

**UNICAP MODARABA**  
**ISLAMIC FINANCIAL INSTITUTION - NBFII**

**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**ILYAS SAEED & CO.**  
**CHARTERED ACCOUNTANTS**  
A member of  
**mgeworldwide** 

OFFICE # 26, 2<sup>ND</sup> FLOOR, ROSE PLAZA, I-8 MARKAZ, ISLAMABAD  
PH : (+92) 051 - 4938026 & 051 - 4938027, FAX : (+92) 051 - 4938028

## AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We were engaged to audit the annexed balance sheet of **UNICAP MODARABA** as at June 30, 2016 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), for the year then ended.

These financial statements are the responsibility of the Modaraba Management Company (Map Out Management (Private) Limited), who is also responsible to establish and maintain a system of internal control, and prepare and present the above said financial statements in conformity with the 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 Management Company, as well as, evaluating the overall presentation of the financial statements. We believe that our audit does not provide a reasonable basis to form an opinion and accordingly, we report that:-

1. Financial statements for the previous year were audited by another firm of chartered accountants who expressed an unqualified opinion with an emphasis of matter paragraphs regarding going concern assumption vide their report dated October 10, 2015.
2. Reportedly, the management changed the auditors for the year ended June 30, 2016 and appointed another firm of chartered accountants to carry out the audit of the Modaraba. However, the auditors so appointed resigned to act as auditors of the Company for the year ended June 30, 2016 on January 11, 2018 and hence, we were appointed to fill in the casual vacancy on January 17, 2018 by the Company. Thus, due to time constraints, we could not carry out the audit to our satisfaction in the formal manner.
3. Due to time constraint and we being appointed as auditors subsequent to the balance sheet date, we could not physically verify the fixed assets, stocks, stores, cash and cash equivalents as at June 30, 2016.
4. Direct confirmations in respect of Banks, Legal Advisor, Tax Consultant, Debtors, Creditors, Directors and other receivable / payables could not be sent due to the reason aforementioned.

*JSA*

5. We were unable to verify the valuation of Stock in Trade as at June 30, 2016 due to time constraint and lack of satisfactory documentary evidence.
6. The Company has suffered a loss of Rs. 5.698 million (2015: Rs. 0.849 million) excluding adjustments as might be necessary during the year. The Company has suffered accumulated losses amounting to Rs. 152.196 million (2015: Rs. 146.498 million) which had eradicated the equity of the Company which was negative to the tune of Rs. 1.359 million in 2015. The equity for the year shows a positive figure of Rs. 42.943 million after injecting further capital during the year of Rs. 50.000 million net of discount.
7. Reportedly, the operations of the Company were under suspension by the Orders of the Securities and Exchange Commission of Pakistan. Furthermore, purportedly, no operations have taken place during the period after the balance sheet date and the date of issuance of this report.
8. We were unable to satisfy ourselves as to the pendency or otherwise of the contingencies and commitments reported for the year as well as of those reported in previous year's financial statements.
9. The Company injected further capital of Rs. 100.000 million (Rs. 50.000 million net of discount) during the year which increased the issued, subscribed and paid up capital of the Company to Rs. 236.400 million (2015: Rs. 136.400 million). However, the authorized capital of the Company remained at Rs. 200.000 million at the time of increase in issued, subscribed and paid up capital. This increase was made without first increasing the authorized capital and resultant change in Memorandum of Association of the Company. Thus, the issuance of paid up capital in excess of the authorized capital leads to an ultra vires act on the part of the Company. However, the Company applied for increase in authorized capital subsequent to the said increase in issued, subscribed and paid up capital and purportedly has obtained the approval from respective authorities, prior to the issuance of this report.
10. Due to the significance and material nature of the foregoing and suspension by SECP, material uncertainties exist which cast significant doubt about the Company's ability to continue as a going concern. Thus, the Company may not be able to realize all its assets and discharge all its liabilities in the normal course of business. These financial statements have been prepared on a going concern basis without any adjustments to reflect assets at their realizable value and liabilities at values they are likely to be discharged at, as against the requirements of the approved International Financial Reporting Standards. However, we could not satisfy ourselves as to the continuity or otherwise of the entity owing to time constraint and lack of documentary evidence.

