

**Trust Modaraba**  
**Notes to the Accounts**

**Year ended June 30, 2005**

	<b>2005</b>	<b>2004</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>4. BANK BALANCES</b>		
Current accounts	17,935,950	4,578,055
Deposit accounts	33,367	930,112
	<u>17,969,317</u>	<u>5,508,167</u>
<b>5. ADVANCES, DEPOSITS, PREPAYMENTS &amp; OTHER RECEIVABLES</b>		
Profit on Morabaha Finances	7,587,992	4,456,083
Less: Suspense account	(413,850)	-
	7,174,142	4,456,083
Lease rental receivable	41,490,673	45,931,177
Less: Suspense account	(19,628,539)	(402,160)
	21,862,134	45,529,017
Current portion of advances to employees	8 595,108	249,897
Short term advances to employees	-	163,527
Late payment charges	3,192,155	3,277,155
Security deposits	670,000	678,000
Short term prepayments	750,000	275,000
Sundry receivable	979,594	587,109
Advance Tax	366,853	355,179
Legal suits charges receivable	1,844,651	1,806,651
Less: Suspense account	(880,736)	-
	963,915	1,806,651
Due from brokers (Sale of shares)	-	20,308,680
Prepaid insurance	94,469	171,508
	<u>36,648,370</u>	<u>77,857,806</u>
<b>6. SHORT TERM MORABAHA FINANCES</b>		
Regular parties	174,891,696	162,417,032
Parties under litigation	95,297,655	94,963,524
	<u>270,189,351</u>	<u>257,380,556</u>
Provision for classified receivables under Prudential regulations for Modarabas	(45,564,143)	(11,441,414)
	<u>224,625,208</u>	<u>245,939,142</u>

- 6.1.** The Modaraba has sold goods under Morabaha arrangements whereby payment is deferred alongwith specified profit margin. These finances are secured by hypothecation and pledges of goods sold, demand promissory notes, personal guarantees and shares of listed companies as collateral and are considered good except the balances for which provision under Prudential Regulations has been made.

## Trust Modaraba Notes to the Accounts

Year ended June 30, 2005

	Note	2005 Rupees	2004 Rupees
<b>6.2.</b> Rs.95.298 million (2004: Rs.94.964 million) receivable from 9 (2004: 10) clients under Morabaha finances are under litigation in the courts for which courts have passed decrees of 9 clients in favour of Modaraba. Execution petitions are pending.			
<b>7. LONG TERM MORABAHA FINANCES - Secured</b>			
Long term morabaha finances		8,872,036	12,392,800
Less: Current portion grouped under current assets			
- Installments overdue		3,791,916	3,239,085
- Installments receivable within next 12 months		4,565,968	4,106,570
		8,357,884	7,345,655
		514,152	5,047,145
<b>8. LONG TERM ADVANCES - Considered Good</b>			
Advances to employees	<b>8.1</b>	936,954	548,808
Less: Current portion		595,108	249,897
		341,846	298,911
<b>8.1</b> Advances are given to employees for different purposes. These advances are secured and are profit bearing. The maximum aggregate amount due from employees at the end of any month during the year was Rs.1,433,959/- (2004: Rs. 783,314/-).			

## 9. LONG TERM INVESTMENTS - AVAILABLE FOR SALE

	Note	2005		2004	
		Cost	Market Value	Cost	Market Value
		---Rupees---		---Rupees---	
Shares of listed companies	<b>9.1</b>	40,460,665	28,359,170	14,500,783	11,516,895
Certificates of Modaraba and Funds	<b>9.2</b>	3,471,280	2,651,107	2,452,775	1,223,875
		43,931,945	31,010,277	16,953,558	12,740,770
Less: Provision for diminution in the value of investments	<b>9.4</b>	(12,921,668)		(4,212,788)	
		31,010,277	31,010,277	12,740,770	12,740,770

