after)
IFRS 3	Definition of a Business (Amendment)	01 Jan 2020
IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reforms (Amendments)	01 Jan 2020
IAS 1 and IAS 8	Definition of Material (Amendment)	01 Jan 2020
IFRS 16	COVID 19 Related Rent Concessions (Amendments)	01 Jan 2020
IAS 1	Classification of Liabilities as Current or Non Current (Amendments)	01 Jan 2022
IFRS 3	Reference to the Conceptual Framework (Amendment)	01 Jan 2022
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendment)	01 Jan 2022
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendment)	01 Jan 2022
IFRS 9	Financial Instruments- Fees in the '10 per cent' test for derecognition of financial liabilities (Amendment)	01 Jan 2022
IAS 41	Agriculture – Taxation in fair value measurements (Amendment)	01 Jan 2022

The above standards and amendments are not expected to have any material impact on the Group consolidated financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for annual reporting period beginning on or after January 01, 2020. The Group expects that such improvements to the standards will not have any material impact on the Group consolidated financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards	Effective date (annual periods beginning on or after)
IFRS 1	First time adoption of International Financial Reporting Standards
IFRS 14	Regulatory Deferral Accounts
IFRS 17	Insurance Contracts

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those of the previous year except for the change explained below:

4.1 Tangible fixed assets

Assets in own use

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the assets' carrying amounts or recognised as separate assets, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Group and the cost of the items can be measured reliably. All other repairs and maintenance expenses are charged to the profit and loss account as and when incurred.

Depreciation on all fixed assets is charged to profit and loss on straight line basis, so as to write off the historical cost of an asset over its estimated useful life at annual rates mentioned in note 5.2.

Residual values and the useful lives of the assets are reviewed at least at each financial year end and adjusted if impact on depreciation is significant.

Assets' residual values and useful lives are reviewed and adjusted, if appropriate at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset.

Intangible Assets

Intangible assets having a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Subsequent costs are included in the assets' carrying amounts or recognised as separate assets, as appropriate, only where it is probable that the future economic benefits associated with the assets will flow to the Group and the cost of the items can be measured reliably. The useful lives and amortisation method are reviewed and adjusted, as appropriate, at each reporting date. Amortisation is charged from the month the asset is available for use while in the case of assets disposed of, it is charged till the month preceding the month of disposal.

Intangible assets having an indefinite useful life are stated at cost less accumulated impairment losses, if any.

Gain or loss on disposal of intangible assets, if any. Is taken to the profit and loss account in the period in which these arise.

Ijarah Assets

Ijarah assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged to profit and loss account applying the straight line method whereby the cost of an asset less salvage value is written off over the period of facility, which is considered to be the estimated useful life of the asset. However, in the event the asset is expected to be available for re-ijarah, depreciation is charged over the economic life of asset using straight line basis. In respect of additions and disposals during the year, depreciation is charged proportionately from the date of delivery of assets to the date of its maturity / termination.

Ijarah income is recognized on an accrual basis as and when the rental becomes due.

4.2 Impairment (Including provision for potential ijarah losses and write offs)

The carrying amount of the Modaraba's assets are reviewed at each reporting date to determine whether there is any indication of impairment in any asset or group of assets. If such an indication exists, the recoverable amount of the assets is estimated and impairment losses are recognised immediately as an expense in the profit and loss account. For loans and receivables, a provision for impairment is established when there is objective evidence that the Modaraba will not be able to collect all amounts due according to the original terms. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective profit rate.

Provision for non-performing leases, if any, is made in accordance with the requirements of the Prudential Regulations for Modarabas issued by the Securities and Exchange Commission of Pakistan (SECP) and is charged to the profit and loss account in the current period. Outstanding balances in net investment in Ijarah finance are written off when there is no realistic prospect of recovery.

4.3 Ijarah rentals and Musharikah investments

Ijarah rentals and Musharikah investments are stated net of provision and suspense income. Provision is recognized for Ijarah rentals receivable and musharikah investment, in accordance with the Prudential Regulations for Modarabas issued by Securities and Exchange Commission of Pakistan (SECP). Bad debts are written-off when identified.

4.4 Morabaha Investments

Morabaha investments are stated net of provision. Provision is recognized for Morabaha investments in accordance with the Prudential Regulations for Modaraba's issued by the Securities and Exchange Commission of Pakistan. Bad debts are written off when identified.

Morabaha receivable are recorded by the Modaraba at the invoiced amount and disclosed as such in the balance sheet.

Purchase and sales under Morabaha and the resultant profit are accounted for on the culmination of Morabaha transaction.

The profit on that portion of sales revenue not due for payment are deferred by accounting for a debit to "Unearned Morabaha Income" account with the corresponding credit to "Deferred Morabaha Income" account and shown in the balance sheet as a liability.

4.5 Development properties

Property acquired, constructed or in the course of construction for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is classified as development properties and is measured at lower of cost and net realisable value.

All project costs incurred or to be incurred are capitalised as a cost of development properties and mainly includes: costs / rights for free-hold and leasehold land; construction cost, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs necessary to bring the premises in saleable condition and development charges.

Net realizable value is the estimated selling price in the ordinary course of business, based on market prices at the reporting date less estimated costs of completion and the estimated costs necessarily to be incurred to make the sale.

The cost of sales recognised in profit or loss is determined with reference to the costs incurred on the property sold and an allocation of any non-specific costs based on the total area of land sold for property, in relation to total area of land. The development charges are recognised in profit or loss on the basis of reimbursable development costs recoverable to date from customers on property sold apportioned to total area of land sold in relation to total area of land. Development charges not recoverable from customers are borne by the Modaraba and charged to profit or loss in the year, in which these are incurred.

The management reviews the carrying values of the development properties on an annual basis.

4.6 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 cash with banks in current, savings and deposit accounts.

4.7 Financial Instruments

4.7.1 Financial assets

Financial assets - initial recognition

The Group has adopted IFRS 9 Financial Instruments with effect from 1 July 2018. Accordingly, financial assets are classified, at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group business model for managing them. With the exception of trade debts and bank balance that do not contain a significant financing component or for which the Group has applied the practical expedient, the Modaraba initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade debts that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding.

This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Financial assets - subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- a) Financial assets at fair value through profit or loss
- b) Financial assets at amortized cost (debt instruments)
- c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- d) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

The Modaraba does not have financial assets recorded at fair value through profit or loss.

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

- a) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- b) 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

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group financial assets at amortized costs includes advances, deposits, prepayments and other receivables, ijarah rental receivables, musharikah investment, morabaha investment and long term deposits.

Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

Upon initial recognition, the Modaraba can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- a) The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- b) 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.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Group does not have debt instruments recorded at fair value through OCI with recycling of cumulative gains and losses.

Financial assets - Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a Group of similar financial assets) is primarily derecognized when:

- a) The rights to receive cash flows from the asset have expired; or
- b) The Group 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 Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group 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 the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. In that case, the Modaraba also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group 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 Group could be required to repay.

Financial assets - Impairment

The Group recognizes an allowance for expected credit losses ("ECL") for all debt instruments not held at fair value through profit or loss. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition and it is therefore no longer necessary for a credit event to have occurred before credit losses are recognized. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

However, NBFI & Modaraba Association of Pakistan, based on the clarification of the SECP, have informed all its members that the provisioning criteria will remain those as framed under Modaraba Ordinance, 1980 and Rules & Regulations framed therein. Accordingly, the Modaraba has maintained provision against financing assets in accordance with relevant laws applicable to Modaraba.

Securities and Exchange Commission of Pakistan (SECP) through its S.R.O No. 985 (1) / 2019 dated 2nd September 2019, in partial modification of its previous S.R.O 229 (1) / 2019 dated February 14, 2019 notified that , in respect of companies holding financial assets due from Government of Pakistan, the requirement contained in 'IFRS-9 (Financial Instruments) with respect to application of Expected credit lossess method" shall not be applicable till 30 June 2021, provided that the company follow relevant requirement of IAS-39 'Financial instruments: Recognition and Measurement', in respect of above referred financial assets during the exemption period. Consequently, these consolidated financial statements do not include the impact of ECL method in respect of 'Tax refunds due from government'.

For bank balances, the Group applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Group reviews internal and external information available for each bank balance to assess expected credit loss and the likelihood to receive the outstanding contractual amount. The expected credit losses are recognized in the statement of profit or loss.

Upon adoption of IFRS 9, the Group has no material impact on amounts in the statement of financial position as the current methodology adequately reflects requirements of the new standards.