Because of the significance and material nature of the matters discussed in the preceding paragraphs, we do not express an opinion on these financial statements.

ISLAMABAD: 30/01/2018

*Isce*

*Ilyas Saeed & Co*  
**CHARTERED ACCOUNTANTS**  
Engagement Partner: Imran Ilyas, FCA



**UNICAP MODARABA**  
**BALANCE SHEET**  
**AS AT JUNE 30, 2016**

	Notes	2016 Rupees	2015 Rupees
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property & equipment	5	617,947	190,600
<b>Current Assets</b>			
Investments - Stock in trade	6	50,487,000	-
Advances, deposits & prepayments	7	297,232	-
Other receivables	8	627,580	127,580
Cash & bank balances	9	17,236	1,615,455
		51,429,048	1,743,035
<b>TOTAL ASSETS</b>		<b>52,046,995</b>	<b>1,933,635</b>
<b>LIABILITIES</b>			
<b>Long Term Liabilities</b>	10	5,286,247	320,000
<b>Current Liabilities</b>			
Accrued and other liabilities	11	2,916,660	2,071,160
Provision for taxation		901,489	901,489
		3,818,149	2,972,649
<b>TOTAL LIABILITIES</b>		<b>9,104,396</b>	<b>3,292,649</b>
<b>TOTAL NET ASSETS</b>		<b>42,942,599</b>	<b>(1,359,014)</b>
<b>REPRESENTED BY:</b>			
<b>Certificate Capital</b>			
Authorized Modaraba Fund	12	200,000,000	200,000,000
Issued, subscribed & paid up certificates	12	236,400,000	136,400,000
Discount on issuance of certificates	12	(50,000,000)	-
<b>Reserves</b>			
Statutory Reserve	SCE	8,738,973	8,738,973
Retained Earnings	SCE	(152,196,374)	(146,497,987)
<b>Contingencies &amp; Commitments</b>	13	-	-
<b>TOTAL EQUITY</b>		<b>42,942,599</b>	<b>(1,359,014)</b>

The annexed notes from (1) to (19) form an integral part of these financial statements.

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**



**UNICAP MODARABA**  
**PROFIT & LOSS ACCOUNT**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Notes	2016 Rupees	2015 Rupees
<b>INCOME</b>			
Ijara rental income		-	108,811
Financial advisory		500,000	-
Un-realised gain on investment		-	16,725
Gain on sale of fixed asset		-	109,536
Reversal of mark-up	14	-	85,094
Profit on bank account		-	-
		500,000	320,166
<b>EXPENDITURE</b>			
Administrative expenses	15	6,198,387	1,150,423
Impairment in value of investment		-	18,870
		6,198,387	1,169,293
<b>(Loss) for the year before Management Fee</b>		<b>(5,698,387)</b>	<b>(849,127)</b>
Modaraba company's management fee		-	-
<b>(Loss) for the year before taxation</b>		<b>(5,698,387)</b>	<b>(849,127)</b>
Taxation		-	-
<b>(LOSS) FOR THE YEAR AFTER TAXATION</b>		<b>(5,698,387)</b>	<b>(849,127)</b>

The annexed notes from (1) to (19) form an integral part of these financial statements.

  
 CHIEF EXECUTIVE

  
 DIRECTOR

**UNICAP MODARABA**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	2016 Rupees	2015 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
(Loss) before taxation	(5,698,387)	(849,127)
<b>Adjustments for:</b>		
Depreciation	266,753	65,588
Gain on sale of fixed assets	-	(109,536)
Impairment in value of investment	-	18,870
Operating cash flow before working capital changes	(5,431,634)	(874,205)
<b>Working Capital Changes:</b>		
<b>(Increase) / decrease in current assets:</b>		
Stock in Trade	(50,487,000)	-
Advances, deposits & prepayments	(297,232)	80,072
Other receivables	(500,000)	(127,580)
Accrued markup / profit	-	2,528
<b>Increase / (decrease) in current liabilities:</b>		
Accrued and other liabilities	845,500	89,249
Tax paid	(50,438,732)	44,269
<b>Net Cash Flow From Operating Activities</b>	(55,870,366)	(829,936)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Furniture and equipment	(694,100)	(200,632)
Proceeds from sale of fixed assets	-	1,771,080
Long term security deposits	-	(952,500)
Proceeds from sale of short term investments	-	1,151,720
<b>Net Cash Flow From Investing Activities</b>	(694,100)	1,769,668
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Map Out Management Company (Pvt.) Limited	4,966,247	-
Capital Certificates	100,000,000	-
Capital Certificates - Discount	(50,000,000)	-
<b>Net Cash Flow From Financing Activities</b>	54,966,247	-
<b>Net increase / (decrease) in cash &amp; cash equivalents</b>	(1,598,219)	939,732
<b>Cash &amp; cash equivalent at the beginning of the year</b>	1,615,455	675,723
<b>Cash &amp; cash equivalent at the end of the year</b>	17,236	1,615,455

