



UNICAP MODARABA

*ANNUAL AUDITED
FINANCIAL STATEMENTS*

FOR THE PERIOD ENDED

30 JUNE 2018

www.unicapmodaraba.com

info@unicapmodaraba.com

UNICAP MODARABA
ISLAMIC FINANCIAL INSTITUTION - NBF

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

ILYAS SAEED & CO.

CHARTERED ACCOUNTANTS

A member of

mgiworldwide 

OFFICE # 26, 2ND FLOOR, ROSE PLAZA, 1 – 8 MARKAZ, ISLAMABAD
PH : (+92) 051 – 4938026 & 051 – 4938027, FAX : (+92) 051 – 4938028

AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet of **UNICAP MODARABA** (the "Modaraba") as at June 30, 2018 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements) for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

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 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 Management Company, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:-

(a) in our opinion, proper books of accounts have been kept by the Modaraba Management Company as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981;

(b) in our opinion;

(i) the financial statements have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981 and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;

(ii) the expenditure incurred during the year was for the purpose of the Modaraba's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the Modaraba;

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- (c) in our opinion and to the best of our information and according to the explanation given to us, the financial statements 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 affair as at June 30, 2018 and of its' losses, comprehensive losses, its' cash flows and changes in equity for the year then ended; and
- (d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 1 to the financial statements which indicates that the Modaraba has suffered a loss of Rs. 5.054 million (2017: Rs. 4.181 million) during the year and has suffered accumulated losses amounting to Rs. 161.431 million (2017: Rs. 156.378 million) and have negative operating cash flows of Rs. 6.930 million (2017: 5.143 million) during the year. Furthermore, the Modaraba has not carried out business activities to its' full potential during the year. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Modaraba's ability to continue as a going concern. However, the management is hopeful of keeping the Modaraba a going concern as more fully explained in Note 1 and thus, these financial statements have been prepared on a going concern basis without stating the assets at their realizable values and liabilities on the values these are likely to be discharged as against the requirements of the International Financial Reporting Standards. However, no material loss adjustment shall be required to be made had these financial statements being prepared on a non-going concern basis.

Our opinion is not qualified in respect of the above emphasis of matter paragraph.

Other matter

Financial statements for the previous year were audited by us whereby we expressed a disclaimer due to the significant matters identified during our engagement vide our report dated June 26, 2018.

ISLAMABAD: 09/10/2018

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

UNICAP MODARABA
BALANCE SHEET
AS AT JUNE 30, 2018

	Notes	2018 <u>Rupees</u>	2017 <u>Rupees</u>
ASSETS			
Non-Current Assets			
Property & equipment	5	304,090	432,043
Current Assets			
Investments - Stock in trade	6	52,400,000	50,487,000
Advances, deposits & prepayments	7	96,119	26,537
Other receivables	8	127,580	127,580
Cash & bank balances	9	738,854	791,488
		53,362,553	51,432,605
TOTAL ASSETS		53,666,643	51,864,648
LIABILITIES			
Long Term Liabilities			
Long term liabilities	10	18,080,459	11,203,489
Current Liabilities			
Accrued and other liabilities	11	977,042	998,242
Provision for taxation	12	901,489	901,489
		1,878,531	1,899,731
TOTAL LIABILITIES		19,958,990	13,103,220
TOTAL NET ASSETS		33,707,653	38,761,429
REPRESENTED BY:			
Certificate Capital			
Authorized Modaraba Fund	13.1	240,000,000	240,000,000
Issued, subscribed & paid up certificates	13.2	236,400,000	236,400,000
Discount on issuance of certificates	13.3	(50,000,000)	(50,000,000)
Reserves			
Statutory Reserve	SCE	8,738,973	8,738,973
Retained Earnings	SCE	(161,431,320)	(156,377,544)
Contingencies & Commitments	14	-	-
TOTAL EQUITY		33,707,653	38,761,429

The annexed notes from (1) to (22) form an integral part of these financial statements.

--SD--
CHIEF EXECUTIVE

--SD--
DIRECTOR

UNICAP MODARABA
PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2018

PARTICULARS	Notes	2018 <u>Rupees</u>	2017 <u>Rupees</u>
INCOME			
Gain on sale of stock		2,113,000	-
Reversal of accrued liabilities	15	103,000	2,038,418
		2,216,000	2,038,418
EXPENDITURE			
Administrative expenses	16	7,269,776	6,219,588
		7,269,776	6,219,588
(Loss) for the year before Management Fee		(5,053,776)	(4,181,170)
Modaraba company's management fee		-	-
(Loss) for the year before taxation		(5,053,776)	(4,181,170)
Taxation	17	-	-
(LOSS) FOR THE YEAR AFTER TAXATION		(5,053,776)	(4,181,170)

The annexed notes from (1) to (22) form an integral part of these financial statements.

