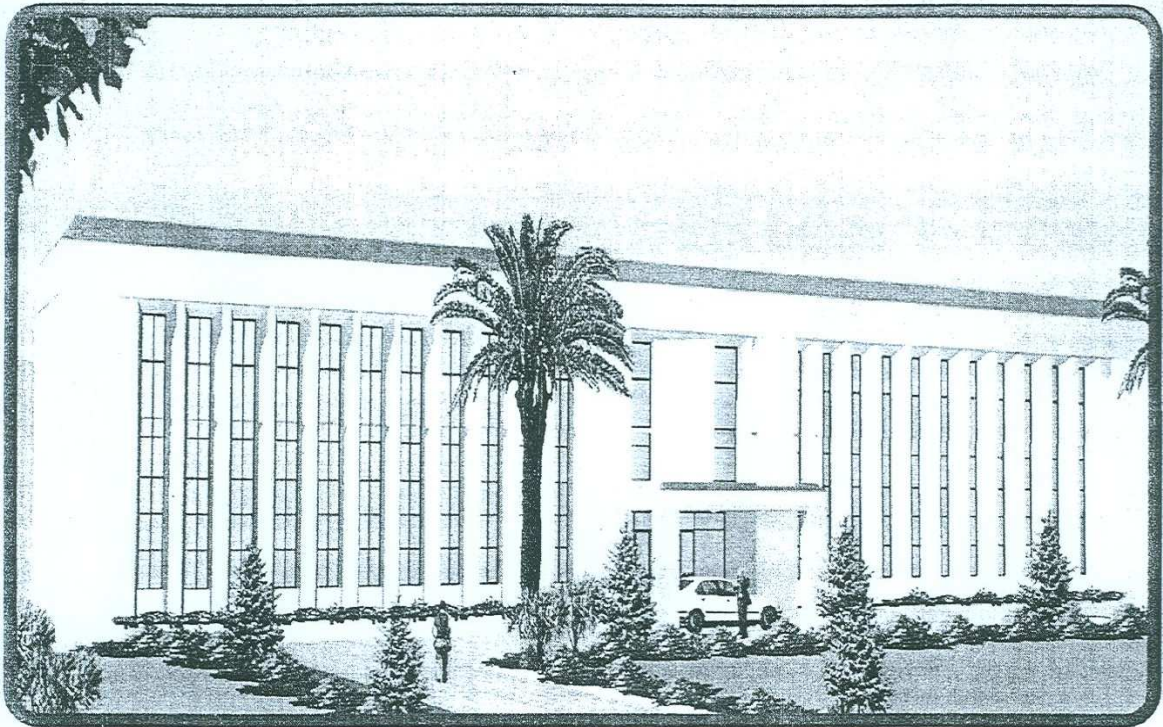




LAHORE GARMENT
CITY COMPANY



MINISTRY OF TEXTILE INDUSTRY
GOVERNMENT OF PAKISTAN



10th ANNUAL REPORT
FOR THE YEAR ENDED
30th JUNE 2014

I N D E X

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No.: LGCC/AGM/2692
Dated: 18th December, 2014

All members of
Lahore Garment City Company

SUBJECT: NOTICE OF ANNUAL GENERAL MEETING

All members of Lahore Garment City Company are hereby informed that the Annual General Meeting of the Company shall be held on 12th January, 2015 at 11:30 a.m in the office of Company located at 132-P Gulberg-II, Lahore.

Agenda items:

- 1) To confirm the minutes of the last Annual General Meeting of the Company held on 16th December, 2013
- 2) To consider and approve annual audited accounts of the Company for the year ended 30th June, 2014 along with Directors and Auditors report thereon.
- 3) To appoint Auditors of the Company for the year ending 30th June 2015.
- 4) Reconstitution of the Board of Directors/Chairman.
- 5) Any other item with permission of the Chair.

