



LAHORE GARMENT  
CITY COMPANY



MINISTRY OF TEXTILE INDUSTRY  
GOVERNMENT OF PAKISTAN



12<sup>th</sup> ANNUAL REPORT  
FOR THE YEAR ENDED  
30<sup>th</sup> JUNE 2016

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**LAHORE GARMENTS CITY COMPANY**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30 JUNE 2016**

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No. LGCC/AGM/2948

Dated: 7<sup>th</sup> October, 2016

**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 27<sup>th</sup> October, 2016 at 10:30 am in the office of Company located at 104-P Gulberg-II, Lahore.

**Agenda:**

- 1) *To confirm the minutes of the last Annual General Meeting of the Company held on 30<sup>th</sup> October, 2015*
- 2) *To consider and approve annual audited accounts of the Company for the year ended 30<sup>th</sup> June, 2016 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.<br>Tel. No.042-35870657-59<br>Fax No.042-35872087<br>Email: <a href="mailto:info@lgcc.org.pk">info@lgcc.org.pk</a>   |
| 2. | Project Location   | = | Plot No. 143-146, 151-155,<br>Sundar Industrial Estate, Raiwind, Lahore  |
| 3. | Board of Directors | = | Mr. Avais M.Hussain Chairman<br>Mr. Shahzad Azam Khan Director<br>Mr. M. I Khurram Director<br>Mr. Mubashar N.Butt Director<br>Secretary Ministry of Textile Industry,<br>Government of Pakistan Ex-Officio Director<br>Secretary Ministry of Commerce<br>Government of Pakistan "<br>Secretary Industries<br>Government of the Punjab "<br>Collector Customs, Lahore "<br>CEO, SMEDA. " |
| 4. | Company Secretary  | = | S.M. Raza Bukhari  |
| 5. | Account Officer    | = | Aqueel Ahmad   |
| 6. | Auditors           | = | Rizwan & Co<br>Chartered Accountant  |

## DIRECTORS REPORT TO THE MEMBERS

The Directors of the LGCC take pleasure in presenting the 12<sup>th</sup> Annual Report of the Company together with the audited accounts for the year ended June, 2016.

<b>FINANCIAL RESULTS</b>	<b>30<sup>th</sup> JUNE, 2016 (RS)</b>	<b>30<sup>th</sup> JUNE, 2015 (RS)</b>
Income	48,502,429	45,990,355
Expenditure	37,941,669	35,491,548
Financial Cost	5,024	5,839
Surplus/Deficit for the Year	10,555,736	10,492,968

### REVIEW OF OPERATING RESULT:

During the year under review, the company has surplus balance of Rs. 10,555,736/-for the year 2016. It is due to the fact that the Category A, B, C & Multipurpose Buildings, Lobby & Hall have been leased out and resulted in surplus.

### AUDITORS:

The Auditor, M/s Rizwan & Company, Chartered Accountants, Lahore has conducted the final audit of accounts of the Company for the year Ended 30<sup>th</sup> June 2016.

### 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 2015-16	-
<b>Total Amount Released so far</b>	<b>Rs. 572.64 Million</b>
<b>Amount not released so far</b>	<b>Rs. 14.24 Million</b>

**PHYSICAL PROGRESS:**

Category A, B, C & Multipurpose Building, Lobby & Hall 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%. Lahore Garment City site office has been shifted in Security Staff Residence Building.

**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 **30 JUNE 2016** 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 our audit provides a reasonable basis for our opinion and, after due verification, we report that—

1. The company has received accumulated amount of Rupees 572,640,000/- in the preceding years outstanding as at the 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 the 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 up to the balance sheet date;
  2. We report that the company is not making any provision for gratuity in the Financial Statements for the employees as required by labour laws.
- (a) In our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion—
- (i) except for the matter discussed in preceding paragraphs (1) and (2), 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 accounts and are further in accordance with accounting policies consistently applied;
  - (ii) the expenditure incurred during the year was for the purpose of the company's business; and

- (c) in our opinion, and to the best of our information and according to the explanations given to us, except for the matter discussed in preceding paragraph (a), 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 **30 June 2016** 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 (XVIII of 1980).