4.7.2 Financial liabilities

Financial liabilities - initial recognition

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group financial liabilities include deferred morabaha income, redeemable capital, trade and other payables, unclaimed profit, profit payable and long term musharika finance.

Financial liabilities - subsequent measurement

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of comprehensive income.

This category applies to long term loans, short term borrowings utilized under mark-up arrangements, creditors, liabilities against assets subject to finance lease, accrued and other liabilities.

Financial liabilities - derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When 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 the respective carrying amounts is recognized in the statement of profit or loss.

Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the consolidated financial statements when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on net basis, or realize the asset and settle the liabilities simultaneously.



4.8 Finance arrangements including Certificates of Musharikah

These are carried on the balance sheet at principal amount.

Profits on these arrangements are recognized as expense in the period in which they incur.

Profit on Musharikah finance is accounted for on the basis of the projected rate of profit. The effect of adjustments, if any, between actual rate and projected rate of profit is accounted for at the end of each year after determination of the actual rate.

4.9 Provisions

Provisions are recognized when the Group has a 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 balance sheet date and are adjusted to reflect the current best estimate.

4.10 Staff retirement benefit

4.11 Defined contribution plan

The Modaraba operates a recognized provident fund for all eligible employees. Equal monthly contributions @ 8.33% of the basic salary are made to the fund both by the Modaraba and employees.

Defined benefit plan

The Modaraba operates an un-funded gratuity scheme for its eligible employees completing prescribed period of service in accordance with service rules of the Modaraba. Provision is made for gratuity in accordance with the requirements laid down by IAS 19. The actuarial gains and losses are recognized in other comprehensive income when they occur. Amounts recorded in profit and loss are limited to current and past service costs, gains or losses on settlements and net interest income (expense). All other changes in the net defined benefit asset (liability) are recognized in other comprehensive income with no subsequent recycling to profit and loss.

4.12 Revenue recognition

Ijarah rentals

Ijarah rentals are recognized as income on accrual basis, as and when rentals become due.

Documentation charges, front-end fee and other Ijarah income are recognized as income on receipt basis. Unrealized Ijarah income pertaining to non-performing Ijarah is held in suspense account, where necessary, in accordance with the requirements of the Prudential Regulations (PR).

Morabaha transaction

Profit on morabaha transaction is recognized over the period the payment becomes due. The unearned portion is reflected as deferred morabaha income.

Profit on musharikah arrangement is recognized under the effective interest rate, based on the amount outstanding.

Profit on bank

Return on bank deposits are recognized on accrual basis, using effective interest rate method.

Capital gain or losses on sale of investment

Capital gain / loss on investment is recognized on sale of the respective investments.

Dividend income

Dividend income on equity instruments is recognized when the right to receive the same is established.

Commission income

Commission income is recognized on accrual basis.

4.13 Trade date accounting

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

4.14 Profit distribution and appropriations

Profit distribution and appropriation to reserves are recognized as liability in the consolidated financial statements in the period in which these are approved. Transfer to statutory reserve and any of the mandatory appropriations, as may be required by law, are recognized in the period to which these relate.

4.15 Taxation

Current

Provision for current taxation is made on taxable income at the prevailing rates of tax after taking into account tax credits available, if any. The income of non-trading modarabas is exempt from tax provided that not less than 90% of their profits are distributed to the certificate-holders as reduced by amount transferred to a mandatory reserve as required under the provisions of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) are distributed to the certificate holders.

Deferred

The Group accounts for deferred taxation using the balance sheet liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized 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. The carrying amount of all deferred tax assets is reviewed at each balance sheet date and reduced to the extent, if it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account.

4.16 Earnings per certificate

Earnings per certificate is calculated by dividing the profit after taxation for the year by weighted average number of certificates outstanding during the year. Diluted earnings per certificate is determined by adjusting the profit or loss attributable to ordinary certificate holders by taking into account the conversion of any diluted potential ordinary certificate.

4.17 Segment reporting

As per IFRS 8 - 'Operating Segments', operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision maker. The chief executive officer of the management company has been identified as the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments.

The Chief Executive Officer is responsible for the Modaraba's entire product portfolio and considers the business to have a single operating segment. The Modaraba's asset allocation decisions are based on a single integrated investment strategy and the Modaraba's performance is evaluated on an overall basis.



First Punjab Modaraba

5 Tangible fixed assets

Jirah assets
Assets in own use

Note	30 June 2021 Rupees	30 June 2020 Rupees
5.1	450,439,651	509,909,085
5.2	3,800,610	4,332,069
	454,240,261	514,241,154

5 Jirah assets

Description	2021										NET BOOK VALUE	
	COST					DEPRECIATION					As at 30 June 2021	
	As at 1 July 2020	Additions	Transfer	As at 30 June 2021	As at 1 July 2020	Charge for the Year	Transfer	As at 30 June 2021	As at 1 July 2020	Reversal for the Year	Transfer	As at 30 June 2021
Plant and machinery	538,775,141	1,040,000	(78,086,574)	461,728,567	420,683,996	10,869,390	(70,762,111)	360,791,275	20,593,102	(5,000,000)	-	15,593,102
Vehicle	551,190,599	12,112,609	(121,005,249)	442,297,959	177,825,101	67,993,348	(101,082,536)	144,735,913	1,104,397	-	-	1,104,397
Cessna aircraft	13,552,604	-	-	13,552,604	13,552,604	-	-	13,552,604	-	-	-	-
Consumer products	64,211,924	77,382,590	(27,819,776)	113,774,738	24,061,983	42,252,279	(21,177,336)	45,136,926	-	-	-	68,637,812
	1,167,730,268	90,535,199	(226,911,599)	1,031,353,868	636,123,684	121,115,017	(193,021,983)	564,216,718	21,697,499	(5,000,000)	-	16,697,499
												450,439,651
Description	2020										NET BOOK VALUE	
	COST					DEPRECIATION					As at 30 June 2020	
	As at 1 July 2019	Additions	Transfer	As at 30 June 2020	As at 1 July 2019	Charge for the Year	Transfer	As at 30 June 2020	As at 1 July 2019	Reversal for the Year	Transfer	As at 30 June 2020
Plant and machinery	642,157,200	7,068,305	(110,450,364)	538,775,141	513,388,434	9,944,191	(102,648,629)	420,683,996	20,593,102	-	-	20,593,102
Vehicle	394,687,833	270,220,536	(113,717,770)	551,190,599	150,755,909	67,094,817	(40,025,625)	177,825,101	1,104,397	-	-	1,104,397
Cessna aircraft	13,552,604	-	-	13,552,604	13,552,604	-	-	13,552,604	-	-	-	-
Consumer products	24,103,475	49,824,249	(9,715,800)	64,211,924	11,395,583	19,818,157	(7,151,757)	24,061,983	-	-	-	40,149,941
	1,074,501,112	327,113,090	(233,883,934)	1,167,730,268	689,092,530	96,857,166	(149,826,011)	636,123,684	21,697,499	-	-	21,697,499
												509,909,085

5.1.1 Transfers represent the assets disposed through negotiation after expiry / termination of Jirah. However, in view of large number of disposals, detail of each disposal has not been given

5.1.2 The Gross Carrying amount (cost) of fully depreciated assets that are still in use amounts to Rs. 411,641,601 (30 June 2020 : Rs. 553,815,454)

5.1.3 Impairment is reversed on the basis of recovery made from classified party and in accordance with Prudential regulations issued by Securities and Exchange Commission of Pakistan

5.2 Assets in own use

Description	2021					2020				
	COST			DEPRECIATION		COST			DEPRECIATION	
	As at 1 July 2020	Additions	Disposal	As at 30 June 2021	Charge for the Year	As at 1 July 2020	As at 30 June 2021	Disposal	As at 30 June 2020	Depreciation Rate
Office Equipment	3,370,492	439,245	(126,990)	3,682,747	300,299	2,471,645	2,644,954	(126,990)	1,037,793	15% & 30%
Furniture & Fixtures	3,107,718	34,400	(194,133)	2,947,985	297,725	1,674,161	1,777,753	(194,133)	1,170,231	15%
Vehicles	2,174,400	154,800	(69,900)	2,259,300	450,426	538,924	921,653	(67,697)	1,337,647	20%
Computer Products	1,212,980	-	-	1,212,980	109,250	848,791	958,041	-	254,939	20%
	9,865,590	628,445	(391,023)	10,103,012	1,157,700	5,533,521	6,302,401	(388,820)	3,800,610	

Description	2020					2020				
	COST			DEPRECIATION		COST			DEPRECIATION	
	As at 1 July 2019	Additions	Disposal	As at 30 June 2020	Charge for the Year	As at 1 July 2019	As at 30 June 2020	Disposal	As at 30 June 2020	Depreciation Rate
Office Equipment	3,306,762	63,730	-	3,370,492	364,846	2,106,783	2,471,645	-	898,847	15% & 30%
Furniture & Fixtures	2,725,941	381,777	-	3,107,718	311,186	1,362,975	1,674,161	-	1,433,557	15%
Vehicles	2,174,400	-	-	2,174,400	129,566	409,358	538,924	-	1,635,476	20%
Computer Products	1,175,180	37,800	-	1,212,980	149,290	699,501	848,791	-	364,189	20%
	9,382,283	483,307	-	9,865,590	954,888	4,578,617	5,533,521	-	4,332,069	

5.2.1 The Gross Carrying amount (cost) of fully depreciated assets that are still in use amounts to Rs. 1,946,371 (30 June 2020 : Rs. 1,459,609).

