



LAHORE GARMENT
CITY COMPANY



MINISTRY OF COMMERCE & TEXTILE
(TEXTILE DIVISION)
GOVERNMENT OF PAKISTAN



13th ANNUAL REPORT
FOR THE YEAR ENDED
30th JUNE 2017

LAHORE GARMENT CITY COMPANY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2017

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No.: LGCC/AGM/3084
Dated: 1st January 2018

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 22nd January, 2018 at 10:30 a.m in the office of Company located at 104-P Gulberg-II, Lahore.

Agenda items:

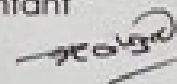
1. To confirm the minutes of the last Annual General Meeting of the Company held on 27th October, 2016
2. To consider and approve annual audited accounts of the Company for the year ended 30th June, 2017 along with Directors and Auditors report thereon.
3. To appoint Auditors of the Company for the year ending 30th June 2018.
4. Any other item with the 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. M. I. Khurram Chairman
Mr. Shahzad Azam Khan Director
Mr. Mubashar N.Butt Director
Secretary Textile Division Ex- Officio
Ministry of Commerce & Director
Textile Government of Pakistan
Secretary Commerce Division
Ministry of Commerce & Textile
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 = Rizwan & Co
Chartered Accountant



DIRECTORS REPORT TO THE MEMBERS

The Directors of the LGCC take pleasure in presenting the 13th Annual Report of the Company together with the audited accounts for the year ended June, 2017.

FINANCIAL RESULTS	30 th JUNE, 2017 (RS)	Restated 30 th JUNE, 2016 (RS)
Income	54,650,181	48,502,429
Expenditure	(17,730,931)	(15,508,036)
Depreciation	(23,364,641)	(23,910,820)
Financial Cost	(5,704)	(5,024)
Surplus/Deficit for the Year	13,548,905	9,078,549

REVIEW OF OPERATING RESULT:

During the year under review, the company has surplus balance of Rs. 13,548,905/-for the year 2017. 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 30th June 2017.


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 2016-17	-
Total Amount Released so far	Rs. 572.64 Million
Amount not released so far	Rs. 14.24 Million

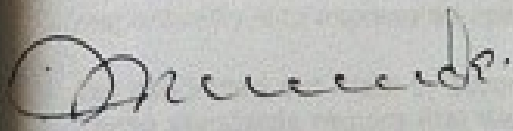


PHYSICAL PROGRESS:

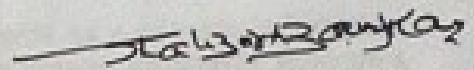
Category A, B, C & Multipurpose Building, Lobby & Hall of Phase-I have been leased out to M/s. Style Textile at the monthly rate of Rs. 9.50/- per sqft with annual escalation of 7.5%.

FUTURE PROSPECTS:

PC-IV of the project is under preparation and will be submitted soon. PC-I for the phase II is in consideration.



CEO/CHAIRMAN



DIRECTOR



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **LAHORE GARMENT CITY COMPANY** as at **30 JUNE 2017** 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 aggregate 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). The Company has not recognized accrual of interest against the above said loan, if any, in these Financial Statements as terms and conditions of the loan are not known to the management. As per management, they have requested the Government of Pakistan to convert the amounts received as loan to Grant. However, the matter has not been concluded as of the balance sheet date. Moreover, the balance confirmation letter with regard to loan received from Ministry of Finance was neither sent nor updated status of loan was provided to us.
 - (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, except for the matter discussed in paragraph 1;
 - (i) 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
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;



- (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 paragraph 1, 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 2017 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).

Lahore: 22-01-2018

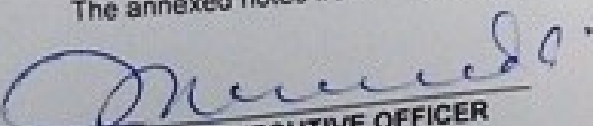
RIZWAN & COMPANY
CHARTERED ACCOUNTANTS
Engagement Partner: Rizwan Bashir