The financial statements of the Lahore Garment City Company for the year ended 30 June 2015 were audited by another firm of chartered accountants, who in his report dated 09 October 2015 expressed an unmodified opinion.

Lahore: 27 OCT 2016

  
**RIZWAN & COMPANY**  
Chartered Accountants  
Engagement Partner: Rizwan Bashir

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**LAHORE GARMENT CITY COMPANY**  
**BALANCE SHEET**  
**AS AT 30 JUNE 2016**

**ASSETS**

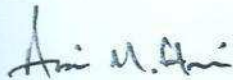
	Note	2016 Rupees	2015 Rupees
<b>Non-current assets</b>			
Property, plant and equipment	3	532,894,096	410,968,390
Capital work in progress	4	-	136,051,494
		<u>532,894,096</u>	<u>547,019,884</u>
Long term deposits	5	422,000	422,000
		<u>533,316,096</u>	<u>547,441,884</u>
<b>Current assets</b>			
Short term investment	6	80,000,000	-
Loan and advances	7	318,750	179,500
Short term prepayments	8	505,390	466,751
Other receivable	9	4,412,055	-
Tax refund due from government	10	9,441,866	8,676,307
Cash and bank balances	11	62,926,165	118,466,503
		<u>157,604,226</u>	<u>127,789,061</u>
<b>TOTAL ASSETS</b>		<u><b>690,920,322</b></u>	<u><b>675,230,945</b></u>

**FUND AND LIABILITIES**

Export development fund		123,000,000	123,000,000
Accumulated deficit		(49,956,090)	(60,511,826)
		<u>73,043,910</u>	<u>62,488,174</u>
<b>Non-current liabilities</b>			
Long term financing	12	572,640,000	572,640,000
<b>Current liabilities</b>			
Trade and other payables	13	45,236,412	40,102,771
		<u>690,920,322</u>	<u>675,230,945</u>
Contingencies and commitments	14	-	-
<b>TOTAL FUND AND LIABILITIES</b>		<u><b>690,920,322</b></u>	<u><b>675,230,945</b></u>

The annexed notes from 1 to 21 form an integral part of these financial statements.

RLO



CHIEF EXECUTIVE



DIRECTOR

**LAHORE GARMENT CITY COMPANY  
INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 30 JUNE 2016**

	Note	<u>2016 Rupees</u>	<u>2015 Rupees</u>
<b>INCOME</b>	15	48,502,429	45,990,355
<b>EXPENDITURE</b>			
Administrative expenses	16	<u>(37,941,669)</u>	<u>(35,491,548)</u>
		10,560,760	10,498,807
Finance cost	17	(5,024)	(5,839)
<b>Surplus for the year</b>		<u><u>10,555,736</u></u>	<u><u>10,492,968</u></u>

The annexed notes from 1 to 21 form an integral part of these financial statements.

*Rlo*

  
CHIEF EXECUTIVE


  
DIRECTOR


**LAHORE GARMENT CITY COMPANY  
STATEMENT OF CHANGES IN FUND  
FOR THE YEAR ENDED 30 JUNE 2016**

	Fund	Accumulated Deficit	Total
	Rupees		
Balance as at 30 June 2014	123,000,000	(71,004,794)	51,995,206
Surplus for the year	-	10,492,968	10,492,968
Balance as at 30 June 2015	<u>123,000,000</u>	<u>(60,511,826)</u>	<u>62,488,174</u>
Surplus for the year	-	10,555,736	10,555,736
Balance as at 30 June 2016	<u><u>123,000,000</u></u>	<u><u>(49,956,090)</u></u>	<u><u>73,043,910</u></u>

The annexed notes from 1 to 21 form an integral part of these financial statements.