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**Year ended 30 June 2005**

**9.1. Shares of listed companies**

	Note	2005		2004	
		Cost	Market Value	Cost	Market Value
		-----Rupees-----		-----Rupees-----	
<b>InterAsia Leasing Company Limited</b> 10,000 (2004: 10,000) ordinary shares of Rupees 10 each fully paid		91,500	10,000	91,500	28,000
<b>Amin Spinning Mills Limited</b> 400 (2004: 400) ordinary shares of Rupees 10 each fully paid		7,516	2,000	7,516	1,720
<b>Kohinoor Spinning Mills Limited</b> 52,700 (2004: 52,700) ordinary shares of Rupees 10 each fully paid		2,711,460	245,055	2,711,460	342,550
<b>Reliance Cotton Spinning Mills Limited</b> 100 (2004: 100) ordinary shares of Rupees 10 each fully paid		1,000	2,705	1,000	2,825
<b>Azgard Nine Limited (Legler-Nafees Denim Mills Limited)</b> 21754 (2004: 66754) ordinary shares of Rupees 10 each fully paid		809,372	696,128	987,063	1,501,965
<b>Dewan Salman Fibre Limited</b> 39666 (2004: 166) ordinary shares of Rupees 10 each fully paid		1,097,478	668,372	5,108	3,760
<b>Sunshine Cloth Limited</b> 45,500 (2004: 45,500) ordinary shares of Rupees 10 each fully paid	<b>9.3</b>	656,155	455,000	656,155	455,000
<b>Bank Alfalah Limited</b> 47,100 (2004: Nil) ordinary shares of Rupees 10 each fully paid		1,932,144	1,919,325	-	-
<b>National Bank of Pakistan</b> 12,000 (2004: Nil) ordinary shares of Rupees 10 each fully paid		1,390,639	1,295,400	-	-
<b>Muslim Commercial Bank</b> 5,795 (2004: Nil) ordinary shares of Rupees 10 each fully paid		144,875	459,544	-	-
<b>Kohinoor Textile Mills Limited</b> 486 (2004: 486) ordinary shares of Rupees 10 each fully paid		9,531	18,468	9,531	26,025
<b>D.G. Khan Cement Company Ltd.</b> 20,000 (2004: Nil) ordinary shares of Rupees 10 each fully paid		1,530,553	1,115,000	-	-
<b>Fauji Cement Company Ltd.</b> 25,000 (2004: Nil) ordinary shares of Rupees 10 each fully paid		380,288	320,000	-	-
<b>Lucky Cement Company Ltd.</b> 35,000 (2004: Nil) ordinary shares of Rupees 10 each fully paid		1,746,462	1,592,500	-	-
<b>Pakistan PTA Limited</b> 92,000 (2004: 42,000) ordinary shares of Rupees 10 each fully paid		1,370,503	736,000	738,780	728,700

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**Notes to the Accounts**

**Year ended 30 June 2005**

Note	2005		2004	
	Cost	Market Value	Cost	Market Value
	-----Rupees-----		-----Rupees-----	
<b>Pakistan Telecommunication Company Limited</b> 145,000 (2004: 70,000) ordinary shares of Rupees 10 each fully paid	13,213,598	9,562,750	3,016,850	2,950,500
<b>Pakistan International Airlines Corporation Limited 'A'</b> 305,000 (2004: 136500) ordinary shares of Rupees 10 each fully paid	5,444,498	2,607,750	2,971,580	2,443,350
<b>HUB Power Company Limited</b> 85,000 (2004: 50,000) ordinary shares of Rupees 10 each fully paid	2,795,583	2,244,000	1,714,750	1,615,000
<b>Kot Adu Power Company Limited</b> 19,000 (2004: Nil) ordinary shares of Rupees 10 each fully paid	979,470	717,250	-	-
<b>Oil &amp; Gas Company Limited</b> 13,025 (2004: Nil) ordinary shares of Rupees 10 each fully paid	1,491,500	1,371,533	-	-
<b>Sui Northern Gas Pipelines Limited</b> 20,300 (2004: Nil) ordinary shares of Rupees 10 each	1,475,646	1,244,390		
<b>Fauji Fertilizer Bin Qasim Limited</b> 40,000 (2004: 75,000) ordinary shares of Rupees 10 each fully paid	1,180,894	1,076,000	1,589,490	1,417,500
	<b>40,460,665</b>	<b>28,359,170</b>	<b>14,500,783</b>	<b>11,516,895</b>