RB/

LAHORE GARMENT CITY COMPANY
BALANCE SHEET
AS AT 30 JUNE 2017

ASSETS	Note	2017	Restated 2016
		Rupees	
Non-current assets			
Property and equipment	4	510,954,964	532,894,096
Long term deposits	5	422,000	422,000
		<u>511,376,964</u>	<u>533,316,096</u>
Current assets			
Loan and advances	6	56,000	318,750
Short term prepayment	7	547,121	505,390
Other receivable	8	3,785,425	4,412,055
Short term investment	9	80,000,000	80,000,000
Due from Government of Pakistan	10	9,445,744	9,441,866
Cash and bank balances	11	100,986,422	62,926,165
		<u>194,820,712</u>	<u>157,604,226</u>
TOTAL ASSETS		<u>706,197,676</u>	<u>690,920,322</u>
FUND AND LIABILITIES			
Export development fund		123,000,000	123,000,000
Accumulated deficit		(40,296,197)	(53,845,102)
		<u>82,703,803</u>	<u>69,154,898</u>
Non-current liabilities			
Long term financing	12	572,640,000	572,640,000
Long term deposits	13	16,387,619	16,387,619
Staff retirement benefits	14	5,033,995	3,889,012
		<u>594,061,614</u>	<u>592,916,631</u>
Current liabilities			
Trade and other payables	15	29,432,259	28,848,793
		<u>29,432,259</u>	<u>28,848,793</u>
Contingencies and commitments	16		
TOTAL FUND AND LIABILITIES		<u>706,197,676</u>	<u>690,920,322</u>

The annexed notes from 1 to 23 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR

**LAHORE GARMENT CITY COMPANY
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017	Restated 2016
		Rupees	
INCOME			
Income from letting out of building		46,197,584	40,613,943
Return on short term investment		3,786,045	4,412,055
Return on bank deposit		4,666,552	3,466,431
Other income		-	10,000
		<u>54,650,181</u>	<u>48,502,429</u>
EXPENSES			
Administrative expenses	17	(17,730,931)	(15,508,036)
Depreciation	4	(23,364,641)	(23,910,820)
Operating surplus		<u>13,554,609</u>	<u>9,083,573</u>
Finance costs	18	(5,704)	(5,024)
Surplus before taxation		<u>13,548,905</u>	<u>9,078,549</u>
Taxation		-	-
Surplus for the year		<u><u>13,548,905</u></u>	<u><u>9,078,549</u></u>

The annexed notes from 1 to 23 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR

LAHORE GARMENT CITY COMPANY
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017	Restated 2016
		Rupees	
CASH FLOW FROM OPERATING ACTIVITIES			
Surplus before taxation		13,548,905	9,078,549
Add: Adjustment for items not involving cash:			
Depreciation		23,364,641	23,910,820
Staff Retirement benefits		1,358,636	1,477,187
Finance cost		5,704	5,024
		<u>24,728,981</u>	<u>25,393,031</u>
Cash flow from operating activities before working capital changes		<u>38,277,886</u>	<u>34,471,580</u>
Changes in working capital			
(Increase) / decrease in current assets:			
Loan and advances		262,750	(139,250)
Short term prepayment		(41,731)	(38,639)
Other receivables		626,630	(4,412,055)
		<u>847,649</u>	<u>(4,589,944)</u>
Increase / (decrease) in current liabilities:			
Trade and other payables		583,466	4,156,547
Cash generated from operations		<u>39,709,001</u>	<u>34,038,183</u>
Staff retirement benefits paid		(213,653)	-
Finance cost paid		(5,704)	(5,024)
Income tax paid		(3,878)	(765,559)
Net cash generated from operating activities		<u>39,485,766</u>	<u>33,267,600</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(1,425,509)	(9,785,032)
Short term investment		-	(80,000,000)
Net cash used in investing activities		<u>(1,425,509)</u>	<u>(89,785,032)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Long term security deposits		-	977,094
Net cash generated from financing activities		<u>-</u>	<u>977,094</u>
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		<u>38,060,257</u>	<u>(55,540,338)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		<u>62,926,165</u>	<u>118,466,503</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	11	<u>100,986,422</u>	<u>62,926,165</u>

The annexed notes from 1 to 23 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR

LAHORE GARMENT CITY COMPANY
 STATEMENT OF CHANGES IN NET ASSETS (FUND AND RESERVES)
 FOR THE YEAR ENDED 30 JUNE 2017 - RESTATED

	Export Development Fund	Accumulated Deficit	Total
	Rupees		
Balance as at 30 June 2015 as reported	123,000,000	(60,511,826)	62,488,174
Effect of Fundamental Error	-	(2,411,825)	(2,411,825)
Balance as at 30 June 2015 restated	123,000,000	(62,923,651)	60,076,349
Surplus for the year - restated	-	9,078,549	9,078,549
Balance as at 30 June 2016 - restated	123,000,000	(53,845,102)	69,154,898
Surplus for the year		13,548,905	13,548,905
Balance as at 30 June 2017	123,000,000	(40,296,197)	82,703,803

The annexed notes from 1 to 23 form an integral part of these financial statements.

