



**LAHORE GARMENT  
CITY COMPANY**



**MINISTRY OF TEXTILE INDUSTRY  
GOVERNMENT OF PAKISTAN**



**8<sup>th</sup> ANNUAL REPORT  
FOR THE YEAR ENDED  
30<sup>th</sup> JUNE 2012**

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No.: LGCC/AGM/2042  
Dated: 8<sup>th</sup> November, 2012

## **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 29<sup>th</sup> November, 2012 at 11:00 a.m in the office of Company located at 132-P Gulberg-II, Lahore.

### **Agenda items:**

- 1) To confirm the Minutes of last Annual General Meeting of the Company held on 28<sup>th</sup> October,2011
- 2) To consider and approve annual audited accounts of the Company for the year ended 30<sup>th</sup> June, 2012 alongwith Directors and Auditors report thereon.
- 3) To appoint Auditors of the Company for the year ending 30<sup>th</sup> June, 2013.
- 4) Any other item with the permission of Chair.

By Order of the Board

Sd/-  
**(IMRAN AHMAD)**  
SECRETARY, LGCC

## COMPANY INFORMATION

1. Official Address = 132-P Gulberg II, Lahore.  
Tel. No.042-35870657-9  
Fax No.0092-42-35872087  
Email : [info@lgcc.org.pk](mailto:info@lgcc.org.pk)
2. Project located at = Sundar Industrial Estate, Raiwind,  
Lahore
3. Board of Directors =  
M Avais Mazhar Hussain Chairman  
Mr. Shahzad Azam Khan Director  
Mr. M. I Khurram, Director  
Mr. Mubashar N. Butt Director  
Secretary, Ministry of Textile Industry, Ex-Officio Director  
Secretary Commerce Government of Pakistan "  
Secretary industries Government of the Punjab "  
Collector Customs, Lahore "  
CEO, SMEDA. "  
4. Company Secretary = Imran Ahmad  
5. Accounts Officer = Zulfiqar Ramzan  
6. Project Engineer = Lt. Col. (R) Ashfaq- ul -Islam  
7. Auditors = Rizwan & Company  
Chartered Accountant

## DIRECTORS REPORT TO THE MEMBERS

The Directors of the LGCC take pleasure in presenting the 8<sup>th</sup> Annual Report of the Company together with the audited accounts for the year ended June, 2012.

<b>FINANCIAL RESULTS</b>	<b>30<sup>th</sup> JUNE, 2012 (RS)</b>	<b>30<sup>th</sup> JUNE, 2011 (RS)</b>
Income	8,280,968	14,315,700
Expenditure	24,089,527	11,021,255
Financial Cost	11,236	2,721
Surplus/Deficit for the Year	15,819,795 (Deficit)	3,291,724 (Surplus)

### REVIEW OF OPERATING RESULT:

During the year under review, the company has deficit balance of Rs. 15,819,795/-for the year 2012. It is due to the fact that on completion, the Category A&B Buildings, have been capitalized and depreciation on the buildings have resulted in increase in deficit.

### AUDITORS:

The tenure of existing Auditors, M/s Rizwan & Company, Chartered Accountants, Lahore has expired, however, being eligible, they have offered themselves for re- appointment for the ensuing Year.

### 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:

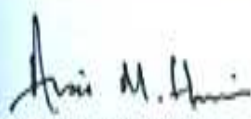
Approved Cost (Original PC-I)	Rs. 497.64 Million
Funds Released upto 30-06-2011	Rs. 480.14 Million
Amount Allocated in the year 2011-12	Rs. 17.50 Million
Amount Released in the year 2011-12	Rs. 03.50 Million
<b>Total Amount Released so far</b>	<b>Rs. 483.64 Million</b>
<b>Balance Amount ( As per Original PC-I)</b>	<b>Rs. 14.00 Million</b>
Approved Cost (Revised PC-I)	Rs. 586.88 Million
Funds Allocated for the year 2012-13	Rs. 89.00 Million
Funds Allocated for 1 <sup>st</sup> quarter of 2012-13 (Not released so far)	Rs. 17.80 Million
<b>Balance Amount (As per Revised PC-I)</b>	<b>Rs. 103.24 Million</b>

**PHYSICAL PROGRESS:**

Category A & B buildings of Phase-I have been completed. Structural work of Category-C building stands completed and finishing work of two floors of this building is in progress and is expected to be completed soon. On receipt of funds, left over works of remaining floors of Category-C building, Administration Block & Auditorium and other works would be undertaken.

