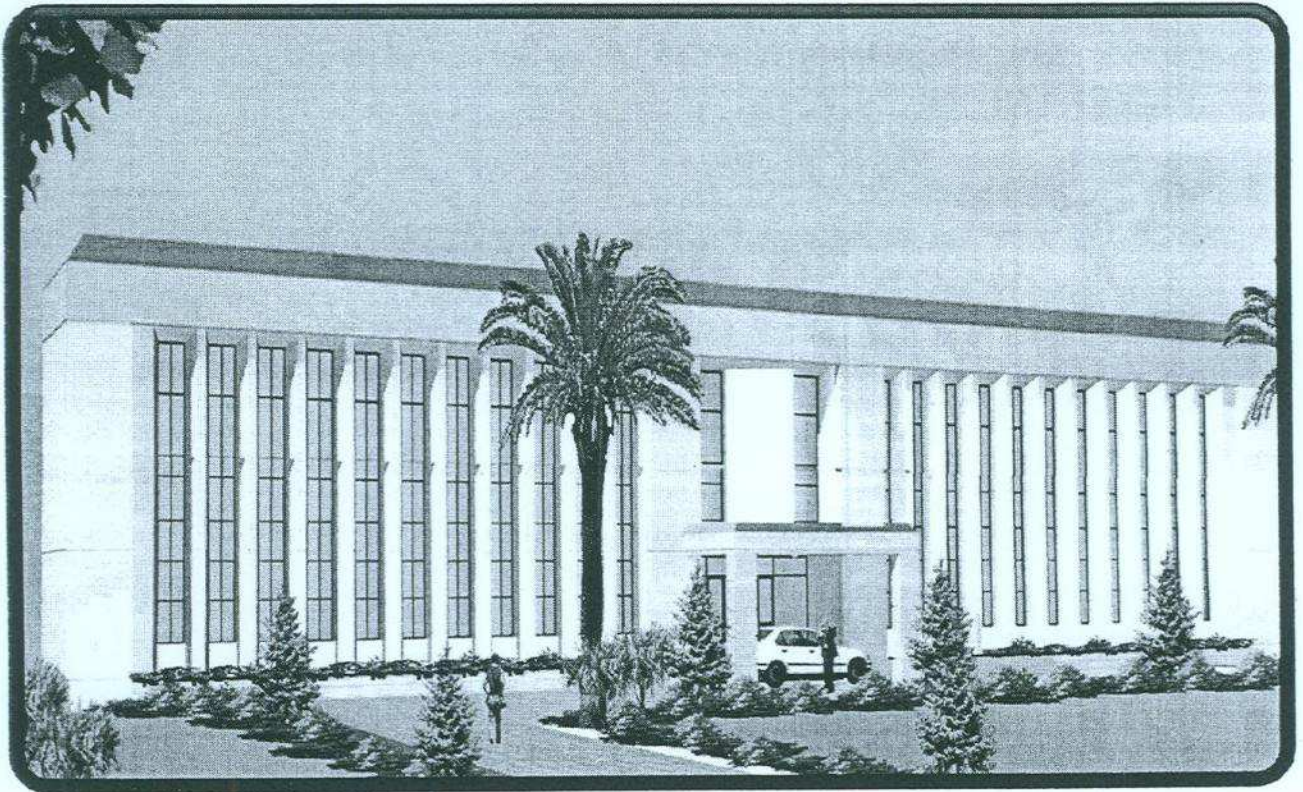




LAHORE GARMENT
CITY COMPANY



MINISTRY OF TEXTILE INDUSTRY
GOVERNMENT OF PAKISTAN



11th ANNUAL REPORT
FOR THE YEAR ENDED
30th JUNE 2015

**LAHORE GARMENT CITY
COMPANY**

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30TH JUNE, 2015**

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No.: LGCC/AGM/2833
Dated: 9th October, 2015

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 30th October, 2015 at 10:30 a.m in the office of Company located at 104-P Gulberg-II, Lahore.

Agenda items:

- 1) To confirm the minutes of the last Annual General Meeting of the Company held on 12th January, 2015
- 2) To consider and approve annual audited accounts of the Company for the year ended 30th June, 2015 along with Directors and Auditors report thereon.
- 3) Any other item with permission of the Chair.

By Order of the Board

Sd/-

S.M.Raza Bukhari
Secretary, LGCC

COMPANY INFORMATION

1.	Registered office	=	104-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, Government of Pakistan Ex-Officio Director Secretary Ministry of Commerce Government of Pakistan " Secretary Industries Government of the Punjab " Collector Customs, Lahore " CEO, SMEDA. "
4.	Company Secretary	=	S.M. Raza Bukhari
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 11th Annual Report of the Company together with the audited accounts for the year ended June, 2015.