**9.2. Certificates of Modarabas & funds**

	2005		2004	
	Cost	Market Value	Cost	Market Value
	-----Rupees-----		-----Rupees-----	
<b>Investec Mutual Fund</b> 78,500 (2004: 78,500) certificates of Rupees 10 each	1,456,250	62,800	1,456,250	219,800
<b>24th ICP Mutual Fund</b> Nil (2004: 400) certificates of Rupees 10 each	-	-	4,000	7,200
<b>PICIC Investment Fund</b> 100,220 (2004: Nil) certificates of Rupees 10 each	1,665,030	1,503,300	-	-
<b>Arif Habib Investments</b> 2,989 (2004: Nil) units of Rupees 10 each	<b>9.2.1</b> 350,000	1,085,007	-	-
<b>Unit Trust of Pakistan Islamic Fund</b> Nil (2004: 1,450) units of Rupees 10 each	-	-	992,525	996,875
	<b>3,471,280</b>	<b>2,651,107</b>	<b>2,452,775</b>	<b>1,223,875</b>

**9.2.1** This investment has been made out of Provident Fund.

**9.3** Sunshine cloth limited has been deboarded from Stock Exchange. Thus this investment is stated at face value.

**9.4 Provision for diminution in value of investments**

	2005 Rupees	2004 Rupees
Opening balance	4,212,788	8,703,147
Provision provided / (reversed) during the year	9,105,874	(1,470,038)
	13,318,662	7,233,109
Adjustment on sale of investment	(396,994)	(3,020,321)
Closing balance	<b>12,921,668</b>	<b>4,212,788</b>

**Trust Modaraba**  
**Notes to the Accounts**

**Year ended 30 June 2005**

**10. FIXED ASSETS - Tangible**

**10.1. Operating assets given on lease**

Particulars	C o s t			Rate %	D e p r e c i a t i o n			W. D. V. As at 30 June 05
	As at 1 July 04	Additions/ (deletions)	At at 30 June 05		As at 1 July 04	For the Year/ (Adjustments)	At at 30 June 05	
Plant & equipment	130,023,000	4,236,900	134,259,900	10	40,861,655	2,036,110	42,897,765	91,362,135
Vehicles	2,293,700	5,813,500 (720,000)	7,387,200	20	709,041	1,140,629 (363,989)	1,485,681	5,901,519
<b>2005 Rupees</b>	<u>132,316,700</u>	<u>10,050,400</u> (720,000)	<u>141,647,100</u>		<u>41,570,696</u>	<u>3,176,739</u> (363,989)	<u>44,383,446</u>	<u>97,263,654</u>
<b>2004 Rupees</b>	<u>288,056,000</u>	<u>12,789,700</u> (168,529,000)	<u>132,316,700</u>		<u>97,309,455</u>	<u>13,799,335</u> (69,538,094)	<u>41,570,696</u>	<u>90,746,004</u>

**10.1.1.** Deletions during the year represent the adjustments of prematured Leased assets.

**10.1.2.** Modaraba has filed suits for possession of lease assets valuing Rs.105.975 million (2004: Rs.111.375 million) against 4 clients (2004: 5 clients). The respective courts have granted decrees against 4 (2004: 5) clients in favour of Modaraba in respect of which execution petitions are pending.

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**Year ended 30 June 2005**

**10.3 Disposal of operating fixed assets**

**Disposal of assets given on lease**

<u>Description</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>	<u>Sale proceeds</u>	<u>Gain (Loss)</u>	<u>Mode of disposal</u>	<u>Particulars of Purchaser</u>
<b>VEHICLES</b>							
Santro Club (LRU-6611)	520,000	190,674	329,326	332,697	3,371	Negotiation	Mr. Ahmad Nadeem 83-A Sabzazar Scheme, Lahore.
Honda Civic (LHM-175)	200,000	173,315	26,685	41,864	15,179	Negotiation	Mr. Shahzad Chattha 20-Ravi Block, Allama Iqbal Town, Lahore.
	<u>720,000</u>	<u>363,989</u>	<u>356,011</u>	<u>374,561</u>	<u>18,550</u>		