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CHIEF EXECUTIVE

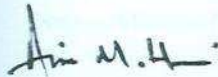
  
DIRECTOR

**LAHORE GARMENT CITY COMPANY  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2016**

CASH FLOW FROM OPERATING ACTIVITIES	Note	2016 Rupees	2015 Rupees
Profit before taxation		10,555,736	10,492,968
Add: Adjustment for non cash and other items:			
Depreciation		23,910,820	18,007,333
Financial cost		5,024	5,839
		<u>23,915,844</u>	<u>18,013,172</u>
Cash flow from operating activities before working capital changes		34,471,580	28,506,140
Changes in working capital			
(Increase)/Decrease in current assets:			
Loan and advances		(139,250)	(136,000)
Short term prepayments		(38,639)	(46,566)
Other receivables		(4,412,055)	9,220
		<u>(4,589,944)</u>	<u>(173,346)</u>
Increase/(Decrease) in current liabilities:			
Trade and other payables		5,133,641	4,336,073
		<u>35,015,277</u>	<u>32,668,867</u>
Changes in long term deposits		-	(260,000)
Cash inflow from operations		<u>35,015,277</u>	<u>32,408,867</u>
Finance cost paid		(5,024)	(5,839)
Income tax paid		(765,559)	(5,014,518)
Net cash from operating activities		<u>34,244,694</u>	<u>27,388,510</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(145,836,526)	(182,124)
Investment in TDR		(80,000,000)	-
Addition in capital work in progress		136,051,494	(21,990,934)
Net cash used in investing activities		<u>(89,785,032)</u>	<u>(22,173,058)</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<u>(55,540,338)</u>	<u>5,215,452</u>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<u>118,466,503</u>	<u>113,251,051</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	11	<u>62,926,165</u>	<u>118,466,503</u>

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The annexed notes from 1 to 21 form an integral part of these financial statements.

  
CHIEF EXECUTIVE

  
DIRECTOR

**LAHORE GARMENT CITY COMPANY**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**1 THE COMPANY AND ITS ACTIVITIES**

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.

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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.

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 Transaction and Transfer Pricing

Transaction 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.

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**(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.

**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-Collectability 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 there with 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 of bank deposits is accrued on time basis by reference to the principal outstanding and the applicable rate of return.

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3 PROPERTY, PLANT AND EQUIPMENT - TANGIBLE

DESCRIPTION	BALANCE AS AT 01 JULY 2015			2016			BALANCE AS AT 30 JUNE 2016			RATES %	
	Cost	Accumulated Depreciation	Net Book Value	Additions	FOR THE YEAR		Depreciation Charge	Cost	Accumulated Depreciation		Net Book Value
					Transfer Cost / (Accumulated Depreciation)	Depreciation Charge					
Land- freehold	69,220,850	-	69,220,850	-	-	-	-	69,220,850	-	69,220,850	-
Building and civil works on freehold land	403,193,092	62,578,176	340,614,916	145,775,394	-	23,712,118	548,968,486	86,290,294	462,678,192	5	
Furniture and fittings	1,301,902	1,021,489	280,413	-	-	42,062	1,301,902	1,063,551	238,351	15	
Vehicles	1,778,253	1,391,378	386,875	-	-	77,375	1,778,253	1,468,753	309,500	20	
Office equipment	1,002,205	701,490	300,715	-	-	45,107	1,002,205	746,597	255,608	15	
Air conditioners	308,228	191,420	116,808	61,132	-	19,814	369,360	211,234	158,126	15	
Computers	1,279,038	1,231,225	47,813	-	-	14,344	1,279,038	1,245,569	33,469	30	
	478,083,568	67,115,178	410,968,390	145,836,526	-	23,910,820	623,920,094	91,025,998	532,894,096		