5.2.2 The Gross Carrying amount (cost) of assets disposed off during the year amounts to Rs. 391,023 (30 June 2020 : Nil).



First Punjab Modaraba

	Note	2021	2020
		Rupees	Rupees
6 Intangible Assets			
LSE room	6.1	4,265,726	4,265,726
Trading right entitlement certificate (TREC)	6.2	2,500,000	2,500,000
Computer software	6.3	402,186	-
		7,167,912	6,765,726

6.1 LSE room

Cost		4,265,726	4,265,726
Addition/deletion during the year	6.1.1	-	-
		4,265,726	4,265,726

This represents cost of right to use room given by LSE Financial Services Limited with indefinite useful life. These are considered to be indefinite as there is no foreseeable limit on the period during which an entity expects to consume the future economic benefits. The right to use the room was purchased on 24 April 2017 amounting to Rs.4,374,500.

6.1.1 This represents charges in respect of transfer of right to use LSE room in the name of the Company.

	Note	2021	2020
		Rupees	Rupees
6.2 Trading right entitlement certificate (TREC)			
Carrying value		2,500,000	2,500,000
Impairment in value of TREC		-	-
		2,500,000	2,500,000
Cost		5,000,000	5,000,000

This represents the trading right entitlement certificate which is given by Pakistan Stock Exchange in order to carry out trading. In previous year, SECP has reduced the notional value of transferable TRE Certificate from Rs.5 million to Rs.2.5 million for the purpose of Base Minimum Capital (BMC) through its notification PSX/N-7178 dated 10 November 2017. According, the Company has charged an impairment of Rs. 2.5 million on TREC in the year ended 30 June 2018.

Further, the TREC is under lien in favor of PSX to meet the requirement of Base Minimum Capital (BMC) of the Risk Management Regulation of PSX Rule Book.

	Note	2021	2020
		Rupees	Rupees
6.3 Computer software			
Cost	6.3.1	2,495,000	1,295,000
Amortization	6.3.2	(2,092,814)	(1,295,000)
Carrying Amount		402,186	-

6.3.1 Cost

Balance as at 1 July 2020		1,295,000	1,295,000
Additions		1,200,000	-
Balance as at 30 June 2021		2,495,000	1,295,000

6.3.2 Amortization

Balance as at 1 July 2020		(1,295,000)	(1,295,000)
Amortization for the year	33	(797,814)	-
Balance as at 30 June 2021		(2,092,814)	(1,295,000)

Rate of amortization		20% - 66.67%	20%
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7 Long Term Investments

843,975 (June 2020 : 843,975)		19,605,539	19,155,066
Shares of LSE Financial Services		928,373	450,473
Other comprehensive income		20,533,912	19,605,539

7.1 In absence of active market for shares of LSE Financial Services Limited, it is measured using net asset value of Rs. 22.70, which approximates the fair value of shares of LSE Financial Services Limited as majority assets held by LSE Financial Services Limited are carried at revaluation/fair value model.

7.2 LSE Financial Services Limited shares are under lien in favor of PSX to meet the requirement of Base Minimum Capital (BMC) of the Risk Management Regulation of PSX Rule Book.

	Note	2021	2020
		Rupees	Rupees
8 Long Term Musharikah Investment - secured			
Long term musharikah investment	8.1	582,555,541	650,894,432
Less: Current portion of long term musharikah investment	13	(361,621,163)	(422,480,205)
		220,934,378	228,414,227

- 8.1** The profit charged on these facilities ranged from 9.32% to 19.98% per annum (June 2020: 8.55% to 22.55% per annum). These facilities are secured by way of personal guarantees and mortgage of properties.

	Note	2021	2020
		Rupees	Rupees
9 Long Term Morabaha Investment - secured			
Long term morabaha investment	9.1	9,008,220	21,619,598
Add: Unearned morabaha income		-	2,077,112
		9,008,220	23,696,710
Less: Current portion of long term morabaha investment	13	(9,008,220)	(12,489,038)
		-	11,207,672
Less: Current portion of unearned morabaha income	13	-	(2,386,568)
		-	8,821,104

- 9.1** These are secured against mortgage of properties, hypothecation and pledge of stocks, personal guarantees and demand promissory notes. The rate of profit on morabaha finances ranges from 8.50% to 19.53% per annum (2020 : 8.50% to 23%).

	Note	2021	2020
		Rupees	Rupees
10 Long Term Deposits			
National clearing company of Pakistan limited (NCCPL)		200,000	1,500,000
Central depository company		192,500	192,500
Pakistan stock exchange (PSX)		1,490,491	576,909
Basic deposit for regular		200,000	-
Basic deposit for future		1,000,000	-
Deposit against MSF		100,000	-
Others		112,444	112,444
		3,295,435	2,381,853

11 Deferred Tax Asset	11.1	64,386,484	64,398,663
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- 11.1** This represents deferred tax asset created against brought forward losses and depreciation & amortization expense available for use in future. The management is confident that sufficient taxable profits will be available to set off these losses. Further, the management does not intend to avail exemption under clause 100 of Part 1 of Second Schedule to the Income Tax Ordinance 2001.

The aggregate deferred tax asset available to the Modaraba for set off against future taxable profits as at 30 June 2021 amounted to Rs. 183.16 million (30 June 2020: Rs. 150.92 million). Of these, deferred tax asset aggregating Rs. 64.40 million (30 June 2020: Rs 64.40 million) have been recognized in the financial statements.

Expiry of business loss, depreciation and alternate corporate tax is as follows:

Tax year	Nature	2021	2020
		Rupees	Rupees
2026	Business loss	22,289,062	22,232,390
Unlimited	Depreciation	55,084,521	24,378,509
2024	Alternate corporate tax	9,816,975	9,816,975
2025	Alternate corporate tax	16,739,766	16,739,766
2026	Alternate corporate tax	3,489,927	3,489,927
2027	Alternate corporate tax	4,016,478	4,016,478
2028	Alternate corporate tax	4,711,236	4,711,236
2029	Alternate corporate tax	1,136,970	1,136,970
2030	Alternate corporate tax	-	-
2031	Alternate corporate tax	1,477,096	-
		41,388,448	39,911,352



	Note	2021 Rupees	2020 Rupees
12 Short Term Morabaha Investment-secured			
Short term morabaha Investment	12.1	486,122,013	521,591,548
Add: Unearned morabaha income		1,158,017	4,515,908
		487,280,030	526,107,456
Less: Provision for doubtful morabaha investment	12.2	(235,561,379)	(235,561,379)
		251,718,651	290,546,077
12.1 These are secured against mortgage of properties, hypothecation and pledge of stocks, personal guarantees and demand promissory notes. The rate of profit on morabaha finances ranges from 11.93% to 19.90% per annum (2020: 16.29% to 19.45% per annum).			
12.2 Provision for doubtful morabaha investment	Note	2021 Rupees	2020 Rupees
Opening balance		235,561,379	235,561,379
Additions during the year		-	-
Reversals during the year		-	-
		-	-
Closing balance		235,561,379	235,561,379
13 Current Maturity of Long Term Investment			
Current portion of long term musharika investment	8	361,621,163	422,480,205
Less: Provision against musharika investment	13.1	(15,761,143)	(15,761,143)
		345,860,020	406,719,062
Current portion of long term morabaha investment	9	9,008,220	12,489,038
Add: Unearned morabaha income	9	-	2,386,568
Less: Provision against morabaha investment	13.2	(8,800,000)	(8,800,000)
		208,220	6,075,606
		346,068,240	412,794,668
13.1 Provision against musharika investment	Note	2021 Rupees	2020 Rupees
Opening balance		15,761,143	8,709,526
Additions during the year		-	10,561,330
Specific provision		-	10,561,330
Reversed during the year		-	(3,509,713)
Closing balance		15,761,143	15,761,143
13.2 Provision for doubtful morabaha investment			
Opening balance		8,800,000	8,800,000
Charge during the year		-	-
Closing balance		8,800,000	8,800,000
14 Ijarah Rental Receivables			
Ijarah rental receivable		368,478,892	428,484,372
Less: Provision against ijarah rental receivable	14.1	(132,728,357)	(155,596,948)
		235,750,535	272,887,424
14.1 Provision against ijarah rental receivable			
Opening balance		155,596,948	155,303,248
Additions in provision during the year		787,464	293,700
Additions in suspension during the year		8,707,278	-
Reversal of suspension during the year	29.1	(18,407,811)	-
Reversal of provision during the year		(13,955,522)	-
		(32,363,333)	-
Closing balance		132,728,357	155,596,948