**Disposal of owned assets**

<u>Description</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>	<u>Sale proceeds</u>	<u>Gain (Loss)</u>	<u>Mode of disposal</u>	<u>Particulars of Purchaser</u>
Toyota Corolla (LZQ-9212)	1,406,480	281,296	1,125,184	1,140,000	14,816	Negotiation	Mrs. Yasmeen Suleman H# 119/2, Khayabane Bilal, DHA, Karachi.
Honda Civic (LRX-9897)	1,321,000	264,200	1,056,800	1,165,000	108,200	Leased out	Ch. Adnan Shahid H# 516, Askari-9, Zarar Shaheed Road, Lahore Cantt.
	<u>2,727,480</u>	<u>545,496</u>	<u>2,181,984</u>	<u>2,305,000</u>	<u>123,016</u>		

**Trust Modaraba**  
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**Year ended 30 June 2005**

**10.2. Operating assets in own use**

Particulars	C o s t			Rate	D e p r e c i a t i o n			W. D. V. As at 30 June 05
	As at 1 July 04	Additions/ (deletions)	At at 30 June 05		As at 1 July 04	For the Year/ (Adjustments)	At at 30 June 05	
	----- Rupees -----			%	----- Rupees -----			
Land	10,728,400		10,728,400	-	-	-	-	10,728,400
Furniture & fixture	2,807,874	80,000	2,887,874	10	1,829,361	288,787	2,118,149	769,725
Office equipment	2,884,636	71,600	2,956,236	10	2,305,731	295,624	2,601,354	354,882
Vehicles	6,831,713	591,000	4,695,233	20	1,464,918	939,047	1,858,468	2,836,765
		(2,727,480)				(545,496)		
Books	16,423	-	16,423	20	16,423	-	16,423	-
Electrical equipment	812,848	160,570	973,418	10	599,357	97,342	696,699	276,719
<b>2005 Rupees</b>	24,081,894	903,170 (2,727,480)	22,257,584		6,215,789	1,620,799 (545,496)	7,291,093	14,966,491
<b>2004 Rupees</b>	21,633,059	5,113,335 (2,664,500)	24,081,894		5,888,282	2,016,878 (1,689,371)	6,215,789	17,866,105

**10.2.1** Two vehicles obtained on morabaha finances are not registered in the name of Modaraba but jointly registered in the name of employees and the financing bank. However the Modaraba holds duly executed transfer letters in its favor.

# Trust Modaraba

## Notes to the Accounts

Year ended June 30, 2005

	Note	2005 Rupees	2004 Rupees
<b>11. CREDITORS, ACCRUED &amp; OTHER LIABILITIES</b>			
Payable to Trust Management Services (Pvt.) Ltd.		51,419	1,091
Profit payable on finances under			
Musharika arrangements		1,173,839	991,312
Morabaha arrangements		307,449	-
Accrued expenses		185,280	186,528
Other payables		69,744	42,324
Unclaimed dividends		6,294,830	6,314,034
Medical Fund		172,599	-
Provident Fund		641,806	-
		<u>8,896,966</u>	<u>7,535,289</u>
<b>12. PROVISION FOR TAXATION</b>			
No provision for taxation has been made in the accounts as the Modaraba has distributed more than 90% of its current profit as dividend.			
		<u>1,481,806</u>	<u>1,481,806</u>
<b>13. FINANCES UNDER MUSHARIKA ARRANGEMENTS</b>			
Musharika arrangements - Secured	<b>13.1</b>	42,000,000	42,000,000
		<u>42,000,000</u>	<u>42,000,000</u>
<b>13.1</b>	The total facility for Musharika Finance available from the Bank of Punjab amounts to Rs.42 million (2004: 86.48 million). The estimated share of profit payable on this facility ranges from 6.5% to 11.5% (2004: 6.5% to 10%) The Musharika finances are secured by charge on current assets of the Modaraba.		
<b>14. FINANCES UNDER MORABAHA ARRANGEMENTS</b>			
Morabaha arrangements - Secured	<b>14.1</b>	10,000,000	-
		<u>10,000,000</u>	<u>-</u>
<b>14.1</b>	The total facility for Morabaha Finance available from the Bank of Punjab amounts to Rs.10 million (2004: Nil) The estimated profit payable on this facility ranges from 9% to 11.5% (2004: Nil). The Morabaha finance is secured by pledge of shares owned by Modaraba.		