**FUTURE PROSPECTS:**

The advertisement for leasing out Category A & B Buildings has been published in the press on 24-10-2012. Last date for submission of application is 14-11-2012. Category-C Building would also be leased out after its completion.

  
CEO/CHAIRMAN

  
DIRECTOR

### AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **LAHORE GARNET CITY COMPANY** as at **30 JUNE 2012** 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—

- (a) The company has received accumulated amount of Rupees 483,640,000 (2011: Rupees 480,140,000) 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;
- (b) We report that the company is not making any provision for gratuity in the Financial Statements for the employees as required by labour laws.
- (c) In our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- (d) In our opinion—
  - (i) except for the matter discussed in preceding paragraphs (a) and (b), 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;

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- (d) 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 paragraphs (a) and (b), 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 2012** and of the deficit, its cash flows and changes in equity for the year then ended; and
- (e) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

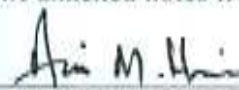
Lahore: **08 NOV 2012**

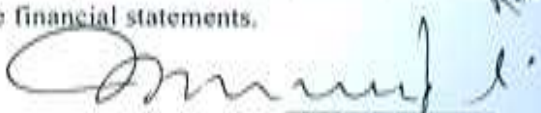
  
Rizwan & Company  
Chartered Accountants  
Rizwan Bashir 

**LAHORE GARMENT CITY COMPANY**  
**BALANCE SHEET**  
**AS ON JUNE 30, 2012**

	Note	2012 Rupees	2011 Rupees
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, Plant and equipment	3	362,405,388	71,424,648
Capital work in progress	4	159,884,529	404,053,747
		<u>522,289,917</u>	<u>475,478,395</u>
Long term advances	5	1,465,000	-
Long term deposits	6	161,000	161,000
		<u>523,915,917</u>	<u>475,639,395</u>
<b>CURRENT ASSETS</b>			
Short term investment	7	-	83,500,855
Loan and advances	8	696,386	-
Short term prepayments	9	64,219	216,679
Interest accrued		35,617	1,291,213
Other receivable		9,220	18,275
Tax refund due from government	10	3,525,388	3,319,462
Cash and bank balances	11	29,111,177	2,121,164
		<u>33,442,007</u>	<u>90,467,648</u>
<b>TOTAL ASSETS</b>		<u><u>557,357,924</u></u>	<u><u>566,107,043</u></u>
<b>FUND AND LIABILITIES</b>			
Export development fund		103,000,000	103,000,000
Accumulated deficit		(55,594,522)	(19,774,727)
		<u>67,405,478</u>	<u>83,225,273</u>
<b>NON CURRENT LIABILITIES</b>			
Long term financing	12	483,640,000	480,140,000
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	6,312,446	2,741,770
		<u>557,357,924</u>	<u>566,107,043</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
<b>TOTAL FUND AND LIABILITIES</b>	14	<u><u>557,357,924</u></u>	<u><u>566,107,043</u></u>

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

  
**CHIEF EXECUTIVE**

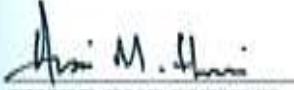
  
**DIRECTOR**

**LAHORE GARMENT CITY COMPANY  
INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2012**

	Note	2012 Rupees	2011 Rupees
<b>INCOME</b>	15	8,280,968	14,315,700
<b>EXPENDITURE</b>			
Administrative expenses	16	24,089,527 <u>(15,808,559)</u>	11,021,255 <u>3,294,445</u>
Finance cost	17	11,236	2,721
(Deficit) / Surplus for the year		<u>(15,819,795)</u>	<u>3,291,724</u>