14.2 Future Ijarah rentals receivable

Aggregate amount of future ijarah rentals receivable on the basis of agreements executed up to 30 June 2021 are as follows:

	Note	2021	2020
		Rupees	Rupees
Up to one year		183,198,769	175,733,168
Above one year and up to five year		171,358,513	266,958,991
		354,557,282	442,692,159

15 Development Properties - Land

The diversification of business model, utilizing multi-purpose status of the Modaraba through construction and development activity has been envisioned as a business prospect. The Modaraba has obtained approval of the Securities and Exchange Commission of Pakistan to undertake Building, Construction and Real Estate activity by insertion of a new clause for this purpose in its Prospectus. The work on new business segment has been started and two plots have been acquired while more are under process of acquisition, for a project comprising construction of small houses.

	Note	2021	2020
		Rupees	Rupees
16 Trade Receivables			
Receivable against margin financing		10,732,516	5,879,854
Receivable from NCCPL		-	2,839,675
Other trade receivables	16.1	21,923,368	264,114
		32,655,884	8,983,643

16.1 Aging analysis

Within 5 days	20,057,055	35,918
Above 5 days	1,866,313	228,196

21,923,368	264,114
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Receivables above 5 days net-off collateral (after applying haircut)	1,677,567	171,012
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16.1.1 As per clarifications issued by PSX in its notice PSX/N-6741 this information is required as additional disclosure and does not provide accounting treatment hence no provision was recorded.

	Note	2021	2020
		Rupees	Rupees
17 Advances, Deposits, Prepayments and Other Receivables			
Profit receivable			
- Morabaha investment	17.1	20,454,798	10,535,511
- Musharikah investment	17.2	43,453,092	36,979,801
		63,907,890	47,515,312
Prepayments		4,953,529	3,343,952
Advances		2,795,704	2,807,424
Advances to Suppliers		28,990	119,585
Security Deposits		33,400,000	8,900,000
Non-banking assets		8,486,298	31,782,500
Accrued Mark up on Margin Financing		180,149	44,511
Other receivables		106,929,156	113,232,181
		220,681,716	207,745,465
Less: Provision for other receivables	17.3	(11,128,292)	(11,128,292)
		209,553,424	196,617,173

17.1 Morabaha profit receivable

Morabaha profit receivable		47,984,578	37,656,836
Less: Income transferred to suspense	17.1.1	(27,529,780)	(27,121,325)
		20,454,798	10,535,511

17.1.1 Income transferred to suspense

Opening balance		27,121,325	27,121,325
Addition during the year		408,455	
Closing balance		27,529,780	27,121,325



First Punjab Modaraba

17.2 Musharikah profit receivable

Musharikah profit receivable		64,907,268	56,869,751
Less: Income transferred to suspense	17.2.1	(21,454,176)	(19,889,950)
		43,453,092	36,979,801

17.2.1 Income transferred to suspense

Opening balance		19,889,950	16,851,729
Addition during the year	29.3	12,566,330	6,555,237
Reversal of suspension during the year	29.3	(11,002,104)	(3,517,016)
Closing balance		21,454,176	19,889,950

17.3 Provision against other receivables

Opening balance		11,128,292	11,128,292
Additions during the year		-	-
Closing balance		11,128,292	11,128,292

17.4 This represents deposits with the Pakistan Stock Exchange Limited against regular trade and future trade exposure.

	Note	2021 Rupees	2020 Rupees
18 Cash and bank balances			
Cash at banks			
- Current accounts	18.1	85,300,763	23,088,619
- Deposit accounts	18.2&18.3	52,040,602	46,046,049
- Savings accounts	18.2&18.3	2,440,816	49,509
- Current account with State Bank of Pakistan	18.4	233,586	65,249
		140,015,767	69,249,426
Cash in hand		56,537	196,191
		140,072,304	69,445,617

18.1 The balance of Rs. 59.36 million (2020: Rs.3.89 million) is maintained with The Bank of Punjab (the holding company of the Modaraba's Management Company).

18.2 Under the terms and conditions for the issuance of certificates of musharikah (both long and short term), the Modaraba is required to maintain a Redemption Reserve Fund equal to at least 5% of the contribution against Certificates of Musharikah Finance received, which may be utilized for redemption purposes.

18.3 The rate of profit on deposit and saving accounts ranges between 4.25% to 8.94% per annum (2020: 4.25% to 13.00% per annum).

18.4 This account has been opened for payment of online charges of the Credit Information Bureau of State Bank of Pakistan.

	Note	2021 Rupees	2020 Rupees
19 Certificate capital			
Authorized certificate capital			
50,000,000 modaraba certificates of Rs.10 each		500,000,000	500,000,000

19.1 Issued, subscribed and paid-up certificate capital

2021	2020		2021	2020
----- (Number of certificates) -----				
20,000,000	20,000,000	Certificates of Rs. 10/- fully paid on cash	200,000,000	200,000,000
14,020,000	14,020,000	Certificates of Rs. 10/- issued as bonus certificates	140,200,000	140,200,000
34,020,000	34,020,000		340,200,000	340,200,000

19.2 As at 30 June 2021, The Punjab Modaraba Services (Private) Limited (the management company) held 13,320,694 (2020: 13,320,694) certificates of Rs. 10 each.

	Note	2021 Rupees	2020 Rupees
20 Reserves			
Capital reserve			
Statutory reserve	20.1	218,176,678	216,692,528
Fair Value Reserve		9,774,741	8,846,368
		227,951,419	225,538,896
Revenue reserves			
Accumulated loss		(422,177,511)	(435,710,622)
		(194,226,092)	(210,171,726)

20.1 This represents profit set aside to comply with the Prudential Regulations for Modarabas issued by Securities and Exchange Commission of Pakistan requiring modaraba to transfer not less than 20% and not more than 50% of its profits after tax in such manner that reserves equal 100% of the paid up capital. Thereafter a sum not less than 5% of the profit after tax is to be set aside.

	Note	2021 Rupees	2020 Rupees
20.1.1 Movement in statutory reserve			
Opening balance		216,692,528	216,692,528
Transfer from profit		1,484,150	-
		218,176,678	216,692,528

21 Long term security deposits			
Long term security deposits against Ijarah		131,545,269	144,656,348
Less: Current maturity of security deposits	24	(88,769,360)	(83,316,089)
		42,775,909	61,340,259

22 Deferred morabaha income			
Deferred morabaha income	12	1,158,017	6,593,020
Less: Current maturity of deferred morabaha income		(1,158,017)	(2,386,568)
		-	4,206,452

22.1 These represent receivables against morabaha transactions on deferred payment basis at profit margin which ranges from 8.50% to 19.53% per annum (2020 : 8.50% to 23%).

	Note	2021 Rupees	2020 Rupees
23 Long term musharikah finance secured			
Opening balance		648,738,613	1,223,621,569
Additions during the year		4,425,797,407	2,378,250,696
Less: Paid during the year		(4,539,407,246)	(2,953,133,652)
		(113,609,839)	(574,882,956)
	23.1	535,128,774	648,738,613

23.1 The Modaraba has availed musharikah finance facilities from The Bank of Punjab having approved limits of Rs. 1,585 million (2020: Rs. 1,585 million) and tenor of 3 years. The facilities have expired on 26 October 2021 and are under process of renewal for another 3 years. These facilities are secured by way of first pari passu charge over present and future fixed assets of Modaraba for amount of Rs. 860 million, first pari passu charge over present and future current assets of Modaraba for an amount of Rs. 1,040 million and ranking charge over present and future current assets for an amount of Rs. 860 million. The estimated share of profit payable on musharikah facilities is 3 month Kibor plus 0.25 bps per annum (2020: 3 month Kibor per annum).