FINANCIAL RESULTS	30th JUNE, 2015 (RS)	30th JUNE, 2014 (RS)
Income	45,990,355	21,744,717
Expenditure	35,491,548	29,790,000
Financial Cost	5,839	3,510
Surplus/Deficit for the Year	10,492,968	8,048,793 (Deficit)

REVIEW OF OPERATING RESULT:

During the year under review, the company has surplus balance of Rs. 10,492,968/-for the year 2015. It is due to the fact that the Category A, B & C Buildings have been leased out and resulted in surplus.

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 2015.

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:

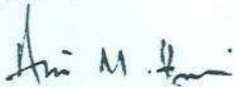
Approved Cost (Original PC-I)	Rs. 497.64 Million
Approved Cost (Revised PC-I)	Rs. 586.88 Million
Amount Released in the year 2014-15	-
Total Amount Released so far	Rs. 572.64 Million
Amount not released so far	Rs. 14.24 Million

PHYSICAL PROGRESS:

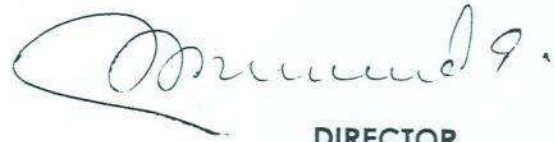
Category A, B & C buildings of Phase-I have been leased out to M/s. Style Textile at the monthly rate of Rs. 9.50/- per sqft with annual escalation of 7.5%. Advertisement for leasing of Multipurpose Building, Lobby & Hall and Security Staff Residence Building has been published in News paper and these 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



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **LAHORE GARMENT CITY COMPANY** as at 30th June, 2015 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) Retention money for Rs.423,391/- outstanding in the books of account at the balance sheet date relating to M/s Ahmad Construction (the contractor) remained unverified due to non-availability of balance confirmation.
- (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, 2015 and of the surplus, 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.

Nadeem Ahmad Ghaznavi



SARWAR AWAN & CO.
CHARTERED ACCOUNTANTS

AUDIT ENGAGEMENT PARTNER: NADEEM AHMAD GHAZNAVI

Date: **09 OCT 2015**
Lahore

LAHORE GARMENT CITY COMPANY
BALANCE SHEET
AS AT 30TH JUNE, 2015

	NOTE	2015 (Rupees)	2014 (Rupees)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	3	410,968,390	423,941,157
Capital work in progress	4	136,051,494	118,913,002
		547,019,884	542,854,159
Long term advances	5	-	-
Long term deposits	6	422,000	162,000
		547,441,884	543,016,159
CURRENT ASSETS			
Loans and advances	7	179,500	43,500
Short term prepayments	8	466,751	420,185
Other receivable	9	-	9,220
Tax refunds due from the Government	10	8,676,307	3,661,789
Cash and bank balances	11	118,466,503	113,251,051
		127,789,061	117,385,745
TOTAL ASSETS		675,230,945	660,401,904
EQUITY AND LIABILITIES			
Export development fund		123,000,000	123,000,000
Accumulated deficit		(60,511,826)	(71,004,794)
		62,488,174	51,995,206
NON-CURRENT LIABILITIES			
Long term financing	12	572,640,000	572,640,000
CURRENT LIABILITIES			
Trade and other payables	13	40,102,771	35,766,698
		675,230,945	660,401,904
CONTINGENCIES AND COMMITMENTS			
	14	-	-
TOTAL EQUITY AND LIABILITIES		675,230,945	660,401,904

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, 2015**

	NOTE	2015 (Rupees)	2014 (Rupees)
INCOME			
	15	45,990,355	21,744,717
EXPENDITURE			
Administrative expenses	16	35,491,548	29,790,000
		-----	-----
		10,498,807	(8,045,283)
Finance cost	17	5,839	3,510
		-----	-----
Surplus/(deficit) for the year carried to statement of changes in equity		<u>10,492,968</u>	<u>(8,048,793)</u>