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CHIEF EXECUTIVE

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DIRECTOR

UNICAP MODARABA
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018

PARTICULARS	2018 (Rupees)	2017 (Rupees)
(Loss) for the year	(5,053,776)	(4,181,170)
Other comprehensive income / (loss) for the year	-	-
Total comprehensive (loss) for the year	<u><u>(5,053,776)</u></u>	<u><u>(4,181,170)</u></u>

The annexed notes from (1) to (22) form an integral part of these financial statements.

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CHIEF EXECUTIVE

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DIRECTOR

UNICAP MODARABA
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2018

PARTICULARS	2018 <u>Rupees</u>	2017 <u>Rupees</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Total comprehensive (loss) for the year	(5,053,776)	(4,181,170)
Adjustments for:		
Depreciation	127,954	185,904
Operating cash flow before working capital changes	(4,925,822)	(3,995,267)
Working Capital Changes:		
(Increase) / decrease in current assets:		
Stock in trade	(1,913,000)	-
Advances, deposits & prepayments	(69,582)	270,695
Other receivables	-	500,000
Increase / (decrease) in current liabilities:		
Accrued and other liabilities	(21,200)	(1,918,418)
	(2,003,782)	(1,147,723)
Tax paid	-	-
Net Cash Flow From Operating Activities	(6,929,604)	(5,142,990)
CASH FLOW FROM INVESTING ACTIVITIES:		
None	-	-
Net Cash Flow From Investing Activities	-	-
CASH FLOW FROM FINANCING ACTIVITIES:		
Map Out Management Company (Pvt.) Limited	6,876,971	5,917,242
Net Cash Flow From Financing Activities	6,876,971	5,917,242
Net increase / (decrease) in cash & cash equivalents	(52,634)	774,252
Cash & cash equivalent at the beginning of the year	791,488	17,236
Cash & cash equivalent at the end of the year	738,854	791,488

The annexed notes from (1) to (22) form an integral part of these financial statements.

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CHIEF EXECUTIVE

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DIRECTOR

UNICAP MODARABA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2018

PARTICULARS	Rupees-----				Total
	Certificate Capital	Discount on Issuance of Certificates	Statutory Reserve	Accumulated (Loss)	
Balance as at July 01, 2016	236,400,000	(50,000,000)	8,738,973	(152,196,374)	42,942,599
Share capital issued / (withdrawn)	-	-	-	-	-
Total comprehensive (loss) for the year	-	-	-	(4,181,170)	(4,181,170)
Balance as at June 30, 2017	236,400,000	(50,000,000)	8,738,973	(156,377,544)	38,761,429
Share capital issued / (withdrawn)	-	-	-	-	-
Total comprehensive (loss) for the year	-	-	-	(5,053,776)	(5,053,776)
Balance as at June 30, 2018	236,400,000	(50,000,000)	8,738,973	(161,431,320)	33,707,653

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The annexed notes from (1) to (22) form an integral part of these financial statements.

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CHIEF EXECUTIVE

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DIRECTOR

UNICAP MODARABA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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. 161.431 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 to Rs. 50 million net of discount in the equity of the Modaraba on December 31, 2015 raised from their own private sources.

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

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**UNICAP MODARABA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

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.



UNICAP MODARABA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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.

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UNICAP MODARABA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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 charge for current tax also includes adjustments where necessary relating to prior years, which arise from assessment revised / finalized during the year.

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.



UNICAP MODARABA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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			RATE	DEPRECIATION			W.D.V. AS AT 30-06-2018
	As at 01-07-2017	Additions	(Deletions)		As at 01-07-2017	For the Year	As at 30-06-2018	
Office Equipment	200,632	-	-	20%	80,253	24,076	104,329	96,303
Furniture & Fixture	694,100	-	-	33%	382,435	103,878	486,313	207,787
TOTAL 30-06-2018	894,732	-	-		462,689	127,954	590,642	304,090

5.1 PROPERTY & EQUIPMENT (Comparative)

PARTICULARS	COST			RATE	DEPRECIATION			W.D.V. AS AT 30-06-2017
	As at 01-07-2016	Additions	(Deletions)		As at 01-07-2016	For the Year	As at 30-06-2017	
Office Equipment	200,632	-	-	20%	50,158	30,095	80,253	120,379
Furniture & Fixture	694,100	-	-	33%	226,627	155,809	382,435	311,665
TOTAL 30-06-2017	894,732	-	-		276,785	185,904	462,689	432,043

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UNICAP MODARABA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

6 INVESTMENTS

	2018 <u>RUPEES</u>	2017 <u>RUPEES</u>
Stock in trade	<u>52,400,000</u>	<u>50,487,000</u>
	<u>52,400,000</u>	<u>50,487,000</u>

7 ADVANCES, DEPOSITS & PREPAYMENTS

Advance tax	82,200	-
Prepaid insurance - Stock	<u>13,919</u>	<u>26,537</u>
	<u>96,119</u>	<u>26,537</u>

8 OTHER RECEIVABLES

Other receivables	<u>127,580</u>	<u>127,580</u>
	<u>127,580</u>	<u>127,580</u>

9 CASH & BANK BALANCES

Cash in hand	738,688	791,488
Cash at bank - Current account	<u>166</u>	<u>-</u>
	<u>738,854</u>	<u>791,488</u>

10 LONG TERM LIABILITIES

Long term security deposits	320,000	320,000
Payable to Management Company	<u>17,760,459</u>	<u>10,883,489</u>
	<u>18,080,459</u>	<u>11,203,489</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.