By Order of the Board

Sd/-

(Lt Col (R) Ashfaq ul Islam)
Secretary, LGCC

COMPANY INFORMATION

1. Registered office = 132-P Gulberg II, Lahore.
Tel. No.042-35870657-59
Fax No.042-35872087
Email : info@lgcc.org.pk
2. Project Location = Plot No. 143-146, 151-155,
Sundar Industrial Estate, Raiwind, Lahore
3. Board of Directors =
Mr. Avais M.Hussain Chairman
Mr. Shahzad Azam Khan Director
Mr. M. I Khurram Director
Mr. Mubashar N.Butt Director
Secretary Ministry of Textile Industry, Ex-Officio
Government of Pakistan Director
Secretary Ministry of Commerce, Government of Pakistan "
Secretary Industries Government of the Punjab "
Collector Customs, Lahore "
CEO, SMEDA. "
4. Company Secretary/PE = Lt. Col. (R) Ashfaq- ul -Islam
5. Account Officer = Aqueel Ahmad
6. Auditors = Sarwar Awan & Co
Chartered Accountant

DIRECTORS REPORT TO THE MEMBERS

The Directors of the LGCC take pleasure in presenting the 10th Annual Report of the Company together with the audited accounts for the year ended June, 2014.

FINANCIAL RESULTS	30th JUNE, 2014 (RS)	30th JUNE, 2013 (RS)
Income	21,744,717	1,419,511
Expenditure	29,790,000	28,797,229
Financial Cost	3,510	8,339
Surplus/Deficit for the Year	8,048,793 (Deficit)	27,386,057 (Deficit)

REVIEW OF OPERATING RESULT:

During the year under review, the company has deficit balance of Rs. 8,048,793/-for the year 2014. It is due to the fact that on completion, the Category A&B Buildings have been capitalized and depreciation on the buildings has resulted in deficit.

AUDITORS:

The existing Auditor, M/s Sarwar Awan & Company, Chartered Accountants, Lahore has conducted the final audit of accounts of the Company for the year Ended 30th June 2014.

ACKNOWLEDGEMENT:

The Directors acknowledge the dedicated services, loyalty and hard work of all the employees of the Company and hope this spirit of devotion and dedication will continue in future.

FINANCIAL STATUS:

The detail of funds is as under:

Approved Cost (Original PC-I)	Rs. 497.64 Million
Approved Cost (Revised PC-I)	Rs. 586.88 Million
Amount Released in the year 2013-14	-
Total Amount Released so far	Rs. 572.64 Million
Amount not released so far	Rs. 14.24 Million

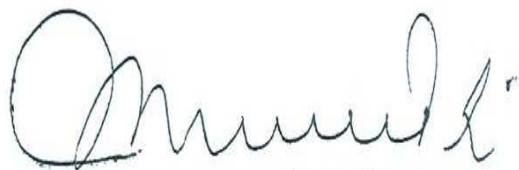
PHYSICAL PROGRESS:

Category A, B & C buildings of Phase-I have been completed and leased out to M/s. Style Textile at the monthly rate of Rs. 9.50/- per sqft with annual escalation of 7.5%. Category-A & B buildings have been handed over to the tenant w.e.f 07-02-2014 & 03-03-2014 respectively. Category-C will be handed to the tenant on completion of the balance works. 95% of the work of Admin, Auditorium and Security Staff Residence has been completed and these may also be leased out.

FUTURE PROSPECTS:

PC-I of the Phase-II of the project is under preparation and will be submitted soon.

CEO/CHAIRMAN



DIRECTOR



Sarwar Awan & Co.

CHARTERED ACCOUNTANTS

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of LAHORE GARMENT CITY COMPANY as at 30th June, 2014 and the related income and expenditure account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. 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 above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (1) The company has received Rs.572,640,000/- in preceding years outstanding at balance sheet date from the Government of Pakistan, Finance Division, Corporate Finance Wing as Federal Government's Development Loan on terms and conditions prevailing for advancing of development loans (Note No.12 to the financial statements). No accrual of interest against this loan, if any, has been made in these financial statements as the terms and conditions are not known to the management. Moreover, the management has requested the Government of Pakistan to convert the amounts received as loan to grant and has taken up the matter with the ministry. However, the matter has not been concluded upto the balance sheet date;
- (2) The company has not provided for charges in respect of gratuity in these financial statements as required under the relevant law.
- (3) In response to direct balance confirmation sent to M/s Ahmad Construction (building contractor) regarding confirmation of credit balance, we received confirmation for Rs. 9,573,275/- (including encashed amount of performance guarantee for Rs. 1,465,000/-) against Rs. 423,391/- (retention money) outstanding in the books of account at the balance sheet date. The company claims that the contract was terminated and no amount was outstanding except retention money for Rs. 423,391/-. In view of the forgoing situation, the differential amount remained unreconciled.