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

for

Anis M. Anis
CHIEF EXECUTIVE

Q. M. Qureshi
DIRECTOR

**LAHORE GARMENT CITY COMPANY
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH JUNE, 2015**

	2015 (Rupees)	2014 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES		
Surplus/(deficit) for the year	10,492,968	(8,048,793)
Adjustments for non cash and other items:		
- Depreciation	18,007,333	16,573,639
- Finance cost	5,839	3,510
Cash flow from operating activities before working capital changes	18,013,172	16,577,149
Changes in working capital (Increase)/decrease in current assets:		
Loans and advances	(136,000)	1,639
Short term prepayments	(46,566)	(203,282)
Other receivable	9,220	-
Interest accrued	-	131
Increase/(decrease) in current liabilities:		
Trade and other payables	(173,346)	(201,512)
	4,336,073	34,020,789
Changes in long term advances	32,668,867	42,347,633
Changes in long term deposits	-	1,465,000
Cash inflow / (outflow) from operations	(260,000)	-
	32,408,867	43,812,633
Finance cost paid	(5,839)	(3,510)
Income tax paid	(5,014,518)	(105,525)
Net cash from/(used in) operating activities	27,388,510	43,703,598
CASH FLOW FROM INVESTING ACTIVITIES		
- Purchase of property, plant and equipment	(182,124)	-
- Addition in capital work in progress	(21,990,934)	(41,359,674)
Net cash outflow from investing activities	(22,173,058)	(41,359,674)
CASH FLOW FROM FINANCING ACTIVITIES		
Net cash inflow/(outflow) from financing activities	-	-
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	5,215,452	2,343,924
CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	113,251,051	110,907,127
CASH & CASH EQUIVALENTS AT THE END OF THE YEAR	118,466,503	113,251,051

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, 2015**

	Fund (Rs.)	Accumulated Deficit (Rs.)	Total (Rs.)
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
Surplus for the year	-	10,492,968	10,492,968
Balance as at 30th June, 2015	123,000,000	(60,511,826)	62,488,174

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

Ja

Amir M. Khan

CHIEF EXECUTIVE

Muhammad
DIRECTOR

**LAHORE GARMENT CITY COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2015**

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 104-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	2015									
	COST				RATE	DEPRECIATION				WRITTEN DOWN VALUE AS AT 30-06-2015
	As At 30-06-2014	Additions/ (Deletions)	As At 30-06-2015	As At 30-06-2014		Adjustments	Charge for the Year	As At 30-06-2015		
Land - freehold	69,220,850	-	69,220,850	-	-	-	-	-	-	69,220,850
Building and civil works on freehold land	398,340,650	4,852,442	403,193,092	5%	44,784,393	-	17,793,783	62,578,176	-	340,614,916
Furniture and fittings	1,236,406	65,496	1,301,902	15%	981,636	-	39,853	1,021,489	-	280,413
Vehicles	1,778,253	-	1,778,253	20%	1,294,659	-	96,719	1,391,378	-	386,875
Office equipment	966,205	36,000	1,002,205	15%	653,760	-	47,730	701,490	-	300,715
Air conditioners	227,600	80,628	308,228	15%	182,663	-	8,757	191,420	-	116,808
Computers	1,279,038	-	1,279,038	30%	1,210,734	-	20,491	1,231,225	-	47,813
TOTAL 2015 (Rs.)	473,049,002	5,034,566	478,083,568		49,107,845	-	18,007,333	67,115,178	-	410,968,390

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

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.

NOTE NO.

	2015 (Rupees)	2014 (Rupees)
4 - CAPITAL WORK IN PROGRESS		
Building and civil works on freehold land:		
- Professional fee	4,579,455	10,054,603
- Civil works	132,355,597	151,498,636
- Others	3,968,884	7,300,460
	140,903,936	168,853,699
Less: Transferred to property, plant and equipment	(4,852,442)	(49,940,697)
	136,051,494	118,913,002
It is stated at cost.		
5 - LONG TERM ADVANCES - Secured		
Mobilization advances - considered good - Note No.5.1	-	-
5.1 Mobilization advances :-		
Ahmad Construction	-	1,465,000
Less: Received -Note No. 5.1.1	-	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	420,000	160,000
- Water bottles	2,000	2,000
	422,000	162,000
7 - LOANS AND ADVANCES		
Advances (unsecured & considered good)		
- to employees against salaries	157,000	10,000
- against development of accounting software	22,500	22,500
- to contractor	-	11,000
	179,500	43,500

NOTE NO.