# Trust Modaraba

## Notes to the Accounts

Year ended June 30, 2005

	Note	2005 Rupees	2004 Rupees
<b>15. LONG TERM MORABAHA FINANCE - Secured</b>			
Standered Chartered Bank Limited		927,410	1,306,354
Bank Al-Falah Limited		-	827,296
		927,410	2,133,650
Less: Current portion grouped under current liabilities		(414,627)	(680,262)
		<u>512,783</u>	<u>1,453,388</u>
<b>15.1.</b> Rs.1.306 million Morabaha Finance facility was arranged with Standered Chartered Bank Limited. These are re-payable in 48 monthly installments having a profit rate of 9% p.a. . Finance was secured against the vehicles of the company.			
<b>16. CUSTOMERS' SECURITY DEPOSITS</b>			
These represent the customers' deposits to secure the lease finances given to them and is made up as follow:-			
Opening balance		6,208,555	6,372,300
Security deposits received during the year		1,763,381	2,751,255
Security deposits adjusted during the year		(240,000)	(2,915,000)
Closing balance		7,731,936	6,208,555
Less: Current portion grouped under current liabilities		3,437,300	2,257,300
		<u>4,294,636</u>	<u>3,951,255</u>
<b>17. CERTIFICATE CAPITAL</b>			
<b>Authorised Capital</b>			
50,000,000 Modaraba Certificates of Rs.10/- each		<u>500,000,000</u>	<u>500,000,000</u>
<b>Issued subscribed and paid-up capital</b>			
15,000,000 Modaraba Certificates of Rs.10/- each fully paid-up in cash		150,000,000	150,000,000
12,300,000 Modaraba Certificates of Rs. 10/- each issued as fully paid bonus certificates		123,000,000	123,000,000
		<u>273,000,000</u>	<u>273,000,000</u>
<b>17.1</b> 2,747,388 (2004 2,747,388) certificates are held by the management company, namely Trust Management Services (Pvt.) Limited.			
<b>18. RESERVES &amp; SURPLUS</b>			
Capital Reserve	<b>18.1</b>	51,523,623	47,439,983
General Reserve		19,400,000	84,400,000
Un-appropriated Profit/(Loss)		355,449	(849,579)
		<u>71,279,072</u>	<u>130,990,404</u>
<b>18.1.</b> This represents the statutory reserve created to comply with Prudential Regulations for Modarabas issued by Securities and Exchange Commission of Pakistan.			

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	Note	2005 Rupees	2004 Rupees
<b>19. Contingencies &amp; Commitments</b>			
Nil (2004: NIL)			
<b>20. OPERATING EXPENSES</b>			
Salaries, allowances and other benefits	<b>20.1</b>	3,151,896	2,751,628
Re-imbursable expenses		572,065	1,393,388
Legal & professional charges		501,817	641,212
Fees & subscription		407,996	450,890
Electricity, gas and water		162,353	461,775
Telephone, postage & telegram		437,371	429,553
Advertisement		81,855	30,800
Printing & stationery		118,347	115,925
Traveling and conveyance		88,546	127,807
Entertainment		115,838	110,956
Insurance		181,029	191,698
Vehicle running		814,069	1,197,662
Provision for Morabaha Finance		-	6,765,000
Morabaha Profit written off		-	5,831,420
Auditors' remuneration	<b>20.2</b>	195,000	175,000
Repairs & maintenance		623,672	637,538
Registrars' services	<b>20.3</b>	600,000	600,000
Depreciation	<b>20.4</b>	4,797,539	15,816,213
Miscellaneous		180,008	238,102
		<u>13,029,401</u>	<u>37,966,568</u>

**20.1. Salaries, allowances & other benefits**

The aggregate amount charged in the account for the year on account of salaries, allowances and all other benefits to the Executives, Officers and employees of the Modaraba was as follows:

	2005		2004	
	Executives Officers	Other employees	Executives Officers	Other employees
Basic salary	1,191,000	560,760	1,180,632	508,859
Allowances & other benefits	1,061,614	338,522	826,447	235,690
	<u>2,252,614</u>	<u>899,282</u>	<u>2,007,079</u>	<u>744,549</u>
<b>Number of employees</b>	<u>5</u>	<u>7</u>	<u>5</u>	<u>9</u>

Two executives are provided with free use of Modaraba maintained car.