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

  
CHIEF EXECUTIVE

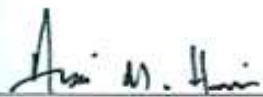
  
DIRECTOR

**LAHORE GARMENT CITY COMPANY  
STATEMENT OF CHANGES IN FUND  
FOR THE YEAR ENDED JUNE 30, 2012**

	Fund	Accumulated Deficit	Total
	Rupees		
Balance as at June 30, 2010	103,000,000	(23,066,451)	79,933,549
Surplus for the year	-	3,291,724	3,291,724
Balance as at June 30, 2011	<u>103,000,000</u>	<u>(19,774,727)</u>	<u>83,225,273</u>
Deficit for the year	-	(15,819,795)	(15,819,795)
Balance as at June 30, 2012	<u><u>103,000,000</u></u>	<u><u>(35,594,522)</u></u>	<u><u>67,405,478</u></u>

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

  
CHIEF EXECUTIVE

  
DIRECTOR

**LAHORE GARMENT CITY COMPANY  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2012**

	Note	2012 Rupees	2011 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		(15,819,795)	3,291,724
<b>Add: Adjustment for non cash and other items:</b>			
Depreciation		12,143,750	514,820
Gain on sale of operating fixed assets		(483,127)	-
Financial cost		11,236	2,721
		<u>11,671,859</u>	<u>517,541</u>
Cash flow from operating activities before working capital changes		(4,147,936)	3,809,265
<b>Changes in working capital</b>			
<b>(Increase)/Decrease in current assets:</b>			
Loan and advances		(696,386)	220,000
Short term investment		-	50,000,000
Short term prepayments		152,460	261,857
Interest accrued		1,255,596	(1,288,609)
Other receivable		9,055	256,917
		<u>720,725</u>	<u>49,450,165</u>
<b>Increase/(Decrease) in current liabilities:</b>			
Trade and other payables		3,570,676	768,596
<b>Cash inflow / (outflow) from operations</b>		<u>143,465</u>	<u>54,028,026</u>
Finance cost paid		(11,236)	(2,721)
Income tax paid		(205,926)	(535,167)
<b>Net cash from/ (Used in) operating activities</b>		<u>(73,697)</u>	<u>53,490,138</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		-	(738,913)
Proceeds from sale of property, plant and equipment		711,000	-
Addition in capital work in progress		(59,183,145)	(77,543,445)
Long term advances		(1,465,000)	16,081,264
<b>Net cash used in investing activities</b>		<u>(59,937,145)</u>	<u>(62,201,094)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Long term financing		3,500,000	-
<b>Net cash generated from financing activities</b>		<u>3,500,000</u>	<u>-</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		(56,510,842)	(8,710,956)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<u>85,622,019</u>	<u>94,332,975</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	18	<u>29,111,177</u>	<u>85,622,019</u>

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

  
CHIEF EXECUTIVE

  
DIRECTOR

**LAHORE GARMENT CITY COMPANY**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

**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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2012

DESCRIPTION	BALANCE AS AT 01 JULY 2011			FOR THE YEAR			BALANCE AS AT 30 JUNE 2012			RATES %
	Cost	Accumulated Depreciation	Net Book Value	Additions	Transfer Cost / (Accumulated Depreciation)	Depreciation Charge	Cost	Accumulated Depreciation	Net Book Value	
Land- freehold	69,220,850	-	69,220,850	-	-	-	69,220,850	-	69,220,850	-
Building	-	-	-	303,352,363	-	11,776,956	303,352,363	11,776,956	291,575,407	5
Furniture and fittings	1,236,406	821,556	414,850	-	-	62,228	1,236,406	883,784	352,623	15
Vehicles	2,781,253	1,608,863	1,172,390	-	1,003,000 (775,127)	188,903	1,778,253	1,022,639	755,614	20
Office equipment	867,605	478,751	388,854	-	-	58,328	867,605	537,079	330,526	15
Air conditioners	227,600	154,428	73,172	-	-	10,976	227,600	165,404	62,196	15
Computers	1,254,058	1,099,526	154,532	-	-	46,360	1,254,058	1,145,886	108,172	30
	75,587,772	4,163,124	71,424,648	303,352,363	1,003,000 (775,127)	12,143,750	377,937,135	15,531,747	362,405,388	