Further, the company has not mentioned the fresh complaint filed by M/s Ahmad Construction (building contractor) on 21-05-2014 before the Special Court (Offences in Banks), Punjab, Lahore relating to dispute discussed in detail in Note No. 14 to these financial statements. The ultimate outcome of the complaint cannot be predicted in the absence of direct confirmation from legal advisor as the company has statedly not appointed legal advisor to deal with this matter.

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) except for the matters discussed in preceding paragraphs (1), (2) and (3), the balance sheet and income and expenditure account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with the accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

Continued to Page ... 2



Sarwar Awan & Co.

CHARTERED ACCOUNTANTS

(2)

- (c) in our opinion and to the best of our information and according to the explanations given to us, except for the effect on the financial statements of the matters referred to in the preceding paragraphs (1), (2) and (3), the balance sheet, income and expenditure account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30th June, 2014 and of the deficit, 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.

Sanwar Awan

SARWAR AWAN & CO.
CHARTERED ACCOUNTANTS
AUDIT ENGAGEMENT PARTNER: NADEEM AHMAD GHAZNAVI




Date: **12 JAN 2015**
Lahore

LAHORE GARMENT CITY COMPANY
BALANCE SHEET
AS AT 30TH JUNE, 2014

	NOTE	2014 (Rupees)	2013 (Rupees)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	3	423,941,157	390,574,099
Capital work in progress	4	118,913,002	127,494,025
		542,854,159	518,068,124
Long term advances	5	-	1,465,000
Long term deposits	6	162,000	162,000
		543,016,159	519,695,124
CURRENT ASSETS			
Loans and advances	7	43,500	45,139
Short term prepayments	8	420,185	216,903
Interest accrued	9	-	131
Other receivable		9,220	9,220
Tax refunds due from the Government	10	3,661,789	3,556,264
Cash and bank balances	11	113,251,051	110,907,127
		117,385,745	114,734,784
TOTAL ASSETS		660,401,904	634,429,908
EQUITY AND LIABILITIES			
Export development fund		123,000,000	123,000,000
Accumulated deficit		(71,004,794)	(62,956,001)
		51,995,206	60,043,999
NON-CURRENT LIABILITIES			
Long term financing	12	572,640,000	572,640,000
CURRENT LIABILITIES			
Trade and other payables	13	35,766,698	1,745,909
		660,401,904	634,429,908
CONTINGENCIES AND COMMITMENTS	14	-	-
TOTAL EQUITY AND LIABILITIES		660,401,904	634,429,908

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


CHIEF EXECUTIVE



DIRECTOR

**LAHORE GARMENT CITY COMPANY
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30TH JUNE, 2014**

	<u>NOTE</u>	<u>2014</u> (Rupees)	<u>2013</u> (Rupees)
INCOME	15	21,744,717	1,419,511
<u>EXPENDITURE</u>			
Administrative expenses	16	29,790,000	28,797,229
		----- (8,045,283)	----- (27,377,718)
Finance cost	17	3,510	8,339
Deficit for the year carried to statement of changes in equity		----- (8,048,793)	----- (27,386,057)

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


CHIEF EXECUTIVE


DIRECTOR

LAHORE GARMENT CITY COMPANY
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH JUNE, 2014

	<u>2014</u> (Rupees)	<u>2013</u> (Rupees)
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
Deficit for the year	(8,048,793)	(27,386,057)
Adjustments for non cash and other items:		
- Depreciation	16,573,639	17,002,459
- Finance cost	3,510	8,339
	16,577,149	17,010,798
Cash flow from operating activities before working capital changes	8,528,356	(10,375,259)
Changes in working capital		
(Increase)/decrease in current assets:		
Loans and advances	1,639	651,247
Short term prepayments	(203,282)	(152,684)
Interest accrued	131	35,486
	(201,512)	534,049
Increase/(decrease) in current liabilities:		
Trade and other payables	34,020,789	(4,566,537)
	42,347,633	(14,407,747)
Changes in long term advances	1,465,000	-
Changes in long term deposits	-	(1,000)
Cash inflow / (outflow) from operations	43,812,633	(14,408,747)
Finance cost paid	(3,510)	(8,339)
Income tax paid	(105,525)	(30,876)
Net cash from/(used in) operating activities	43,703,598	(14,447,962)
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
- Purchase of property, plant and equipment	-	(123,580)
- Addition in capital work in progress	(41,359,674)	(12,657,086)
Net cash outflow from investing activities	(41,359,674)	(12,780,666)
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
Export development fund	-	20,000,000
Long term financing	-	89,000,000
Net cash inflow from financing activities	-	109,000,000
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	2,343,924	81,771,372
CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	110,907,127	29,135,755
CASH & CASH EQUIVALENTS AT THE END OF THE YEAR	113,251,051	110,907,127