	Note	2021 Rupees	2020 Rupees
24 Current maturity of non current liabilities			
Current maturity of long term security deposits	24.1	88,769,360	83,316,089
Current maturity of deferred morabaha income	22	1,158,017	2,386,568
		89,927,377	85,702,657

24.1 This includes security deposit amounting to Rs. 70.90 million (2020: Rs.82.70 million) against those ijarah where the customers have defaulted payment of rentals and the Modaraba has filed suits for recovery.



First Punjab Modaraba

	Note	2021 Rupees	2020 Rupees
25 Redeemable capital - participatory and unsecured			
Opening balance		1,013,549,225	445,518,493
Add: Issued during the year		552,368	2,410,030,732
Add: Re- issued during the year		1,000,000,000	105,000,000
Less: Redeemed during the year		(1,000,000,000)	(1,947,000,000)
		552,368	568,030,732
Closing balance	25.1	1,014,101,593	1,013,549,225

25.1 The Certificates of Musharaka have been issued with a maturity of upto 3 years. The share of profit payable ranges from 5.35% to 13.60% per annum (2020: 5.35% to 13.75%).

	Note	2021 Rupees	2020 Rupees
26 Profit payable			
Musharikah finance		11,170,271	18,685,681
Redeemable capital		12,591,734	19,056,657
		23,762,005	37,742,338

27 Trade and other payables			
Accrued expenses	27.1	4,906,528	3,859,647
Trade Payable		35,763,822	22,314,774
Payable to NCCPL		7,925,163	
Tax deducted at source		1,289,173	817,321
Advances against ijarah / morabaha / musharikah		42,759,127	57,114,805
Other payables		35,467,741	18,593,521
		128,111,554	102,700,068

27.1 This includes amount in respect of gratuity payable to employees amounting to Rs. 4.51 million (2020: 3.66 million).

28 Contingencies and commitments

28.1 Contingencies

28.1.1 The assessing officer, while finalizing assessments for the years 1997-98 and 1998-99, made add backs out of profit and loss account. The Modaraba had filed an appeal before the Commissioner of Income Tax (Appeals) (CIT-(A)), who has rejected the appeals. The Modaraba has filed an appeal, against the order of CIT-(A), before the honorable Income Tax Appellate Tribunal, which has been decided in favor of Modaraba, however Income Tax Department has filed appeal before honorable Lahore High Court. Modaraba management company expects a favorable outcome of the case.

28.1.2 Additional Commissioner Inland Revenue (ACIR) issued order under section 122 (5A) of the Income Tax Ordinance, 2001, (the Ordinance) for tax year 2003 while rejecting the exemption claimed from tax under Clause 100 of Part I of Second Schedule to the Ordinance and made additions on account of provision for bad debts, which resulted in a tax liability of Rs. 27.410 million. The Modaraba filed a rectification application under section 221 of the Ordinance for reducing the tax rate from 35% to 25%, resultantly the rectification order passed by the tax department and reduced the tax liability to Rs. 14.580 million. The Modaraba also filed an appeal before the CIR (Appeals) for tax year 2003 against the order of ACIR. In this regard, after hearing of the appeal, the CIR (Appeals) by accepting the claim of exemption has issued a favorable order to the Modaraba while deleting the tax liability of Rs. 14,580,110 vide order No. 31 dated 27 June 2009. The income tax department has filed an appeal before Appellate Tribunal Inland Revenue against the order of CIR (Appeals) which was decided in favor of the Modaraba. Subsequent to year end the Income Tax Department has filed reference in High Court against decision of Appellate Tribunal Inland Revenue which is pending for adjudication. Modaraba management company expects a favorable outcome of the case.

28.1.3 Additional Commissioner Inland Revenue (ACIR) issued order under section 122 (5A) of the Income Tax Ordinance, 2001, (the Ordinance) for tax year 2005 while rejecting the exemption claimed from tax under Clause 100 of Part I of Second Schedule to the Ordinance in an arbitrary manner and assessing the taxable income at Rs. 49.85 million and tax liability at Rs. 17.67 million. The Modaraba filed a rectification application under section 221 of the Ordinance for reducing the tax rate from 35% to 25%. Further, the Modaraba has filed an appeal before the CIR (Appeals) for tax year 2005 against this order. In this regard, after hearing of the appeal, the CIR (Appeals) by accepting the claim of exemption has issued a favorable order to the Modaraba while deleting the tax liability of Rs. 17.67 million.

The income tax department has filed an appeal before Appellate Tribunal Inland Revenue against the order of CIR (Appeals) which was decided in favor of the Modaraba. Subsequent to year end the Income Tax Department has filed reference in High Court against decision of Appellate Tribunal Inland Revenue which is pending for adjudication. Modaraba management company expects a favorable outcome of the case.

28.1.4 Legal suits against Modaraba

Suit for rendition of account Rs. 22.145 million filed by a defaulter against the Modaraba. The suit is pending in Honorable Banking Court. The management is of the view that case has no merit and would be disposed off in favor of the Modaraba.

28.1.5 Aggregate amount of guarantee given by a bank on behalf of the Modaraba in respect of the payment guarantee amounts to Nil (2020: Rs. Nil).

28.2 Commitments

28.2.1 Ijarah commitments approved but not disbursed as on balance sheet date amount to Rs. Nil (2020: Nil).

28.2.2 Morabaha commitments approved but not disbursed as on balance sheet date amount to Rs. Nil (2020 : Nil).

28.2.3 Musharikhah commitments approved but not disbursed as on balance sheet date amount to Rs. 22.29 million. (2020: Rs.10.85 million).

	Note	2021	2020
		Rupees	Rupees
29 Operating income			
29.1 Income from ijarah rentals			
Ijarah income		162,026,751	161,087,010
Add: Reversal of rentals suspended	14.1	18,407,811	-
Less: Addition of rentals suspended		8,707,278	-
Less: Depreciation on ijarah assets		(121,115,017)	(96,857,165)
		68,026,823	64,229,845
29.2 Income from morabaha financing			
Morabaha investment		3,433,160	11,232,932
Less: Suspension	17.1.1	(408,455)	(986,728)
		3,841,615	10,246,204
29.3 Income from diminishing musharaka financing			
Musharikhah investment		65,403,963	113,846,468
Add: Reversals of rentals suspended	17.2.1	11,002,104	3,517,016
Less: Rentals suspended	17.2.1	(12,566,330)	(6,555,237)
		63,839,737	110,808,247
30 Revenue from Contract with Customers			
Gross brokerage income		31,017,568	9,748,920
Federal excise duty		(4,962,811)	(1,559,827)
	30.1	26,054,757	8,189,093
30.1 Gross brokerage			
Retail clients		20,055,298	9,693,237
Institutional		5,999,459	55,683
		26,054,757	9,748,920
31 Gain on disposal of assets			
Gain on disposal of non banking assets		1,900,000	1,333,000
Gain on disposal of owned assets		25,297	-
Gain on disposal of Ijarah assets		1,815,709	767,302
		3,741,006	2,100,302
32 Other income			
Profit on bank deposits		3,566,048	5,262,251
Margin Finance Income		842,020	479,713
Return on Exposure deposi with PSX		1,083,023	881,800
Dividend Income		590,783	675,180
Processing fee		1,349,031	1,703,356
Cheque return charges		-	17,500
Gain on settlement of musharikhah		5,049,915	1,490,539
Gain on settlement of morabaha		22,024	740,508
Miscellaneous income		4,278,493	3,745,906
Base Minimum Capital Profit		12,830	33,104
		16,794,167	15,029,857