2011

DESCRIPTION	BALANCE AS AT 01 JULY 2010			FOR THE YEAR			BALANCE AS AT 30 JUNE 2011			RATES %
	Cost	Accumulated Depreciation	Net Book Value	Additions	Transfer Cost / (Accumulated Depreciation)	Depreciation Charge	Cost	Accumulated Depreciation	Net Book Value	
Land- freehold	69,220,850	-	69,220,850	-	-	-	69,220,850	-	69,220,850	-
Furniture and fittings	1,236,406	748,347	488,059	-	-	73,209	1,236,406	821,556	414,850	15
Vehicles	2,057,490	1,315,765	741,725	-	723,763	293,098	2,781,253	1,608,863	1,172,390	20
Office equipment	852,455	409,379	443,076	15,150	-	69,372	867,605	478,751	388,854	15
Air conditioners	227,600	141,515	86,085	-	-	12,913	227,600	154,428	73,172	15
Computers	1,254,058	1,033,298	220,760	-	-	66,228	1,254,058	1,099,526	154,532	30
	74,848,859	3,648,304	71,200,555	15,150	723,763	514,820	75,587,772	4,163,124	71,424,648	

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	2012 Rupees	2011 Rupees
<b>4 CAPITAL WORK IN PROGRESS</b>			
<b>Building on freehold land:</b>			
- professional fee		21,591,271	20,121,271
- civil work		429,768,464	375,924,355
-others		11,877,157	8,731,884
Less: Transferred to property, plant and equipment		(303,352,363)	(723,763)
		<u>159,884,529</u>	<u>404,053,747</u>
<b>5 LONG TERM ADVANCES - Secured</b>			
Mobilization advances - considered good	5.1	<u>1,465,000</u>	-
<b>5.1</b>			
Mobilization advances have been given to M/s Ahmed Construction (the Contractor) as per terms and conditions of contracts for construction of company's project at Sundar Industrial Estate, Lahore. These advances are secured against bank guarantees.			
	Note	2012 Rupees	2011 Rupees
<b>6 LONG TERM DEPOSITS</b>			
Security deposit:			
- office premises		160,000	160,000
-water bottles		1,000	1,000
		<u>161,000</u>	<u>161,000</u>
<b>7 SHORT TERM INVESTMENT</b>			
Standard Chartered Bank (Pakistan) Limited		-	30,000,000
Habib Bank Limited		-	53,500,855
		<u>-</u>	<u>83,500,855</u>
<b>8 LOAN AND ADVANCES (unsecured and considered good)</b>			
Advances to employees against salaries		<u>696,386</u>	-
<b>9 SHORT TERM PREPAYMENTS</b>			
Prepaid office rent		50,820	203,280
Prepaid insurance		13,399	13,399
		<u>64,219</u>	<u>216,679</u>
<b>10 TAX REFUND DUE FROM GOVERNMENT</b>			
Advance income tax		<u>3,525,388</u>	<u>3,319,462</u>

	Note	2012 Rupees	2011 Rupees
<b>11 CASH AND BANK BALANCES</b>			
Cash in hand		385	2,134
Cash at bank			
Current accounts		28,834,745	2,112,816
Saving accounts	11.1	276,047	6,214
		29,110,792	2,119,030
		<u>29,111,177</u>	<u>2,121,164</u>

11.1 These carry profit at 5% per annum (2011:5% per annum)

## 12 LONG TERM FINANCING - UNSECURED

Long term loan	483,640,000	480,140,000
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During the year company has received Rs.3.5 million (2011: Rs. Nil) as Federal Government Development loan out of total approved budget of Rs. 586.88 million (2011: Rs. 497.64 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.