DESCRIPTION	BALANCE AS AT 01 JULY 2014			2015			BALANCE AS AT 30 JUNE 2015			RATES %
	Cost	Accumulated Depreciation	Net Book Value	Additions	FOR THE YEAR		Cost	Accumulated Depreciation	Net Book Value	
					Transfer Cost / (Accumulated Depreciation)	Depreciation Charge				
Land- freehold	69,220,850	-	69,220,850	-	-	-	69,220,850	-	69,220,850	-
Building and civil works on freehold land	398,340,650	44,784,393	353,556,257	4,852,442	-	17,793,783	403,193,092	62,578,176	340,614,916	5
Furniture and fittings	1,236,406	981,636	254,770	65,496	-	39,853	1,301,902	1,021,489	280,413	15
Vehicles	1,778,253	1,294,659	483,594	-	-	96,719	1,778,253	1,391,378	386,875	20
Office equipment	966,205	653,760	312,445	36,000	-	47,730	1,002,205	701,490	300,715	15
Air conditioners	227,600	182,663	44,937	80,628	-	8,757	308,228	191,420	116,808	15
Computers	1,279,038	1,210,734	68,304	-	-	20,491	1,279,038	1,231,225	47,813	30
	473,049,002	49,107,845	423,941,157	5,034,566	-	18,007,333	478,083,568	67,115,178	410,968,390	

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.

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## LAHORE GARMENT CITY COMPANY

4	CAPITAL WORK IN PROGRESS	Note	2016 Rupees	2015 Rupees
	<b>Building on freehold land:</b>			
	Civil work		136,270,475	132,355,597
	Professional fee		4,894,715	4,579,455
	Others		4,610,204	3,968,884
	Less: Transferred to property, plant and equipment		(145,775,394)	(4,852,442)
			<u>-</u>	<u>136,051,494</u>
5	<b>LONG TERM DEPOSITS</b>			
	Security deposit:			
	Office premises		420,000	420,000
	Water bottles		2,000	2,000
			<u>422,000</u>	<u>422,000</u>
6	<b>SHORT TERM INVESTMENT</b>			
	Investment in TDR		<u>80,000,000</u>	<u>-</u>
6.1	It carries profit at the rate of 6.6% payable on maturity. The date of maturity is 31 August 2016.			
7	<b>LOAN AND ADVANCES</b>	Note	2016 Rupees	2015 Rupees
	<b>(unsecured and considered good)</b>			
	Advances to employees against salaries		318,750	157,000
	Advances against development of accounting software		-	22,500
			<u>318,750</u>	<u>179,500</u>
8	<b>SHORT TERM PREPAYMENTS</b>			
	Prepaid rent		<u>505,390</u>	<u>466,751</u>
9	<b>OTHER RECEIVABLE</b>			
	Accrue profit on TDR		<u>4,412,055</u>	<u>-</u>
10	<b>TAX REFUND DUE FROM GOVERNMENT</b>			
	Advance income tax		<u>9,441,866</u>	<u>8,676,307</u>

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LAHORE GARMENT CITY COMPANY

11	CASH AND BANK BALANCES	Note	2016 Rupees	2015 Rupees
	Cash in hand		3,170	16,681
	Cash at bank			
	Current accounts		12,965	200
	Saving accounts	11.1	62,910,030	118,449,622
			62,922,995	118,449,822
			<u>62,926,165</u>	<u>118,466,503</u>
11.1	These carry profits ranging from at 5.65% to 6.00% per annum (2015: from 6.00% to 8.90%) per annum.			
12	LONG TERM FINANCING - UNSECURED	Note	2016 Rupees	2015 Rupees
	Long term loan	12.1	<u>572,640,000</u>	<u>572,640,000</u>
12.1	The company has received upto balance sheet date Rs.572,640,000 (2015: Rs. 572,640,000) as Federal Government Development loan out of total approved budget of Rs. 586.88 million (2015: Rs. 586.88 million) for the construction of company's 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.			
13	TRADE AND OTHER PAYABLES	Note	2016 Rupees	2015 Rupees
	Retention money		3,511,431	3,314,730
	Accrued liabilities	13.1	325,471	400,341
	Withholding tax payable		-	2,800
	Security payable		16,387,619	15,410,525
	Advance rent		25,011,891	20,906,325
	Others		-	68,050
			<u>45,236,412</u>	<u>40,102,771</u>
13.1	<b>Accrued liabilities</b>			
	Utilities payable		8,860	13,730
	Audit fee payable		85,000	75,000
	Operations maintenance charges (SIE)		87,111	87,111
	Acquifier/Bore charges		1,500	1,500
	Professional fee		50,000	115,000
	Legal fee		40,000	-
	Security charges		53,000	108,000
			<u>325,471</u>	<u>400,341</u>