The annexed notes from (1) to (19) form an integral part of these financial statements.

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

**UNICAP MODARABA**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Certificate Capital	Discount on Issuance of Certificates	Statutory Reserve	Accumulated (Loss)	Total
	-----Rupees-----				
Balance as at June 30, 2014	136,400,000	-	8,738,973	(145,648,860)	(509,887)
(Loss) for the year	-	-	-	(849,127)	(849,127)
<b>Balance as at June 30, 2015</b>	<b>136,400,000</b>	<b>-</b>	<b>8,738,973</b>	<b>(146,497,987)</b>	<b>(1,359,014)</b>
(Loss) for the year	100,000,000	(50,000,000)	-	(5,698,387)	44,301,613
<b>Balance as at June 30, 2016</b>	<b>236,400,000</b>	<b>(50,000,000)</b>	<b>8,738,973</b>	<b>(152,196,374)</b>	<b>42,942,599</b>

The annexed notes from (1) to (19) form an integral part of these financial statements.

\_\_\_\_\_  
**CHIEF EXECUTIVE**

\_\_\_\_\_  
**DIRECTOR**



# UNICAP MODARABA

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2016

#### 1 LEGAL STATUS AND NATURE OF BUSINESS

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

The accumulated losses of the Modaraba as at balance sheet date are Rs. 152.196 million. Further, the operations of Modaraba have been reduced to minimal level since the year 2000. However, the present Modaraba Management Company has planned to revive the Modaraba and intends to make it an active business concern.

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

The Modaraba is under the process of revival in accordance with SECP Order No. SC/PRDD/M/UNICAP/2017/102 dated 19.04.2017 and is considered as an ENTITY UNDER REVIVAL. In the light of the SECP Order, the Modaraba is going through a specific time bound revival plan for which stage wise regularization is being carried out. The Management Company has taken all steps required under the Order dated 19.04.2017 and so far ensuring to comply with the Revival Plan. Hence, as of today the Modaraba is under revival & regularization as a public limited company solely operated with private money injected by Map Out Management Company (Private) Limited. Due to aforementioned reasons, the Modaraba may be doubtful to continue as a going concern however, the management is hopeful of its' revival and regularization and thus, these financial statements have been prepared on a going concern basis.

#### 2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the requirements of the Approved International Financial Reporting Standards as applicable in Pakistan and the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies & Modaraba Rules, 1981 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) [the Modaraba Regulations].

#### 3 BASIS OF PREPARATION

As stated in note 1 above, the Modaraba may be doubtful to continue as a going concern. However, the management is hopeful of its' revival and have injected new funds into the Modaraba thus, the financial statements have been prepared on a going concern basis without adjustment of all the assets at their realizable values and all liabilities at amounts these are likely to be discharged at.



### 3.1 Accounting convention

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

### 3.2 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the Approved International Financial Reporting Standards as issued by the Institute of Chartered Accountants of Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised. Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets. However, assumptions and judgments made by the management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 4.1 Property and equipment

#### Owned:

##### Cost

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

##### Depreciation

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

##### Derecognition

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





### **Leased**

#### **Finance Lease**

Leases where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Asset subject to finance lease are capitalized at the commencement of the lease term at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets, each determined at the inception of the lease.

The related rental obligation net of finance cost is included in liabilities against assets subject to finance lease. The liabilities are classified as current and long term depending upon the timing of payments. Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The finance cost is charged to profit and loss account over the lease term.