	Note	2012 Rupees	2011 Rupees
<b>13 TRADE AND OTHER PAYABLES</b>			
Payable to contractors		1,270,775	181,924
Retention money		4,409,429	1,942,782
Accrued liabilities	13.1	280,798	158,069
Security refundable		176,112	455,903
withholding tax payable		115,332	-
Others		60,000	3,092
		<u>6,312,446</u>	<u>2,741,770</u>
<b>13.1 Accrued liabilities</b>			
Utilities		32,736	31,374
Postage		630	763
Auditors' remuneration		55,000	48,500
Maintenance, management & allied charges		77,432	77,432
Professional Fee		115,000	-
		<u>280,798</u>	<u>158,069</u>

## 14 CONTINGENCIES AND COMMITMENTS

### 14.1 Contingencies

There is no material contingencies to report at the balance sheet date.

### 14.2 Commitments

Capital expenditure contracts of Rs. 24.861 million (2011: Rs. 60.258 million) for the establishment of company's project at Sundar Industrial Estate, Lahore.

	Note	2012 Rupees	2011 Rupees
<b>15 INCOME</b>			
Profit on short term investment and bank deposit		4,559,833	13,836,255
- Tender fee		56,920	478,795
- Sale of fixed asset		483,127	-
- Damages recovered from contractors		2,801,756	-
- Others		379,332	650
		<u>8,280,968</u>	<u>14,315,700</u>
<b>16 ADMINISTRATIVE EXPENSES</b>			
Staff salaries & benefits		8,072,768	5,809,684
Printing and stationery		104,365	106,527
Office rent		1,219,680	1,118,040
Advertisement		119,630	270,758
Auditors' remuneration	16.1	55,000	48,500
Travelling & conveyance		131,914	194,087
Entertainment		84,061	122,363
Legal and professional charges		308,037	685,036
Postage		49,156	39,181
Utilities		300,277	296,994
Newspapers & periodicals		4,135	6,566
Petrol, oil, lubricants & maintenance		266,298	325,599
Insurance		67,500	72,583
Repair & maintenance		185,697	109,686
Maintenance, management & allied charges		685,975	934,246
Miscellaneous		116,464	101,115
Depreciation		12,143,750	514,820
Pension contribution		174,820	106,800
Donation		-	158,670
		<u>24,089,527</u>	<u>11,021,255</u>
<b>16.1 Auditors' remuneration</b>			
Audit fee		50,000	45,000
Out of pocket expenses		5,000	3,500
		<u>55,000</u>	<u>48,500</u>
<b>17 FINANCE COST</b>			
Bank charges		<u>11,236</u>	<u>2,721</u>
<b>18 CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	11	29,111,177	2,121,164
Short term investment	7	-	83,500,855
		<u>29,111,177</u>	<u>85,622,019</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:

	2012 Rupees	2011 Rupees
Remuneration of key management personnel	<u>4,376,258</u>	<u>3,233,022</u>

**20 REMUNERATION OF DIRECTOR AND CHIEF EXECUTIVE**

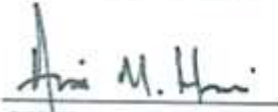
No fee, remuneration and benefits have been paid to any director/chief executive of the company.

**21 DATE OF AUTHORIZATION**

These financial statements were approved on 08 NOV 2012 by the Board of Directors of the company.

**22 GENERAL**

- (a) Corresponding figures have been re-arranged / re-classified wherever necessary to facilitate comparison. However there is no material re-classification in corresponding figures.
- (b) Figures have been rounded off to the nearest Rupee.

  
CHIEF EXECUTIVE

  
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 Textile Industry	Ministry of Textile Industry, Government of Pakistan, Islamabad
6.	Secretary Commerce	Ministry of Commerce, Government of Pakistan, Islamabad
7.	Secretary Industries	Industries Department, Government of Punjab, Lahore
8.	Collector Customs	Customs House, Nabha Road, Lahore
9.	CEO SMEDA	LDA Plaza, Lahore