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**14 CONTINGENCIES AND COMMITMENTS****14.1 Contingencies**

M/s Ahmad Construction (the Contractor) filed a 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 (Offence in Banks), Punjab, Lahore. The matter remained in process at balance sheet date, however, the company hopes for favourable decision.

**14.2 Commitments**

Nil (2015: Capital expenditure commitments amounting to Rs. 67.523 million for the establishment of company's project at Sundar Industrial Estate, Lahore.)

<b>15 INCOME</b>	<b>Note</b>	<b>2016 Rupees</b>	<b>2015 Rupees</b>
Income from letting out of building		40,613,943	36,317,807
Profit on short term investment and bank deposit		7,878,486	9,620,252
Other income:			
- Tender fee		10,000	25,000
- Others		-	27,296
		<u>48,502,429</u>	<u>45,990,355</u>

**16 ADMINISTRATIVE EXPENSES**

Staff salaries and benefits		8,082,498	11,915,941
Printing and stationery		68,459	111,314
Rent, rates and taxes		2,351,857	1,572,986
Advertisement		251,400	474,130
Auditors' remuneration	16.1	85,000	75,000
Travelling and conveyance		74,177	163,991
Entertainment		158,044	230,127
Legal and professional charges		860,820	243,700
Postage		40,242	71,333
Utilities		275,798	357,185
Newspapers and periodicals		4,800	4,410
Petrol, lubricants and maintenance		156,117	269,107
Insurance		-	13,625
Repair and maintenance		476,545	797,763
Operations maintenance charges (SIE)		1,045,332	1,045,332
Depreciation		23,910,820	18,007,333
Donation		-	9,220
Asset written off		22,500	-
Fines and penalties		10,000	-
Miscellaneous		67,260	129,051
		<u>37,941,669</u>	<u>35,491,548</u>

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LAHORE GARMENT CITY COMPANY

16.1 Auditors' remuneration	Note	2016 Rupees	2015 Rupees
Audit fee		75,000	65,000
Out of pocket expenses		10,000	10,000
		<u>85,000</u>	<u>75,000</u>

**17 FINANCE COST**

Bank charges		<u>5,024</u>	<u>5,839</u>
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**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:

	Note	2016 Rupees	2015 Rupees
Remuneration of key management personnel		<u>3,669,154</u>	<u>8,711,456</u>

**19 REMUNERATION OF DIRECTOR AND CHIEF EXECUTIVE**

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

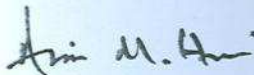
**20 DATE OF AUTHORIZATION**

These financial statements were approved on 12.7.OCT.2016 by the Board of Directors of the company.

**21 GENERAL**

21.1 Corresponding figures have been re-arranged/re-classified wherever necessary to facilitate comparison. However there is no material re-classification in corresponding figures.

21.2 Figures have been rounded off to the nearest Rupee.

  
CHIEF EXECUTIVE

  
DIRECTOR

## LIST OF MEMBERS

<b>Sr. No.</b>	<b>Directors</b>	<b>Address</b>
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