Depreciation of assets subject to finance lease is recognized in the same manner as for owned assets. Depreciation of the leased assets is charged to profit and loss account.

## **4.2 Impairment of assets**

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

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

## **4.3 Investments**

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

#### **Held to maturity investments**

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

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





#### **4.4 Stock-in-trade**

The Stock-in-trade is valued at cost or net realizable value whichever is less.

#### **4.5 Revenue Recognition**

##### **Rental Income**

Rentals on Ijarah contracts written are recognized as income on accrual basis.

##### **Interest Income**

Markup / profit is recorded on time proportion basis.

#### **4.6 Ijarah Financing**

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

#### **4.7 Expenses**

Expenses are recognized on accrual basis.

#### **4.8 Taxation**

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

#### **4.9 Related Party Transactions**

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

#### **4.10 Offsetting**

A financial asset and financial liability is off-set and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Corresponding income on the assets and charges on the liabilities are reported on net amounts.

#### **4.11 Cash and cash equivalents**

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

#### **4.12 Foreign currency transactions and translations**

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



#### 4.13 Provision

Provision is recognized when the Modaraba has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

#### 4.14 Financial instruments

Financial assets and liabilities are classified and stated at values determined according to substance of contractual arrangements. Financial instruments include investments receivables, cash and bank balances, certificate of investments, creditors and other liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

#### 4.15 Borrowing costs

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

#### 4.16 Presentation & functional currency

The financial statements are presented in PKR which is the Modaraba's functional currency.

### 5 PROPERTY & EQUIPMENT

PARTICULARS	COST			DEPRECIATION			W.D.V. AS AT 30-06-2016
	As at 01-07-2015	Additions	(Deletions)	As at 30-06-2016	For the Year	As at 30-06-2016	
Office Equipment	200,632	-	-	200,632	40,126	50,158	150,474
Furniture & Fixture	-	694,100	-	694,100	226,627	226,627	467,473
Motor Vehicle	-	-	-	-	-	-	-
<b>TOTAL 30-06-2016</b>	<b>200,632</b>	<b>694,100</b>	<b>-</b>	<b>894,732</b>	<b>266,753</b>	<b>276,785</b>	<b>617,947</b>

#### 5.1 PROPERTY & EQUIPMENT (Comparative)

PARTICULARS	COST			RATE	DEPRECIATION			W.D.V. AS AT 30-06-2015
	As at 01-07-2014	Additions	(Deletions)		As at 30-06-2015	For the Year	As at 30-06-2015	
Office Equipment	1,500,000	200,632	(1,500,000)	20%	200,632	41,594	(809,262)	190,600
Furniture & Fixture	-	-	-	33%	-	-	-	-
Motor Vehicle	1,772,500	-	(1,772,500)	20%	-	23,994	(801,694)	-
<b>TOTAL 30-06-2015</b>	<b>3,272,500</b>	<b>200,632</b>	<b>(3,272,500)</b>		<b>200,632</b>	<b>65,588</b>	<b>(1,610,956)</b>	<b>190,600</b>

*gce*

UNICAP MODARABA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016

	2016 <u>RUPEES</u>	2015 <u>RUPEES</u>
<b>6 INVESTMENTS</b>		
Stock in trade	50,487,000	-
	<u>50,487,000</u>	<u>-</u>
<b>7 ADVANCES, DEPOSITS &amp; PREPAYMENTS</b>		
Security deposit	105,000	-
Prepaid insurance	192,232	-
	<u>297,232</u>	<u>-</u>
<b>8 OTHER RECEIVABLES</b>		
Other receivables	627,580	127,580
	<u>627,580</u>	<u>127,580</u>
<b>9 CASH &amp; BANK BALANCES</b>		
Cash in hand	5,434	-
Cash at bank - Current account	11,802	1,615,455
	<u>17,236</u>	<u>1,615,455</u>
<b>10 LONG TERM LIABILITIES</b>		
Long term security deposits	320,000	320,000
Payable to Management Company	10.1 4,966,247	-
	<u>5,286,247</u>	<u>320,000</u>
10.1 Payable to Management Company represents the amount paid by Mapout Management Company (Pvt.) Limited for day to day expenses of UNICAP Modaraba. The amount is repayable to the Management Company once the Modaraba starts earning from active business activity.		
<b>11 ACCRUED &amp; OTHER LIABILITIES</b>		
Accrued expenses	2,571,418	295,919
Other liabilities	-	1,429,999
Unclaimed dividend	345,242	345,242
	<u>2,916,660</u>	<u>2,071,160</u>
<b>12 CERTIFICATE CAPITAL</b>		
<b>Authorized Modaraba Fund</b>		
20,000,000 Modaraba Certificates of Rs.10/- each	200,000,000	200,000,000
<b>Issued, Subscribed and Paid-up</b>		
10,000,000 Modaraba Certificates of Rs.10/- each - Cash	100,000,000	100,000,000
3,640,000 Modaraba Certificates of Rs.10/- each - Bonus	36,400,000	36,400,000
10,000,000 Modaraba Certificates of Rs.10/- each - Cash	100,000,000	-
	<u>236,400,000</u>	<u>136,400,000</u>
<b>Discount on Issuance of Shares</b>		
10,000,000 Modaraba Certificates of Rs.10/- each issued at discount of Rs. 5/- each	(50,000,000)	-