	2015 (Rupees)	2014 (Rupees)
8 - SHORT TERM PREPAYMENTS		
Prepaid office rent	466,751	406,560
Prepaid insurance	-	13,625
	<u>466,751</u>	<u>420,185</u>
9 - OTHER RECIEVABLE		
Other recievable	9,220	9,220
Less: Provision for doubtful debts	9,220	-
	<u>-</u>	<u>9,220</u>
10 - TAX REFUNDS DUE FROM THE GOVERNMENT		
Advance income tax	<u>8,676,307</u>	<u>3,661,789</u>
11 - CASH AND BANK BALANCES		
Cash in hand	16,681	257
Cash at bank (in Pak. Rupees)		
- Current accounts	200	81,704
- Saving accounts	118,449,622	113,169,090
	118,449,822	113,250,794
	<u>118,466,503</u>	<u>113,251,051</u>
11.1- These carry profit ranging from 6.00% to 8.90% (2014: from 8.35% to 9.20%) per annum.		
12 - LONG TERM FINANCING - UNSECURED	<u>572,640,000</u>	<u>572,640,000</u>

The company has recieved upto balance sheet date Rs.572,640,000/- (2014: Rs.572,640,000/-) as Federal Government Development loan out of total approved budget of Rs.586.88 million (2014: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.

NOTE NO.

	2015 (Rupees)	2014 (Rupees)
13 - TRADE AND OTHER PAYABLES		
Retention money	3,314,730	2,725,014
Accrued liabilities (Note No.13.1)	400,341	420,479
Income tax deducted at source	2,800	28,043
Security against letting out of buildings	15,410,525	13,239,175
Advance rent received from tenant	20,906,325	19,353,987
Other payable	68,050	-
	<u>40,102,771</u>	<u>35,766,698</u>
13.1 - Accrued liabilities		
Utilities	13,730	46,873
Auditors' remuneration	75,000	65,000
Maintenance, management & allied charges of Punjab Industrial Estates	87,111	77,432
Aquifer/Bore charges of Punjab Industrial Estates	1,500	1,500
Professional fee	115,000	115,000
Security charges	108,000	114,674
	<u>400,341</u>	<u>420,479</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 dated 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. M/s Ahmad Construction (the Contractor) has also filed complaint on 21-05-2014 against the company before the Special Court (Offences in Banks), Punjab, Lahore. The matter remained in process at the balance sheet date, however, the company hopes for favourable decision.

NOTE NO.**Commitments:**

Capital expenditure contracts of Rs.67.523 million (2014: Rs.58.765 million) for the establishment of Lahore Garment City project at Sundar Industrial Estate, Lahore.

2015
(Rupees)

2014
(Rupees)

15 - INCOME

Income from letting out of buildings	36,317,807	11,696,421
Profit on short term investment and bank deposit	9,620,252	9,885,566
Other Income:		
- Tender fee	25,000	150,000
- Others	27,296	12,730
	<u>45,990,355</u>	<u>21,744,717</u>

16 - ADMINISTRATIVE EXPENSES

Staff salaries & benefits		11,915,941	8,732,244
Printing and stationery		111,314	111,282
Office rent		1,572,986	1,219,680
Advertisement		474,130	575,369
Auditors' remuneration	16.1	75,000	65,000
Travelling & conveyance		163,991	133,442
Entertainment		230,127	161,269
Legal and professional charges		243,700	301,490
Postage		71,333	67,828
Utilities		357,185	325,979
Newspapers & periodicals		4,410	7,822
Petrol, oil, lubricants & maintenance		269,107	200,483
Insurance		13,625	38,253
Repair & maintenance		797,763	177,203
Maintenance, management & allied charges of Punjab Industrial Estates		1,045,332	932,021
Depreciation	3	18,007,333	16,573,639
Provision for doubtful debts	9	9,220	-
Miscellaneous		129,051	166,996
		<u>35,491,548</u>	<u>29,790,000</u>

16.1 Auditors' remuneration

Audit fee		65,000	55,000
Out of pocket expenses		10,000	10,000
		<u>75,000</u>	<u>65,000</u>

17 - FINANCE COST

Bank charges		5,839	3,510
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NOTE NO.

2015
(Rupees)

2014
(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>8,711,456</u>	<u>6,154,325</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 09 OCT 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.

A. M. H.
CHIEF EXECUTIVE

[Signature]
DIRECTOR

LIST OF MEMBERS

Sr. No.	Directors	Address
1.	Mr. Avais Mazhar Hussain	Angora Textile Mills Ltd, Multan road, Lahore
2.	Mr. Shahzad Azam Khan	Azam Knit & Yarn Dyeing, Model Town, Lahore
3.	Mr. M.I. Khurram	Comfort Knitwear (Pvt.) Ltd, 45-Industrial Estate, Kot Lakhpat, Lahore
4.	Mr. Mubashar Naseer Butt	22-W, DHA, Lahore
5.	Secretary	Ministry of Textile Industry, Government of Pakistan, Islamabad
6.	Secretary	Ministry of Commerce, Government of Pakistan, Islamabad
7.	Secretary Industries	Industries Department, Government of Punjab, Lahore
8.	Collector Customs	Lahore
9.	CEO SMEDA	Lahore