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



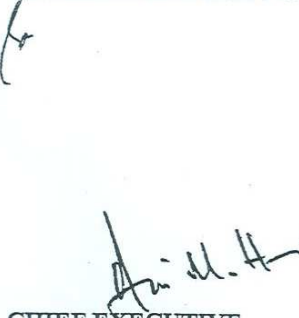
CHIEF EXECUTIVE


DIRECTOR

**LAHORE GARMENT CITY COMPANY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE, 2014**

	Fund (Rs.)	Accumulated Deficit (Rs.)	Total (Rs.)
Balance as at 30th June, 2012 - restated	103,000,000	(35,569,944)	67,430,056
Export development fund received during the year	20,000,000	-	20,000,000
Deficit for the year	-	(27,386,057)	(27,386,057)
Balance as at 30th June, 2013	123,000,000	(62,956,001)	60,043,999
Deficit for the year	-	(8,048,793)	(8,048,793)
Balance as at 30th June, 2014	123,000,000	(71,004,794)	51,995,206

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


CHIEF EXECUTIVE


DIRECTOR

LAHORE GARMENT CITY COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2014

NOTE NO.

1 - THE COMPANY AND ITS OPERATIONS

Lahore Garment City Company was incorporated under the Companies Ordinance, 1984 as the company limited by guarantee without the addition of word "Limited" to its name on 16th September, 2004. The registered office of the company is situated at 132-P, Gulberg-II, Lahore. The Principal object of Lahore Garment City Company is to promote the industrial and development estates in Lahore for garments, made ups and accessories.

2 - SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

These Financial statements have been prepared in accordance with approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of Accounting and Financial Reporting Standard for Medium-Sized Entities (MSEs) issued by the Institute of chartered Accountants of Pakistan and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of preparation

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

The preparation of financial statements in conformity with approved accounting standards requires management to make estimates and to exercise judgments in the process of applying the accounting policies that have the most significant effect on the amounts recognized in the financial statements. The estimates and judgments are continually evaluated and are based on historical experience including expectations of future events that are believed to be reasonable under the circumstances.

Significant estimates in these financial statements relate to the useful life of the property, plant and equipment and taxation. However, the management believes that the change, if any, in outcome of estimates would not have a material effect on the amounts disclosed in the financial statements.

There are no key assumptions concerning the future, and other key sources of estimating uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

2.3 Property, Plant, Equipment and depreciation

Property, plant and equipment except for land and capital work in progress are stated at cost less accumulated depreciation. Capital work in progress is stated at cost. Cost comprises acquisition and other directly attributable costs.

Depreciation is charged to income on reducing balance method to write off the cost of Property, plant and equipment over their expected useful life.

Depreciation on additions is charged from the month in which the assets are available for use and on deletions up to the month in which assets are deleted.

The assets residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.



NOTE NO.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized. Gain or loss, if any, on disposal of property, plant and equipment is included in current year's income.

2.4 Taxation

The income of the company is exempt from tax, as non-profit organization, under clause 58(3) of Part-I of the Second Schedule to the Income Tax Ordinance, 2001.

2.5 Related Party Transactions and Transfer Pricing

Transactions and contracts with the related parties are carried out at an arm's length price determined in accordance with comparable uncontrolled price method. Parties are said to be related if they are able to influence the operating and financial decisions of the company and vice versa.

2.6 Provisions

Provisions are recognized when the company has a legal or constructive obligation as a result of past events, 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.

2.7 Financial Instruments

All the financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instruments. The company de-recognizes a financial asset or a portion of financial assets when, and only when, the enterprise loses control of the contractual rights that comprise the financial asset or portion of financial assets. While a financial liability or part of financial liability is de-recognized from the balance sheet when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expired.