First Punjab Modaraba

	Note	2021	2020
33 Administrative expenses		Rupees	Rupees
Salaries and benefits		39,861,301	37,670,520
Traveling and conveyance		191,261	245,588
Depreciation - owned asset	5.2	1,157,700	954,888
Amortization of Intangible Assets	6.3.2	797,814	-
Legal and professional		2,167,362	1,397,016
Printing and stationary		720,804	796,794
Insurance		2,556,136	972,949
PSX, Clearing house and CDC Charges		1,448,047	448,512
Fee and subscription		1,541,108	1,800,276
Auditor's remuneration	33.2	845,000	995,000
Repair and maintenance		2,001,250	1,460,515
Vehicle running and maintenance		229,792	157,494
Power and utilities		1,581,592	1,354,515
Entertainment expenses		674,184	783,356
Advertisement		194,000	58,768
Commission paid to traders		4,396,230	27,096
Telephone and postage		771,105	794,561
Corporate expenses		545,334	514,646
Rent rates and taxes		39,994	18,230
Selling and marketing expenses		865,019	1,085,442
Miscellaneous expenses		545,609	112,720
		63,130,642	51,648,886
33.1	Salaries and other benefits include Rs. 0.913 million (2020: Rs. 0.887 million) on account of provident fund contribution and Rs.1.130 million (2020: Rs. 1.656 million) in respect of gratuity payable to employees.		
33.2 Auditors' remuneration		Rupees	Rupees
Audit fee		500,000	500,000
Half yearly review and others		175,000	375,000
Out of pocket expenses		170,000	120,000
		845,000	995,000
34 Finance cost			
Financial charges on musharikhah		47,060,064	124,632,929
Financial charges on redeemable capital		71,997,139	82,875,907
Bank charges		167,445	177,583
FED Charges		3,114	1,602
		119,227,762	207,688,021
35 Management fee	Management fee is payable to Punjab Modaraba Services (Private) Limited. During the current year the management has decided not to pay out the dividend to certificate holders from the current year net annual profit therefore, as per SECP circular the management cannot pay the management fee to Management Company.		
36 Taxation	Note	2021	2020
Current Tax		Rupees	Rupees
- Current year		3,090,498	156,992
Deferred			
- Relating to origination and reversal of temporary differences		(12,179)	-
		3,078,319	156,992
37 Earning per certificate			
37.1 Basic			
Basic earnings per certificate are calculated by dividing the net profit for the period by the weighted average number of certificates outstanding during the period as follows:			
	Note	2021	2020
		Rupees	Rupees
Profit for the period		15,017,261	(56,195,668)
Weighted average number of ordinary certificates		34,020,000	34,020,000
Earning per certificate		0.44	(1.65)
37.2 Diluted			
No figure for diluted earnings per certificate has been presented as the Modaraba has not issued any instruments which would have an impact on earnings per certificate when exercised.			

38 Transactions with related parties

The related parties and associated undertakings comprise of The Bank of Punjab, Punjab Modaraba Services (Private) Limited and Punjab Capital Securities (Private) Limited. Transactions with related parties and associated undertakings other than remuneration and benefits to key management personnel under the term of employment are as follows:

38.1 Balances outstanding at the end of year

	Note	2021 Rupees	2020 Rupees
38.1.1 The Bank of Punjab (Holding company of Modaraba's Management Company)			
Musharikah finances		535,128,774	648,738,613
Profit payable on musharikah finances		11,170,271	18,685,681
Certificates of musharikah		1,000,000,000	1,000,000,000
Profit payable on certificates of musharikah		11,564,368	17,742,455

38.1.2 Punjab Capital Securities (Private) Limited (Subsidiary Company)

Investment in shares	-	-
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38.2 Transactions during the year**38.2.1 The Bank of Punjab (Holding company of Modaraba's Management Company)**

Bank charges	167,445	177,583
Profit charged on finances	47,060,064	124,632,929
Profit charged on certificates of Musharikah	71,370,373	57,513,006
Brokrage Income earned	4,796,234	68,926

39 Remuneration of officers and executives

	2021		
	Chief Executives	Executives	Other employees
	Rupees	Rupees	Rupees
Remuneration	3,102,000	23,132,002	212,089
House rent allowance	361,814	5,476,811	84,836
Utility allowance	310,200	1,351,743	21,209
Medical allowance	310,200	1,351,743	21,209
Provident fund contribution	149,814	1,113,777	-
Gratuity Fund	-	1,126,881	-
Expenses reimbursed	-	1,734,973	-
	4,234,028	35,287,930	339,342
Number of employees at the year end	1	42	2
Average no of employees	1	42	2

39.1 The chief financial officer has been provided a vehicle on Ijarah.

	2020		
	Chief Executives	Executives	Other employees
	Rupees	Rupees	Rupees
Remuneration	2,580,000	21,019,038	341,222
House rent allowance	467,783	4,918,704	136,489
Utility allowance	258,000	1,748,049	34,122
Medical allowance	258,000	998,740	34,122
Provident fund contribution	134,325	1,013,792	28,424
Gratuity Fund	-	2,042,927	-
Expenses reimbursed	-	1,656,783	-
	3,698,108	33,398,033	574,379
Number of employees at the year end	1	35	3
Average number of employees	1	35	3

40 Financial instruments

The Modaraba has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors of the management company has overall responsibility for the establishment and oversight of Modaraba's risk management framework.

40.1 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Modaraba by failing to discharge an obligation. The risk is generally limited to the carrying to principal amounts and accrued profit thereon, if any. The Modaraba's policy is to enter into financial contracts in accordance with the internal risk management policies and the requirements of the Prudential Regulations. The carrying amount of the following financial assets represents the maximum credit exposure at the reporting date:

	Note	2021 Rupees	2020 Rupees
Bank balances	18	140,015,767	69,249,426
Musharikah investment - net	8	566,794,398	635,133,289
Long term morabaha investment - net	9	208,220	14,896,710
Short term morabaha investment - net	12	251,718,651	290,546,077
Ijarah rental receivable - net	14	235,750,535	272,887,424
Advances, deposits, prepayments and other receivables	17	193,317,893	149,619,201
Long term deposits	10	3,295,435	2,381,853
Trade receivables	16	32,655,884	8,983,643
		1,391,100,899	1,443,697,623

40.1.1 Bank balances

The Modaraba kept its surplus funds with banks having good credit rating. Currently the surplus funds are kept with banks having medium to long term rating from AAA to AA+ and short term rating from A1+ to A1. Credit risk rating of the banks are as follows:

Banks	Short Term	Long Term	Agency
The Bank of Punjab	A1+	AA	PACRA
Bank Alfalah Limited	A1+	AA+	PACRA / VIS
Al Baraka Bank (Pakistan) Limited	A1	A	PACRA / VIS
National Bank of Pakistan	A1+	AAA	PACRA / VIS
NRSP Microfinance Bank Limited	A1	A	PACRA / VIS

40.1.2 Description of collateral held

The Modaraba's ijarah are secured against ijarah assets and personal guarantees. In few ijarah additional collateral is also obtained in the form of mortgaged property.

Morabaha investments are secured by way of personal guarantees of the directors, pledge of stocks, mortgage of properties and charge on the assets varying from case to case.

Musharikah investments are secured against musharikah assets, personal guarantees and mortgage of properties.

40.1.3 Aging Analysis of Morabaha receivable

Past due	2021			
	Total	Non-classified	Classified	Suspension
	-----Rupees-----			
Not yet due	-	-	-	-
Less than 6 months	20,454,798	20,454,798	-	-
6 to 12 months - OAEM	1,395,183	-	1,395,183	1,395,183
1 to 2 years - Substandard	-	-	-	-
2 to 3 years - Doubtful	-	-	-	-
More than 3 years - Loss	26,134,597	-	26,134,597	26,134,597
	47,984,578	20,454,798	27,529,780	27,529,780

Past due	2020			
	Total	Non-classified	Classified	Suspension
	-----Rupees-----			
Not yet due	-	-	-	-
Less than 6 months	3,586	3,586	-	-
6 to 12 months - OAEM	10,531,925	-	10,531,925	-
1 to 2 years - Substandard	986,728	-	986,728	986,728
2 to 3 years - Doubtful	-	-	-	-
More than 3 years - Loss	26,134,597	-	26,134,597	26,134,597
	37,656,836	3,586	37,653,250	27,121,325

Suspension is recognized by the Modaraba on the basis of requirements given under the Prudential Regulations for Modarabas and subjective evaluation carried out on an ongoing basis.



40.1.4 Aging Analysis of short term Morabaha investment

Past due	2021			
	Total	Non-classified	Classified	Provision
	-----Rupees-----			
Not yet due	-	-	-	-
Less than 6 months	24,016,220	24,016,220	-	-
6 to 12 months - OAEM	-	-	-	-
1 to 2 years - Substandard	-	-	-	-
2 to 3 years - Doubtful	-	-	-	-
More than 3 years - Loss	471,114,013	-	471,114,013	244,361,379
	<u>495,130,233</u>	<u>24,016,220</u>	<u>471,114,013</u>	<u>244,361,379</u>
	-----Rupees-----			
	2020			
Past due	Total	Non-classified	Classified	Provision
	-----Rupees-----			
Not yet due	-	-	-	-
Less than 6 months	59,397,134	59,397,134	-	-
6 to 12 months - OAEM	12,700,000	-	12,700,000	-
1 to 2 years - Substandard	-	-	-	-
2 to 3 years - Doubtful	-	-	-	-
More than 3 years - Loss	471,114,013	-	471,114,013	244,361,379
	<u>543,211,146</u>	<u>59,397,134</u>	<u>483,814,013</u>	<u>244,361,379</u>

Provision is recognized by the Modaraba on the basis of provision requirements given under Prudential Regulations for Modarabas and subjective evaluation carried out on an ongoing basis.