*JSC*



- 12.1 10 Million Modaraba Certificates were issued to Map Out Management Company (Pvt.) Ltd. in compliance of specific SECP Approval No. SC/M/PRDD/Unicap/2015-139 dated October 09, 2015 against cash. Form-3 i.e. Return of Allotment was submitted in the Office of the Registrar Modarabas accordingly. Resultantly, in line with the instructions of the Registrar Modarabas, the Share Registrar was advised for electronic conversion of Modaraba Certificates issued on December 31, 2015 and deposited the same in CDC account of the Company. The process of electronic conversion of Modaraba Certificates needed updating of increase in Authorized Capital by Pakistan Stock Exchange (PSX) and updating of paid-up capital in CDC. The PSX pointed out that at the time of increase in paid-up capital of the Company on December 31, 2015 the authorized capital of the company was Rs. 200 Million and the paid-up capital after this injection exceeded its authorized capital by Rs. 36 Million. The matter was referred to SECP for approval of increase in Authorized Modaraba Fund from Rs. 200 Million to Rs. 240 Million which has been granted subsequent to the balance sheet date.

### 13 CONTINGENCIES & COMMITMENTS

- 13.1 Shares of International Investment and Finance Services Limited were pledged against an advance obtained from Universal Leasing Corporation Limited. The lender has illegally transferred these shares in its name. The matter is disputed and a legal suit had been filed by the Modaraba against Universal Leasing Corporation Limited. This suit is likely to be decreed as most of the issues have been settled by the Court.
- 13.2 An Ex-Director and Sponsor of Chartered Management Services (Private) Limited (Ex-Modaraba Management Company) obtained financing from a Bank against an un-authorized and illegal pledge of shares of Universal Leasing Corporation Limited belonging to the Modaraba. After failing to recover the shares from the lender Bank, the Modaraba filed a legal suit against the Bank. A counter case has been filed by the lender seeking recovery of Rs. 1,894,524/-. However, in this regard the management does not foresee any liability to materialize.

The above mentioned cases as indicated in note 13.1 & 13.2 are likely to take some time to conclude particularly due to the fact that the respective shares have reportedly been disposed off by the aforesaid counterparties. Necessary provisioning has been made in the books and accordingly the same appear at nil values in these financial statements.

### 14 REVERSAL OF MARK-UP

This represents the reversal of accrued markup on advance obtained from Universal Leasing Corporation Limited as explained in Note 13.1.

### 15 ADMINISTRATIVE EXPENSES

Staff salaries & allowances	2,181,586	184,500
Office rent	1,330,000	275,000
Fee & subscription	812,050	331,133
Utilities (Electricity, Gas, Water)	116,484	-
Telephone / Internet	68,435	-
Printing & stationery	50,157	66,370
Postages	8,360	-
Insurance expense	129,172	8,251
Advertising and promotion	17,000	38,000
Entertainment	50,379	-