Any gain or loss on recognition and settlement of financial assets and liabilities is included in net surplus or deficit in the period in which it arises.

- (a) **Trade and other payables**
Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.
- (b) **Trade and other receivables**
Trade and other receivables are stated at original invoice value less an allowance for any uncollectible amount based on the review of each debt individually. Where the payment of a debt becomes doubtful a provision is made and charged to current year's income.
- (c) **Derivative financial instruments**
Any gain or loss from re-measuring the hedging instrument at fair value is recognized in the income and expenditure account.
- (d) **Cash and cash equivalents**
Cash and cash equivalents are carried in the balance sheet at book value which approximates their fair values. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, cash with banks on current, saving and deposit accounts, short term bank borrowings and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

NOTE NO.

2.8 Off Setting of Financial Assets and Liabilities

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

2.9 Impairment and Un-Collectibility of Assets

An assessment is made at each balance sheet date to determine whether there is evidence that the company's assets including a financial asset or group of financial assets may be impaired. If such evidence exists, the estimated recoverable amount of those assets is determined and impairment losses are recognized in the income and expenditure account.

Known bad debts are written off and provision is made against debts considered doubtful.

2.10 Investments - Held to maturity

These are the investments for which the management has intention and ability to hold till maturity. These are initially measured at cost being the fair value including acquisition charges associated therewith and subsequently at amortized cost using the effective interest method.

Gains or losses are recognised in income and expenditure account when the investments are derecognised or impaired.

2.11 Revenue Recognition

Return on short term investment and bank deposits is accrued on time basis by reference to the principal outstanding and the applicable rate of return. Income is recognized when becomes due.



NOTE NO.

3 - PROPERTY, PLANT AND EQUIPMENT - TANGIBLE

PARTICULARS	2014								
	COST			RATE	DEPRECIATION				WRITTEN DOWN VALUE AS AT 30-06-2014
	As At 30-06-2013	Additions/ (Deletions)	As At 30-06-2014		As At 30-06-2013	Adjustments	Charge for the Year	As At 30-06-2014	
Land - freehold	69,220,850	-	69,220,850	-	-	-	-	-	69,220,850
Building and civil works on freehold land	348,399,953	49,940,697	398,340,650	5%	28,468,951	-	16,315,442	44,784,393	353,556,257
Furniture and fittings	1,236,406	-	1,236,406	15%	936,677	-	44,959	981,636	254,770
Vehicles	1,778,253	-	1,778,253	20%	1,173,761	-	120,898	1,294,659	483,594
Office equipment	966,205	-	966,205	15%	598,623	-	55,137	653,760	312,445
Air conditioners	227,600	-	227,600	15%	174,733	-	7,930	182,663	44,937
Computers	1,279,038	-	1,279,038	30%	1,181,461	-	29,273	1,210,734	68,304
TOTAL 2014 (Rs.)	423,108,305	49,940,697	473,049,002		32,534,206	-	16,573,639	49,107,845	423,941,157

PARTICULARS	2013								
	COST			RATE	DEPRECIATION				WRITTEN DOWN VALUE AS AT 30-06-2013
	As At 30-06-2012	Additions/ (Deletions)	As At 30-06-2013		As At 30-06-2012	Adjustments	Charge for the Year	As At 30-06-2013	
Land - freehold	69,220,850	-	69,220,850	-	-	-	-	-	69,220,850
Building and civil works on freehold land	303,352,363	45,047,590	348,399,953	5%	11,776,956	-	16,691,995	28,468,951	319,931,002
Furniture and fittings	1,236,406	-	1,236,406	15%	883,784	-	52,893	936,677	299,729
Vehicles	1,778,253	-	1,778,253	20%	1,022,638	-	151,123	1,173,761	604,492
Office equipment	867,605	98,600	966,205	15%	537,079	-	61,544	598,623	367,582
Air conditioners	227,600	-	227,600	15%	165,404	-	9,329	174,733	52,867
Computers	1,254,058	24,980	1,279,038	30%	1,145,886	-	35,575	1,181,461	97,577
TOTAL 2013 (Rs.)	377,937,135	45,171,170	423,108,305		15,531,747	-	17,002,459	32,534,206	390,574,099

3.1 As per allotment letter received from Punjab Industrial Estates Development and Management Company, the NOC and sale deed of land will be issued in favour of Lahore Garment City Company after completion of project.