40.1.5 Aging Analysis of Ijarah receivable

Past due	2021			
	Total	Non-classified	Classified	Provision / Suspension
	-----Rupees-----			
On demand	-	-	-	-
Less than 6 months	32,655,035	32,655,035	-	-
6 to 12 months - OAEM	501,254	-	501,254	-
1 to 2 years - Substandard	96,218	-	96,218	-
2 to 3 years - Doubtful	87,676	-	87,676	-
More than 3 years - Loss	335,138,709	-	335,138,709	132,728,357
	<u>368,478,892</u>	<u>32,655,035</u>	<u>335,823,857</u>	<u>132,728,357</u>
Past due	2020			
	Total	Non-classified	Classified	Suspension
	-----Rupees-----			
Not yet due	-	-	-	-
Less than 6 months	45,137,205	45,137,205	-	-
6 to 12 months - OAEM	61,953	-	61,953	-
1 to 2 years - Substandard	98,946	-	98,946	-
2 to 3 years - Doubtful	103,015	-	103,015	-
More than 3 years - Loss	383,083,253	-	383,083,253	155,303,248
	<u>428,484,372</u>	<u>45,137,205</u>	<u>383,347,167</u>	<u>155,303,248</u>

Suspension is recognized by Modaraba on the basis of requirements given under the Prudential Regulations for Modarabas and subjective evaluation carried out on an ongoing basis.



40.1.6 Aging Analysis of Musharikah receivable

Past due	2021			
	Total	Non-classified	Classified	Suspension
	-----Rupees-----			
Not yet due	-	-	-	-
Less than 6 months	41,707,712	41,707,712	-	-
6 to 12 months - OAEM	16,069,782	-	16,069,782	14,324,403
1 to 2 years - Substandard	-	-	-	-
2 to 3 years - Doubtful	8,858	-	8,858	8,858
More than 3 years - Loss	7,120,917	-	7,120,917	7,120,915
	<u>64,907,269</u>	<u>41,707,712</u>	<u>23,199,557</u>	<u>21,454,176</u>
	-----Rupees-----			
Past due	2020			
	Total	Non-classified	Classified	Suspension
	-----Rupees-----			
Not yet due	-	-	-	-
Less than 6 months	18,376,667	18,376,667	-	-
6 to 12 months - OAEM	151,778	-	151,778	-
1 to 2 years - Substandard	184,104	-	184,104	-
2 to 3 years - Doubtful	129,218	-	129,218	-
More than 3 years - Loss	38,027,984	-	38,027,984	19,889,950
	<u>56,869,751</u>	<u>18,376,667</u>	<u>38,493,084</u>	<u>19,889,950</u>

Suspension is recognized by the Modaraba on the basis of requirements given under the Prudential Regulations for Modarabas and subjective evaluation carried out on an ongoing basis.

40.1.7 Aging Analysis of Musharikah investment

Past due	2021			
	Total	Non-classified	Classified	Provision
	-----Rupees-----			
Not Yet Due	510,581,270	510,581,270	-	-
Less than 6 months	9,193,845	-	9,193,845	-
6 to 12 months - OAEM	2,514,420	-	2,514,420	-
1 to 2 years - Substandard	1,623,264	-	1,623,264	-
2 to 3 years - Doubtful	9,742,742	-	9,742,742	-
More than 3 years - Loss	48,900,000	-	48,900,000	15,761,143
	582,555,541	510,581,270	71,974,271	15,761,143

Provision is recognized by the Modaraba on the basis of provision requirements given under Prudential Regulations for Modarabas and subjective evaluation carried out on an ongoing basis.

Past due	2020			
	Total	Non-classified	Classified	Provision
	-----Rupees-----			
Not yet due	509,844,905	509,844,905	-	-
Less than 6 months	36,240,675	36,240,675	-	-
6 to 12 months - OAEM	40,692,536	-	40,692,536	10,561,332
1 to 2 years - Substandard	6,816,317	-	6,816,317	-
2 to 3 years - Doubtful	8,400,000	-	8,400,000	-
More than 3 years - Loss	48,900,000	-	48,900,000	5,199,813
	650,894,432	546,085,580	104,808,853	15,761,145

Provision is recognized by the Modaraba on the basis of provision requirements given under Prudential Regulations for Modaraba and subjective evaluation carried out on an ongoing basis.



40.1.8 The Modaraba manages credit risk and its concentration through diversification of activities to avoid undue concentration of risks with individuals, groups or specific industry segments. For this purpose, the Modaraba has established exposure limits for individuals and industrial sectors.

Break down of credit risk exposure by class of business as at 30 June 2021 is as follows:

	2021				
	Assets Ijarah	Morabaha investment	Musharikah investment	Total	% age
	-----Rupees-----				
Textile Spinning and Composite	35,464,801	172,178,735	2,804,238	210,447,774	13.77%
Sugar and Allied	-	32,000,000	-	32,000,000	2.09%
Electric Goods	100,000	93,023,643	-	93,123,643	6.09%
Chemical and Pharmaceuticals	483,054	4,720,170	13,787,485	18,990,709	1.24%
Paper and Board	100,000	-	-	100,000	0.01%
Food and Allied	2,740,721	-	33,956,685	36,697,406	2.40%
Individuals	88,784,540	88,616,222	82,090,641	259,491,403	16.98%
Jute	-	-	-	-	0.00%
Oil and Gas	-	-	27,539,253	27,539,253	1.80%
Miscellaneous	30,965,233	37,091,463	21,534,191	89,590,887	5.86%
Aviation and transport	247,319,771	-	387,043,445	634,363,216	41.51%
Engineering, Steel & Construction	44,481,531	67,500,000	10,726,517	122,708,048	8.03%
Cement	-	-	3,073,086	3,073,086	0.20%
	450,439,651	495,130,233	582,555,541	1,528,125,425	100%
	2020				
	Assets Ijarah	Morabaha investment	Musharikah investment	Total	% age
	-----Rupees-----				
Bank and NBFIs	-	-	-	-	0.00%
Textile Spinning and Composite	40,391,050	171,104,735	4,232,936	215,728,721	12.97%
Sugar and Allied	-	32,000,000	-	32,000,000	1.92%
Electric Goods	3,032,650	94,223,643	-	97,256,293	5.85%
Chemical and Pharmaceuticals	616,347	2,720,170	25,646,217	28,982,734	1.74%
Paper and Board	100,000	-	-	100,000	0.01%
Food and Allied	5,302,655	-	39,065,855	44,368,510	2.67%
Individuals	66,481,180	85,694,115	90,089,953	242,265,248	14.57%
Jute	-	-	-	-	0.00%
Oil and Gas	-	-	42,190,906	42,190,906	2.54%
Miscellaneous	44,197,874	48,674,949	39,213,306	132,086,129	7.94%
Aviation and transport	300,936,139	-	398,263,043	699,199,182	42.05%
Engineering, Steel & Construction	48,851,189	67,500,000	5,854,511	122,205,700	7.35%
Cement	-	-	6,337,705	6,337,705	0.38%
	509,909,085	501,917,611	650,894,432	1,662,721,128	100%

40.2 Liquidity risk

Liquidity risk is the risk that the Modaraba will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Modaraba could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. 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. The following are the contractual maturities of financial liabilities, including profit payments:

Financial liabilities	2021						2020					
	Carrying Amount	Contractual cash flows	6 months or less	6 to 12 months	1 year to 2 years	2 years to 5 years	Carrying Amount	Contractual cash flows	6 months or less	6 to 12 months	1 year to 2 years	2 years to 5 years
-----Rupees-----												
Redeemable capital	1,014,101,593	1,032,794,470	1,032,794,470	-	-	-	1,013,549,225	1,032,605,776	1,032,605,776	-	-	-
Security deposits against Ijarah	131,545,269	131,545,269	76,019,110	12,750,250	21,613,800	21,162,109	144,656,348	144,656,348	82,886,889	429,200	25,478,950	35,861,309
Musharikah finance	535,128,774	660,646,234	20,919,577	20,919,577	41,839,153	576,967,927	648,738,613	742,547,993	23,452,345	23,452,345	46,904,690	695,643,303
Unclaimed profit	17,367,085	17,367,085	17,367,085	-	-	-	17,458,341	17,458,341	17,458,341	-	-	-
Trade and other payables	35,957,634	35,957,634	35,957,634	-	-	-	20,822,703	20,822,703	20,822,703	-	-	-
Profit payable	23,762,005	23,762,005	23,762,005	-	-	-	37,742,338	37,742,338	37,742,338	-	-	-
	<u>1,757,862,361</u>	<u>1,902,072,697</u>	<u>1,206,819,881</u>	<u>33,669,827</u>	<u>63,452,953</u>	<u>598,130,036</u>						
-----Rupees-----												
Financial liabilities	Carrying Amount	Contractual cash flows	6 months or less	6 to 12 months	1 year to 2 years	2 years to 5 years	Carrying Amount	Contractual cash flows	6 months or less	6 to 12 months	1 year to 2 years	2 years to 5 years
-----Rupees-----												
Redeemable capital	1,013,549,225	1,032,605,776	1,032,605,776	-	-	-	1,013,549,225	1,032,605,776	1,032,605,776	-	-	-
Security deposits against Ijarah	144,656,348	144,656,348	82,886,889	429,200	25,478,950	35,861,309	144,656,348	144,656,348	82,886,889	429,200	25,478,950	35,861,309
Musharikah finance	648,738,613	742,547,993	23,452,345	23,452,345	46,904,690	695,643,303	648,738,613	742,547,993	23,452,345	23,452,345	46,904,690	695,643,303
Unclaimed profit	17,458,341	17,458,341	17,458,341	-	-	-	17,458,341	17,458,341	17,458,341	-	-	-
Trade and other payables	20,822,703	20,822,703	20,822,703	-	-	-	20,822,703	20,822,703	20,822,703	-	-	-
Profit payable	37,742,338	37,742,338	37,742,338	-	-	-	37,742,338	37,742,338	37,742,338	-	-	-
	<u>1,882,967,568</u>	<u>1,995,833,499</u>	<u>1,214,968,392</u>	<u>23,881,545</u>	<u>72,383,640</u>	<u>731,504,612</u>						

40.2.1 The contractual cash flows relating to the above financial liabilities have been determined on the basis of profit rates effective as at year end (and includes both principal and profit payable thereon). The rates of profit have been disclosed in notes 22 and 24 to these financial statements.

40.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, profit rates and equity prices will affect the Modaraba's income or the value of its holdings of financial instruments. The Modaraba has adopted appropriate policies to minimize its exposure to this risk.



40.3.1 Profit rate risk

At the reporting date, the profit rate profile of Modaraba's significant profit bearing financial instruments and the periods in which they mature is as follows:

	2021	2020	2021	2020
	Effective profit rate (Percentage)		Carrying amount (Rupees)	
Financial assets				
Musharikah investments	9.32 - 19.98	8.55 - 22.55	566,794,398	635,133,289
Morabaha investment	8.50 - 19.90	8.50 - 23.00	250,768,854	305,442,787
Cash and bank balances	4.25 - 8.94	4.25 - 13.13	54,481,418	46,095,558
			872,044,670	986,671,634
Financial liabilities				
Redeemable Capital	5.35 - 13.60	5.35 - 13.75	1,014,101,593	1,013,549,225
Musharikah finance	7.25 - 7.84	11.22 - 13.85	535,128,774	648,738,613
			1,549,230,367	1,662,287,838

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in profit rates at the reporting date would have increased / (decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the basis for 2021.

	Profit and loss 100 bps	
	Increase	Decrease
As at 30 June 2021		
Cash flow sensitivity-variable rate financial assets	8,720,447	11,835,908
Cash flow sensitivity-variable rate financial liabilities	(15,492,305)	(16,691,400)
Net effect	(6,771,858)	(4,855,492)
	Profit and loss 100 bps	
	Increase	Decrease
As at 30 June 2020		
Cash flow sensitivity-variable rate financial assets	9,866,716	(9,866,716)
Cash flow sensitivity-variable rate financial liabilities	(16,622,879)	16,622,878
Net effect	(6,756,163)	6,756,162

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Modaraba.

40.3.2 Currency risk

As at 30 June 2021, there is no foreign exchange exposure on Morabaha's balance sheet.

40.4 Operational risk

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

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

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

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

41 Fair value of financial instruments

The IFRS-13 defines fair value as 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.

41.1 Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain investors, creditors and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Modaraba defines as net operation income divided by total capital employed. The Board of Directors also monitors the level of dividend payouts to certificate holders.

42 Reconciliation of liabilities arising from financing activities

	Balance as at 01 July 2020	Availed / Announced	Repaid / Redeemed	Balance as at 30 June 2021
Long term musharikhah finance	648,738,613	4,425,797,407	(4,539,407,246)	535,128,774
Profit payable	17,458,341	-	(91,256)	17,367,085
Redeemable capital	1,013,549,225	1,010,500,000	(1,009,947,632)	1,014,101,593
	1,679,746,179	5,436,297,407	(5,549,446,134)	1,566,597,452

43 Cash flow from operating activities

	Note	2021 Rupees	2020 Rupees
Profit / (Loss) for the year		18,107,759	(56,038,676)
Adjustments for:			
Depreciation of ijarah assets		121,115,017	96,857,165
Depreciation of assets in own use		1,157,700	954,888
Amortization of Intangible Assets		797,814	-
Gain on disposal of ijarah assets		(1,815,709)	(767,302)
Gain on disposal of owned assets		(25,297)	-
Dividend Income		(590,783)	(675,180)
Gain on disposal of non-banking assets		(1,900,000)	(1,333,000)
Reversal for impairment of ijarah assets		(5,000,000)	-
(Reversal) / Provision for musharikhah investment		-	7,051,617
(Reversal) / Provision for Ijara investment		(13,168,058)	293,700
Financial charges on musharikhah finances		47,060,064	124,632,929
Financial charges on redeemable capital		71,997,139	82,875,907
		219,627,887	309,890,724
Operating profit before working capital changes		237,735,646	253,852,048
Working capital changes			
(Increase)/decrease in operating assets:			
Morabaha investment		41,509,917	6,251,809
Purchase of assets under ijarah arrangements		(90,535,199)	(327,113,090)
Investment in musharikhah-net		68,338,891	215,555,198
Purchase of Software		(1,200,000)	-
Purchase of assets-Development Properties		(6,975,000)	-
Proceeds from transfer of ijarah assets		53,873,383	84,825,225
Ijarah Rental Receivable - net		41,836,438	26,981,742
Dividend Income			(100,000)
Trade Receivable		(23,672,241)	(2,448,547)
Advances, deposits, prepayments and other receivables		(12,756,102)	(76,650,174)
		70,420,087	(72,697,837)
Increase / (decrease) in operating liabilities:			
Security deposits - net		(15,253,212)	409,455
Trade and other payables		25,411,486	28,525,314
		10,158,274	28,934,769
Net changes in operating assets and operating liabilities		80,578,361	(43,763,068)
Cash generated from operations		318,314,007	210,088,980



First Punjab Modaraba

44 Provident fund

	Note	2021 Rupees	2020 Rupees
Size of the fund		5,256,866	4,874,516
Percentage of investments made		100%	100%
Fair value of investments made		4,400,000	4,000,000
Cost of investment made		4,400,000	4,000,000

Break-up of investments in terms of amount and percentage of the size of the

	2021 (Audited)		2020 (Audited)	
	Investment	Investment as % of size of the fund	Investment	Investment as % of size of the fund
Term Deposit Receipts	4,400,000	100%	4,000,000	100%
	4,400,000	100%	4,000,000	1.0

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

45 Date of authorization for issue

The unconsolidated financial statements of Modaraba were approved by the Directors of Modaraba Management Company and authorized for issue on October 29, 2021.


46 General

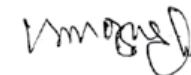
Figures have been rounded off to the nearest rupees unless otherwise provided.

**For Punjab Modaraba Services (Private) Limited
(Modaraba Management Company)**


Chief Financial Officer
Punjab Modaraba Services
(Private) Limited


Chief Executive
Punjab Modaraba Services
(Private) Limited


Director
Punjab Modaraba Services
(Private) Limited


Director
Punjab Modaraba Services
(Private) Limited





First Punjab Modaraba

Managed By:

Punjab Modaraba Services (Pvt) Ltd.

(A wholly owned subsidiary of The Bank of Punjab)

Office No. 100, 3rd Floor, National Tower, 28-Egerton Road, Lahore, Postal Code No. 54000, PAKISTAN

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