*JSC*

- 12.1 10 Million Modaraba Certificates were issued to Map Out Management Company (Pvt.) Ltd. in compliance of specific SECP Approval No. SC/M/PRDD/Unicap/2015-139 dated October 09, 2015 against cash. Form-3 i.e. Return of Allotment was submitted in the Office of the Registrar Modarabas accordingly. Resultantly, in line with the instructions of the Registrar Modarabas, the Share Registrar was advised for electronic conversion of Modaraba Certificates issued on December 31, 2015 and deposited the same in CDC account of the Company. The process of electronic conversion of Modaraba Certificates needed updating of increase in Authorized Capital by Pakistan Stock Exchange (PSX) and updating of paid-up capital in CDC. The PSX pointed out that at the time of increase in paid-up capital of the Company on December 31, 2015 the authorized capital of the company was Rs. 200 Million and the paid-up capital after this injection exceeded its authorized capital by Rs. 36 Million. The matter was referred to SECP for approval of increase in Authorized Modaraba Fund from Rs. 200 Million to Rs. 240 Million which has been granted subsequent to the balance sheet date.

### 13 CONTINGENCIES & COMMITMENTS

- 13.1 Shares of International Investment and Finance Services Limited were pledged against an advance obtained from Universal Leasing Corporation Limited. The lender has illegally transferred these shares in its name. The matter is disputed and a legal suit had been filed by the Modaraba against Universal Leasing Corporation Limited. This suit is likely to be decreed as most of the issues have been settled by the Court.
- 13.2 An Ex-Director and Sponsor of Chartered Management Services (Private) Limited (Ex-Modaraba Management Company) obtained financing from a Bank against an un-authorized and illegal pledge of shares of Universal Leasing Corporation Limited belonging to the Modaraba. After failing to recover the shares from the lender Bank, the Modaraba filed a legal suit against the Bank. A counter case has been filed by the lender seeking recovery of Rs. 1,894,524/-. However, in this regard the management does not foresee any liability to materialize.

The above mentioned cases as indicated in note 13.1 & 13.2 are likely to take some time to conclude particularly due to the fact that the respective shares have reportedly been disposed off by the aforesaid counterparties. Necessary provisioning has been made in the books and accordingly the same appear at nil values in these financial statements.

### 14 REVERSAL OF MARK-UP

This represents the reversal of accrued markup on advance obtained from Universal Leasing Corporation Limited as explained in Note 13.1.

### 15 ADMINISTRATIVE EXPENSES

Staff salaries & allowances	2,181,586	184,500
Office rent	1,330,000	275,000
Fee & subscription	812,050	331,133
Utilities (Electricity, Gas, Water)	116,484	-
Telephone / Internet	68,435	-
Printing & stationery	50,157	66,370
Postages	8,360	-
Insurance expense	129,172	8,251
Advertising and promotion	17,000	38,000
Entertainment	50,379	-

*Isca*

UNICAP MODARABA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016

	2016 <u>RUPEES</u>	2015 <u>RUPEES</u>
Office supplies / consumables	35,396	-
Repair & maintenance	758,210	-
Travelling & conveyance	100,400	-
Vehicle fuel & maintenance	42,169	-
Generator fuel	2,420	-
Bank charges	116	4,119
Professional charges	109,300	-
Auditors' remuneration	15.1 120,000	111,800
Depreciation expense	5 266,753	65,588
Miscellaneous	-	65,662
	<u>6,198,387</u>	<u>1,150,423</u>

**15.1 Auditors' Remuneration**

Annual statutory audit fee	100,000	75,000
Half yearly review fee	-	28,000
Out of pocket expenses	20,000	8,800
	<u>120,000</u>	<u>111,800</u>

**16 RELATED PARTY TRANSACTIONS**

Related parties include Map Out Management Company (Pvt.) Limited being the Modaraba Management Company. The following related party transactions were carried out during the year.

Management Fee	-	-
Payable - Long Term	<u>4,966,247</u>	<u>-</u>

**17 NUMBER OF EMPLOYEES**

Number of employees as at the year end	<u>6</u>	<u>1</u>
Average number of employees during the year	<u>4</u>	<u>1</u>

**18 DATE OF AUTHORIZATION**

These financial statements were authorized for issue by the Board on 30/01/2018.

**19 GENERAL**

Figures have been rounded off to nearest Pak Rupee.

  
CHIEF EXECUTIVE

  
DIRECTOR