RLO/



CHIEF EXECUTIVE OFFICER



DIRECTOR

**LAHORE GARMENT CITY COMPANY
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2017**

1 THE COMPANY AND ITS ACTIVITIES

Lahore Garment City Company (The company) was incorporated under the repealed 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 the 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 for Non Profit Organizations (NPO's) by the Institute of Chartered Accountants of Pakistan and provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed 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 Fundamental Error

During the year, the Company has accounted for its Retirement Benefit on accrual basis which were previously recognized on payment basis. This error has been corrected retrospectively under provisions of International Accounting Standard 8 (Accounting Policies, Changes in Accounting Estimates and Errors). Had this fundamental error not been corrected; surplus for the year would have been higher by Rupees 1,358,636 whereas accumulated deficit would have been lower by Rupees 5,033,995.

LAHORE GARMENT CITY COMPANY

Description	Amounts as at 30 June 2016		
	Audited	Restated Rupees	Adjustments
Balance Sheet			
Accumulated deficit	(49,956,090)	(53,845,102)	(3,889,012)
Staff retirement benefits	-	3,889,012	3,889,012
Income and Expenditure Account			
Administrative expenses	37,941,669	38,418,856	1,477,187
Statement of Changes in Net Assets			
Accumulated Deficit	(48,811,107)	(53,845,102)	(5,033,995)
Surplus for the year	10,555,736	9,078,549	1,477,187

The correction has been affected to both current period and prior period comparative amounts presented. The effect of the corrections relating to the prior periods amounting to Rupees 2,411,825 that are not presented (i.e. before 2015) is adjusted in opening balance accumulated deficits.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property and Equipment

Property and equipment except for land and capital work in progress are stated at cost less accumulated depreciation and any identified impairment loss, if any.

Capital work in progress is stated at cost. Cost comprises acquisition and other directly attributable costs.

Depreciation is charged to income on the reducing balance method so as to write off depreciable amount of an asset over the economic useful life using the annual rate mentioned in note 3 after taking their residual value into account.

Depreciation on addition to property and equipment is charged from the month in which the asset is available for use while no depreciation is charged from the month the asset is disposed off.

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.

The gain or loss on disposal or retirement of an asset, represented by difference between sale proceeds and the carrying amount of the asset, is recognized as income and expense.

3.2 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.

RSR

3.3 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.

3.4 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.

3.5 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 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.

3.6 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.

3.7 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.

3.8 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 recognized in income and expenditure account when the investments are derecognized or impaired.

3.9 Revenue Recognition

Revenue is recognized when it is probable that future economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable on the following basis:

- Rental income is recognized on accrual basis.
- Return of bank deposits is accrued on time basis by reference to the principal outstanding and the applicable rate of return.
- Other fees are recognized on as when received.

3.10 Retirement benefits

The Company operates an un-funded gratuity scheme for all its permanent employees who complete the eligibility period of service. The provision is worked out on the basis of last drawn basic salary and

	Note	2017	2016
		Rupees	
4 Property and equipment			
Property and equipment	4.1	510,954,964	532,894,096
Capital work in progress	4.2	-	-
		<u>510,954,964</u>	<u>532,894,096</u>