Signature

NOTE NO.

	2014 (Rupees)	2013 (Rupees)
13 - TRADE AND OTHER PAYABLES		
Retention money	2,725,014	1,013,282
Accrued liabilities (Note No.13.1)	420,479	436,235
Income tax deducted at source	28,043	60,280
Security refundable	-	176,112
Security against letting out of buildings	13,239,175	-
Advance rent received from tenant	19,353,987	-
Other payables	-	60,000
	<u>35,766,698</u>	<u>1,745,909</u>
13.1 - Accrued liabilities		
Utilities	46,873	105,103
Auditors' remuneration	65,000	65,000
Maintenance, management & allied charges of Punjab Industrial Estates	77,432	77,432
Aquifer/Bore charges of Punjab Industrial Estates	1,500	-
Professional fee	115,000	115,000
Security charges	114,674	73,700
	<u>420,479</u>	<u>436,235</u>

14 - CONTINGENCIES AND COMMITMENTS**Contingencies**

The company called for encashment of performance guarantee of M/s Ahmad Construction (the Contractor) amounting to Rs.1,465,000/- during income year ended 30th June, 2013 held against mobilization advance (Note No.5) due to dispute that the contractor has not accomplish the work within stipulated time. M/s Ahmad Construction (the Contractor) has filed an Arbitration petition against the company before the Civil Court, Lahore alongwith application to grant stay against the encashment of performance guarantee, the court dismissed the said stay application vide its order dated 29th December, 2012.

M/s Ahmad Construction has filed an appeal before the District and Session Judge, Lahore against the order dated 29th December, 2012 passed by the Civil Court, Lahore which was admitted for regular hearing, subsequently the Addl. District Judge, Lahore vide his order dated 2nd December, 2013 directed the contractor to renew the performance guarantee till further orders.

The Company has filed the Civil revision petition before the Honourable Lahore High Court, Lahore against the order dated 2nd December, 2013 and the Honourable Lahore High Court, Lahore vide its order dated 31st January, 2014 set aside the said order dated 2nd December, 2013.

The Civil Court, Lahore vide its order dared 18th March, 2014 decided the matter in favour of the Company and subsequently the Company encashed the performance guarantee and received Rs.1,465,000/- in this regard.

M/s Ahmad Construction (the Contractor) has filed petition against the company before the Civil Court, Lahore against the encashment of performance guarantee. The matter remained in process at the balance sheet date, however, the company hopes for favourable decision.

NOTE NO.**2014**
(Rupees)**2013**
(Rupees)**Commitments:**

Capital expenditure contracts of Rs.58.765 million (2013: Rs.7.743 million) for the establishment of Lahore Garment City project at Sundar Industrial Estate, Lahore.

15 - INCOME

Income from letting out of buildings	11,696,421	-
Profit on short term investment and bank deposit	9,885,566	1,401,511
Other Income:		
- Tender fee	150,000	18,000
- Others	12,730	-
	<u>21,744,717</u>	<u>1,419,511</u>

16 - ADMINISTRATIVE EXPENSES

Staff salaries & benefits	8,655,906	7,699,734
Printing and stationery	111,282	128,549
Office rent	1,219,680	1,219,680
Advertisement	575,369	320,951
Auditors' remuneration	65,000	55,000
Travelling & conveyance	133,442	195,905
Entertainment	161,269	113,011
Legal and professional charges	301,490	93,630
Postage	67,828	38,662
Utilities	325,979	275,358
Newspapers & periodicals	7,822	4,499
Petrol, oil, lubricants & maintenance	200,483	204,920
Insurance	38,253	38,026
Repair & maintenance	177,203	118,760
Maintenance, management & allied charges of Punjab Industrial Estates	932,021	929,184
Depreciation	16,573,639	17,002,459
Miscellaneous	166,996	145,285
Pension contribution	76,338	213,616
	<u>29,790,000</u>	<u>28,797,229</u>

16.1 Auditors' remuneration

Audit fee	55,000	50,000
Out of pocket expenses	10,000	5,000
	<u>65,000</u>	<u>55,000</u>

17 - FINANCE COST

Bank charges	3,510	8,339
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NOTE NO.