**20.2. Auditors' remuneration**

Audit fee	125,000	125,000
Half yearly review	25,000	15,000
Report on compliance with code of corporate governance	35,000	25,000
Out of pocket expenses	10,000	10,000
	<u>195,000</u>	<u>175,000</u>

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	<b>2005</b>	<b>2004</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>20.3.</b> The fees for registrar services has been paid to Modaraba Management Company namely Trust Services Management (Pvt.) Ltd.		
<b>20.4. Depreciation</b>		
On own operating assets	1,620,800	13,799,335
On assets given on lease	3,176,739	2,016,878
	<u>4,797,539</u>	<u>15,816,213</u>
<b>21. FINANCIAL CHARGES</b>		
Profit on Morabaha finances	459,896	158,144
Profit on Musharika finances	3,775,029	7,413,925
Profit on Morabaha finances waived off	-	(41,495)
Bank charges and commission	6,304	30,440
	<u>4,241,229</u>	<u>7,561,014</u>
<b>22. IMPAIRMENT LOSS ON LEASED ASSETS</b>		
This represents the impairment loss on leased assets ,calculated upto 30 June 2003, which being a correction of fundamental error was adjusted against brought forward profits in last year. This loss was calculated only on three leased assets of the Modaraba which were the main leasing clients. The impairment loss on remaining assets is not accounted for in these financial statements as the amount involved is insignificant.		
	<u>-</u>	<u>20,170,475</u>
<b>23. PROVISION FOR NON PERFORMING MORABAHA FINANCE AND SUSPENDED INCOME</b>		
Provision for non performing morabaha finances	34,122,729	-
Morabaha profit suspended	413,850	-
Lease rentals suspended	19,226,379	-
Legal suit charges suspended	880,736	-
	<u>54,643,694</u>	<u>-</u>
<b>24 RENTALS RECEIVABLE WITHIN NEXT TWELVE MONTHS</b>		
Future minimum lease rentals receivable on the basis of lease agreements executed upto 30 June 2005 are as follows:		
Receivable not later than one year	7,704,638	7,269,096
Receivable later than one year but not later than 5 years	8,366,461	11,188,114
	<u>16,071,099</u>	<u>18,457,210</u>
<b>25. EARNINGS PER CERTIFICATE</b>		
Profit after taxation	20,418,245	644,788
Ordinary certificates	27,300,000	27,300,000
Earnings per certificate	<u>0.75</u>	<u>0.02</u>
<b>26. PROPOSED DIVIDEND</b>		
In respect of current year, the directors propose a cash dividend @ 6% i.e. Rs. 0.6 per certificate of Rs. 10/- each. Proposed dividend is subject to approval by certificate holders at the forthcoming Annual Review Meeting and has not been included as a liability in these financial statements due to recent amendments in the Fourth Schedule of the Companies Ordinance, 1984, and to meet with the requirement of International Accounting Standards (IAS) 10 'Events After Balance Sheet Date'. The proposed dividend once approved will be accounted for subsequently in the year of payment.		

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**27 MATURITIES OF ASSETS AND LIABILITIES**

	<b>2005</b>					
	<b>Total</b>	<b>Upto one month</b>	<b>One month to three months</b>	<b>Over three months to one year</b>	<b>Over one to five years</b>	<b>Over five years</b>
	.....Rupees.....					
<b>Assets:</b>						
Bank balances	17,969,317	16,000,000	1,969,317	-	-	-
Advances and deposits	36,648,370	2,507,872	10,720,590.00	23,419,908	-	-
Short term morabaha finances	224,625,208	-	-	224,625,208	-	-
Current portion of long term morabaha finance	8,357,884	696,490	1,392,981	6,268,413	-	-
Long term advances	341,846	-	-	-	341,846	-
Long term morabaha finances	514,152	-	-	-	514,152	-
Long term investments	31,010,277	-	4,000,000	15,000,000	12,010,277	-
Fixed assets on operating lease	97,263,654	61,602	2,580,000	145,000	94,477,052	-
Fixed assets in own use	14,966,491	-	-	-	14,966,491	-
	<b>431,697,199</b>	<b>19,265,964</b>	<b>20,662,888</b>	<b>269,458,529</b>	<b>122,309,818</b>	<b>-</b>
<b>Liabilities:</b>						
Proposed dividend	16,380,000			16,380,000		
Creditors, accrued and other liabilities	8,896,966	1,566,312	1,368,697	5,961,957	-	-
Provision for taxation	1,481,806	-	-	-	1,481,806	-
Finances under Musharika Arrangements	42,000,000	-	-	42,000,000	-	-
Current portion of customers' security deposits	3,437,300	8,000	1,100,000	2,329,300	-	-
Cutomers' security deposits	4,294,636	-	-	-	4,294,636	-
Current portion of long term morabaha finance	414,627	34,552	69,105	310,970	-	-
Long Term Morabaha Finance	10,512,783	-	-	10,000,000	512,783	-
	<b>87,418,118</b>	<b>1,608,864</b>	<b>2,537,802</b>	<b>76,982,227</b>	<b>6,289,225</b>	<b>-</b>
<b>Net Balance</b>	<b>344,279,081</b>	<b>17,657,100</b>	<b>18,125,086</b>	<b>192,476,302</b>	<b>116,020,593</b>	<b>-</b>
<b>Share holder's equity</b>	<b>344,279,081</b>					