4.1 PROPERTY AND EQUIPMENT

LAHORE GARMENT CITY COMPANY

DESCRIPTION	2017									
	BALANCE AS AT 01 JULY 2016			FOR THE YEAR			BALANCE AS AT 30 JUNE 2017			RATES %
	Cost	Accumulated Depreciation	Net Book Value	Additions	Transfer Cost / (Accumulated Depreciation)	Depreciation Charge	Cost	Accumulated Depreciation	Net Book Value	
Rupees										
Freehold land	69,220,850	-	69,220,850	-	-	-	69,220,850	-	69,220,850	-
Building on freehold land	548,968,486	86,290,294	462,678,192	1,147,507	-	23,187,379	550,115,993	109,457,674	440,658,319	5
Furniture and fittings	1,301,902	1,063,551	238,351	142,420	-	44,848	1,444,322	1,108,399	335,923	15
Vehicles	1,778,253	1,468,753	309,500	-	-	61,900	1,778,253	1,530,653	247,600	20
Office equipment	1,002,205	746,597	255,608	41,865	-	40,358	1,044,070	786,955	257,115	15
Air conditioners	369,360	211,234	158,126	-	-	23,715	369,360	234,949	134,411	15
Computers	1,279,038	1,245,569	33,469	93,717	-	26,441	1,372,755	1,272,010	100,745	30
	<u>623,920,094</u>	<u>91,026,998</u>	<u>532,894,096</u>	<u>1,435,509</u>	<u>-</u>	<u>23,384,641</u>	<u>625,345,603</u>	<u>114,390,639</u>	<u>510,954,964</u>	

DESCRIPTION	2016									
	BALANCE AS AT 01 JULY 2015			FOR THE YEAR			BALANCE AS AT 30 JUNE 2016			RATES %
	Cost	Accumulated Depreciation	Net Book Value	Additions	Transfer Cost / (Accumulated Depreciation)	Depreciation Charge	Cost	Accumulated Depreciation	Net Book Value	
Rupees										
Freehold land	69,220,850	-	69,220,850	-	-	-	69,220,850	-	69,220,850	-
Building on freehold land	403,183,092	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
	<u>478,083,668</u>	<u>67,115,178</u>	<u>410,968,390</u>	<u>145,836,526</u>	<u>-</u>	<u>23,910,820</u>	<u>623,920,094</u>	<u>91,026,998</u>	<u>532,894,096</u>	

LAHORE GARMENT CITY COMPANY

4.2 CAPITAL WORK IN PROGRESS

Note	2017	2016
	Rupees	
Building on freehold land:		
Civil work	-	136,270,475
Professional fee	-	4,894,715
Others	-	4,610,204
Less: Transferred to property and equipment	-	(145,775,394)
	-	-

5 LONG TERM DEPOSITS

Security deposit:		
Office premises	420,000	420,000
Others	2,000	2,000
	422,000	422,000

6 LOAN AND ADVANCES

Unsecured and considered good:		
Advances to employees against salaries	56,000	318,750

7 SHORT TERM PREPAYMENT

Prepaid rent	547,121	505,390
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8 OTHER RECEIVABLE

Accrued profit on short term investment	3,785,425	4,412,055
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9 SHORT TERM INVESTMENT - Held to maturity

Investment in Term Deposit Receipt	80,000,000	80,000,000
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9.1 It carries profit at the rate of 5.70% (2016: 6.50%) per annum payable on completion of term of one year, i.e. 31 August 2017 (June 2016: 31 August 2016).

Note	2017	2016
	Rupees	
10 DUE FROM GOVERNMENT OF PAKISTAN		
Advance income tax	9,445,744	9,441,866

11 CASH AND BANK BALANCES

Cash in hand	19,373	3,170
Cash at bank:		
Current accounts	3,127	12,965
Saving accounts	100,963,922	62,910,030
	100,967,049	62,922,995
	100,986,422	62,926,165

11.1 These carry profits ranging from at 5.60% to 5.50% per annum (2016: from 5.65% to 6.00%) per annum.

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LAHORE GARMENT CITY COMPANY

12 LONG TERM FINANCING - UNSECURED	Note	2017	2016
		Rupees	
Long term loan	12.1	<u>572,640,000</u>	<u>572,640,000</u>

12.1 The Company has received up to balance sheet date Rupees 572.640 million (2016: Rupees 572.640 million) as Federal Government Development loan out of total approved budget of Rupees 586.88 million (2016: Rupees 586.88 million) for the construction of company's project at Sundar Industrial Estate, Lahore. No accrual of interest against said loan has been made in these financial statements as terms and conditions of the loan have 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 LONG TERM DEPOSITS

This represents interest free aggregate security deposits received from tenants against letting out of the buildings by the Company under tenancy agreements

14 STAFF RETIREMENT BENEFITS	Note	2017	2016
		Rupees	
14.1 Movement in the net liability in the balance sheet			
Opening liability		3,889,012	2,411,825
Provision for the year		<u>1,358,636</u>	<u>1,477,187</u>
		5,247,648	3,889,012
Benefits paid during the year		<u>(213,653)</u>	-
Closing net liability		<u>5,033,995</u>	<u>3,889,012</u>

14.2 The management is of the view that actuarial valuation will not result in any material adjustment to these financial statements. The liability has been calculated on the basis that all staff leaves at the balance sheet date.