2014
(Rupees)

2013
(Rupees)

18 - **TRANSACTIONS WITH RELATED PARTIES**

The related parties comprise associated companies, directors and key management personnel. There is no related party transaction during the year except for the remuneration paid to key management personnel as shown below:

Remuneration of key management personnel	<u>6,154,325</u>	<u>4,687,576</u>
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19 - **REMUNERATION OF DIRECTOR AND CHIEF EXECUTIVE**

No fee, remuneration and benefits have been paid to any director/chief executive of the company.

20 - **NUMBER OF EMPLOYEES**

	Numbers	
Total number of employees at the end of the year	<u>15</u>	<u>15</u>

21 - **DATE OF AUTHORIZATION**

These financial statements were approved on 12 JAN 2015 by the Board of Directors of the company.

22 - **GENERAL**

- (a) Figures in these accounts have been rounded-off to the nearest of rupee.
- (b) Figures of previous year have been rearranged wherever considered necessary for the purpose of comparison. However, no material rearrangements have been made during the year.



CHIEF EXECUTIVE


DIRECTOR

NOTE NO.**2014**
(Rupees)**2013**
(Rupees)**4- CAPITAL WORK IN PROGRESS****Building and civil works on freehold land:**

- Professional fee

- Civil works

- Others

Less: Transferred to property, plant and equipment

10,054,603	8,767,149
151,498,636	158,293,767
7,300,460	5,480,699
168,853,699	172,541,615
(49,940,697)	(45,047,590)
<u>118,913,002</u>	<u>127,494,025</u>

It is stated at cost.

5- LONG TERM ADVANCES - Secured

Mobilization advances - considered good - Note No.5.1

5.1 Mobilization advances :-

Ahmad Construction

Less: Received -Note No. 5.1.1

-	1,465,000
1,465,000	1,465,000
1,465,000	-
-	1,465,000

5.1.1 These have been given as per terms and conditions of contracts for construction of Lahore Garment City project at Sunder Industrial Estate, Lahore. These are secured against performance guarantees. M/s Ahmad Construction (the contractor) has not accomplish the work within stipulated time, therefore, the company encashed the performance guarantee and received Rs. 1,465,000/- in this regard through court order as mentioned in Note No. 14.

6- LONG TERM DEPOSITS**Security deposit:**

- Office

- Water bottles

160,000	160,000
2,000	2,000
<u>162,000</u>	<u>162,000</u>

7- LOANS AND ADVANCES**Advances (unsecured & considered good)**

- to employees against salaries

- against development of accounting software

- to contractor

10,000	22,639
22,500	22,500
11,000	-
<u>43,500</u>	<u>45,139</u>

NOTE NO.

	2014 (Rupees)	2013 (Rupees)
8 - SHORT TERM PREPAYMENTS		
Prepaid office rent	406,560	203,280
Prepaid insurance	13,625	13,623
	420,185	216,903
	420,185	216,903
9 - INTEREST ACCRUED	-	131
	-	131
It represents interest receivable on saving account.		
10 - TAX REFUNDS DUE FROM THE GOVERNMENT		
Advance income tax	3,661,789	3,556,264
	3,661,789	3,556,264
11 - CASH AND BANK BALANCES		
Cash in hand	257	3,928
Cash at bank (in Pak. Rupees)		
- Current accounts	81,704	81,704
- Saving accounts	113,169,090	110,821,495
	113,250,794	110,903,199
	113,251,051	110,907,127
	113,251,051	110,907,127
11.1-	These carry profit ranging from 8.35% to 9.20% (2013: from 5% to 8.35%) per annum.	
12 - LONG TERM FINANCING - UNSECURED	572,640,000	572,640,000
	572,640,000	572,640,000

During the year company has received Rs.-nil- (2013: Rs.89,000,000/-) as Federal Government Development loan out of total approved budget of Rs.586.88 million (2013:Rs.586.88 million) for the construction of Lahore Garment City project at Sundar Industrial Estate, Lahore. No accrual of interest against this loan has been made in these financial statements as the terms and conditions are not yet settled. The management has requested the Government of Pakistan to convert the amounts received as loan to grant and has taken up the matter with the ministry.