**Trust Modaraba**  
**Notes to the Accounts**

**Year ended 30 June, 2005**

**28. FINANCIAL ASSETS AND LIABILITIES**

	Profit/mark-up bearing			Non profit bearing			2005 Total	2004 Total
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total		
	----- Rupees -----			----- Rupees -----			----- Rupees -----	
<b>Financial assets</b>								
Bank balances	33,367	-	33,367	-	-	-	33,367	5,508,167
Advances, deposits, prepayment and other receivables	21,862,134	-	21,862,134	13,574,914	-	13,574,914	35,437,048	51,250,209
Morabaha finances	278,547,235	514,152	279,061,387				279,061,387	269,773,356
Long term advances				595,108	936,954	1,532,062	1,532,062	798,705
Long term investment	-	-	-	-	31,010,277	31,010,277	31,010,277	12,740,770
	<u>300,442,736</u>	<u>514,152</u>	<u>300,956,888</u>	<u>14,170,022</u>	<u>31,947,231</u>	<u>46,117,253</u>	<u>347,074,141</u>	<u>340,071,207</u>
<b>Financial liabilities</b>								
Creditors, accrued expenses and other liabilities	-	-	-	8,896,966	-	8,896,966	8,896,966	7,534,198
Musharika finances	42,000,000	-	42,000,000				42,000,000	42,000,000
Morabaha finances	10,414,627	512,783	10,927,410				10,927,410	2,133,650
Customers' security deposits	-	-	-	3,437,300	4,294,636	7,731,936	7,731,936	6,208,555
	<u>52,414,627</u>	<u>512,783</u>	<u>52,927,410</u>	<u>12,334,266</u>	<u>4,294,636</u>	<u>16,628,902</u>	<u>69,556,312</u>	<u>57,876,403</u>

**28.1. Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and causes other party to incur a financial loss. Out of the total financial assets of Rs. 380.0072 million (2004: Rs.340.071 million), the financial assets which are subject to credit risk amounted to Rs. 330.219 million (2004:Rs. 321.822 million). The Company believes that it is not exposed to major concentration of credit risk.

**28.2. Markup risk**

Mark-up risk arises from the possibility that changes in mark-up rate will effect the value of financial instruments. The financial liabilities of the Company subject to markup risk aggregated Rs. 52 million (2004: Rs. 42 million) . The effective profit rate of financial liabilities range from 6.5% to 10% per annum ( 2004: 6.5% to 11.5%).

**28.3.** The Company's credit risk exposure is not significantly different from that reflected in the financial statements.

**28.4. Fair value of financial assets and financial liabilities**

Fair value of financial assets and liabilities is the amount at which assets could be exchanged or a liability settled between knowledgeable willing parties in an arms length transaction. The carrying values of all financial assets and financial liabilities approximate their fair values.

**29. TRANSACTION WITH ASSOCIATED UNDERTAKINGS**

Transaction with associated undertakings are NIL (2004: NIL)

**30. DATE OF AUTHORIZATION OF ISSUE**

These financial statement has been approved for issue by the Board of Directors in their meeting held on September 28, 2005.

**31. GENERAL**

**31.1.** Previous year's figures have been rearranged wherever necessary, for the purpose of comparison.

**31.2.** Figures have been rounded off to nearest Rupees.

Chief Executive

Director

Director