11 ACCRUED & OTHER LIABILITIES

Accrued expenses	631,800	653,000
Unclaimed dividend	<u>345,242</u>	<u>345,242</u>
	<u>977,042</u>	<u>998,242</u>

12 PROVISION FOR TAXATION

Previous years	14.3	901,489	901,489
For the year	17	<u>-</u>	<u>-</u>
		<u>901,489</u>	<u>901,489</u>

13 CERTIFICATE CAPITAL

13.1 Authorized Modaraba Fund

20,000,000 Modaraba Certificates of Rs.10/- each
4,000,000 Modaraba Certificates of Rs.10/- each

13.4

200,000,000	200,000,000
<u>40,000,000</u>	<u>40,000,000</u>
<u>240,000,000</u>	<u>240,000,000</u>

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UNICAP MODARABA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

2018
RUPEES

2017
RUPEES

13.2 Issued, Subscribed and Paid-up

10,000,000 Modaraba Certificates of Rs.10/- each - Cash
3,640,000 Modaraba Certificates of Rs.10/- each - Bonus
10,000,000 Modaraba Certificates of Rs.10/- each - Cash

100,000,000	100,000,000
36,400,000	36,400,000
100,000,000	100,000,000
<u>236,400,000</u>	<u>236,400,000</u>

13.3 Discount on Issuance of Shares

10,000,000 Modaraba Certificates of Rs.10/- each
issued at discount of Rs. 5/- each

(50,000,000)	(50,000,000)
<u>(50,000,000)</u>	<u>(50,000,000)</u>

13.4 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 was granted during the year ended June 30, 2017.

14 CONTINGENCIES & COMMITMENTS

14.1 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.

14.2 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.

14.3 The tax authorities initiated tax proceedings against the Company for Tax Years 2007-2009 and the same are pending for adjudication before the Appellate Tribunal Inland Revenue. The details of the cases are not available with the present management however, a provision is carried in the financial statements to meet any future liability which may arise on final decision of Appellate Court.

[Signature]

UNICAP MODARABA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

2018
RUPEES

2017
RUPEES

15 REVERSAL OF ACCRUED LIABILITIES

This represents reversal of accrued liabilities booked in prior years which are no longer payable.

16 ADMINISTRATIVE EXPENSES

Staff salaries & allowances	2,590,800	2,647,000
Office rent	2,160,000	2,075,000
Fee & subscription	384,210	584,655
Utilities (Electricity, Gas, Water)	198,000	32,330
Telephone / Internet	31,890	25,070
Printing & stationery	44,214	10,958
Postages	15,010	19,710
Insurance expense	285,110	296,232
Entertainment	252,354	69,199
Office supplies / consumables	19,423	10,874
Repair & maintenance	37,153	9,712
Vehicle fuel & maintenance	226,199	121,901
Bank charges	10,023	460
Professional fee	731,800	-
Auditors' remuneration	16.1 120,000	120,000
Depreciation expense	5 127,954	185,904
Miscellaneous	35,637	10,585
	<u>7,269,776</u>	<u>6,219,588</u>

16.1 Auditors' Remuneration

Annual statutory audit fee	100,000	100,000
Out of pocket expenses	20,000	20,000
	<u>120,000</u>	<u>120,000</u>

17 TAXATION

For the year	-	-
	<u>-</u>	<u>-</u>

17.1 No provision for taxation has been accounted for in these financial statements owing to exemption available on Agricultural Income and carried forward of assessed losses.

18 RELATED PARTY TRANSACTIONS

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

Payable - Long Term	<u>17,760,459</u>	<u>10,883,489</u>
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19 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS & KEY PERSON

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

UNICAP MODARABA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

2018
RUPEES

2017
RUPEES

20 NUMBER OF EMPLOYEES

Number of employees as at the year end
Average number of employees during the year

<u>4</u>	<u>4</u>
<u>4</u>	<u>4</u>

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21 DATE OF AUTHORIZATION

These financial statements were authorized for issue by the Board on

22 GENERAL

Figures have been rounded off to nearest Pak Rupee.

--SD--

CHIEF EXECUTIVE

--SD--

DIRECTOR

BOOK POST

To,



If undelivered please return to:

UNICAP MODARABA

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

UAN:03 000 434 434