15 TRADE AND OTHER PAYABLES	Note	2017	2016
		Rupees	
Accrued liabilities	15.1	337,941	325,471
Advance rentals from tenants	15.2	26,887,783	25,011,891
Retention money payable	15.3	2,206,535	3,511,431
		<u>29,432,259</u>	<u>28,848,793</u>

15.1 Accrued liabilities		8,530	8,860
Utilities payable		92,500	85,000
Audit fee payable		88,611	88,611
Operations maintenance charges		50,000	50,000
Professional fee		40,000	40,000
Legal fee		58,300	53,000
Security charges		<u>337,941</u>	<u>325,471</u>

15.2 This represents amount received from tenants under lease agreements of buildings in accordance with the provisions of the agreements.

15.3 This represent retention money withheld by the Company while making payments to contractor.

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16 CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

There is a dispute pertaining to breach of contract and delayed work by M/S Ahmad Construction (The Contractor) and resultantly the Company encashed bank guarantee of Rupees 1,465,000 after seeking approval from court of law. M/S Ahmad Construction has lodged two suits; one civil suit for appointment of an arbitrator for out of court settlement and other is a criminal complaint in Banking court against the bank in which the Company is also party. As per Company's legal counsel, there is a high chance that adjudicating authorities will decide in favour of the Company.

16.2 Commitments

There are no material commitments to report at balance sheet date (2016: Nil).

17 ADMINISTRATIVE EXPENSES	Note	2017	Restated 2016
		Rupees	
Staff salaries and benefits	17.1	9,967,482	9,559,685
Operation maintenance charges (SIE)		1,053,225	1,045,332
Supervisions and maintenance of buildings		1,924,786	-
Repair and maintenance		339,152	476,545
Rent, rates and taxes		2,274,401	2,351,857
Printing and stationery		106,596	68,459
Utilities		279,834	275,798
Petrol, lubricants and maintenance		121,137	156,117
Travelling and conveyance		283,975	74,177
Entertainment		159,358	158,044
Legal and professional		1,034,435	860,820
Auditors' remuneration	17.2	92,500	85,000
Postage		42,418	40,242
Newspapers and periodicals		5,345	4,800
Advertisement		-	251,400
Miscellaneous		46,287	99,760
		<u>17,730,931</u>	<u>15,508,036</u>

17.1 This includes gratuity amounting to Rupees 1,358,636 (2016: Rupees 1,477,187).

17.2 Auditors' remuneration

Audit fee	82,500	75,000
Out of pocket expenses	10,000	10,000
	<u>92,500</u>	<u>85,000</u>

18 FINANCE COSTS

Bank charges	<u>5,704</u>	<u>5,024</u>
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19 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	2017	2016
		Rupees	
Remuneration of key management personnel		4,498,491	3,669,154
Number of key management personnel		3	3

20 REMUNERATION OF DIRECTOR AND CHIEF EXECUTIVE

No fee, remuneration and benefits have been paid to any director/chief executive of the Company. (2016: Nil)

	2017	2016
21 NUMBER OF EMPLOYEES		
Number of employees at the end of year	13	14

22 DATE OF AUTHORIZATION

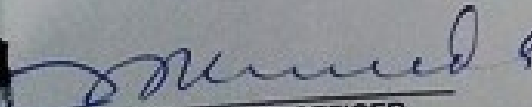
These financial statements were approved on 22-01-2018 by the Board of Directors of the Company.


23 GENERAL

23.1 Corresponding figures have been re-arranged / re-classified wherever necessary to facilitate comparison. During the year, following comparative amounts have been reclassified for better presentation:

Description	Balance as at 30 June 2016	Classification	
		Previous	Current
Security deposit from tenant	Rupees 16,387,619	Trade and other payables	Long-term security deposits

23.2 Figures have been rounded off to the nearest Rupee. *230*


CHIEF EXECUTIVE OFFICER


DIRECTOR