

**Faisalabad Garment City Company**

**Financial statements**

For the year ended June 30, 2014

**AUDITORS' REPORT TO THE MEMBERS**

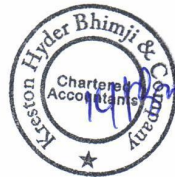
We have audited the annexed balance sheet of **FAISALABAD GARMENT CITY COMPANY** ("the Company") as at June 30, 2014 and the related income and expenditure account, cash flow statement and statement of changes in funds together with the notes forming part thereof, for the year then ended and we state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

It is the responsibility of the Company's management to establish and maintain a system of internal control and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) In our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) In our opinion:
- (i) the balance sheet and income and expenditure account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with the accounting policies consistently applied;
  - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.
- (c) In our opinion and to the best of our information and according to the explanations given to us, the balance sheet, income and expenditure account, cash flow statement and statement of changes in funds together with 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 June 30, 2014 and of the surplus, its cash flows and changes in funds for the year then ended; and
- (d) In our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

DATE: October 09, 2014  
FAISALABAD



*Kreston Hyder Bhimji & Co.*  
**KRESTON HYDER BHIMJI & CO.**  
Chartered Accountants  
Engagement Partner: Syed Aftab Hameed

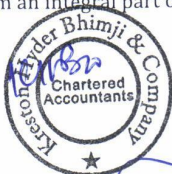
**FAISALABAD GARMENT CITY COMPANY**

**BALANCE SHEET  
AS AT JUNE 30, 2014**

	Note	2014	2013
		[ R U P E E S ]	
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	5	142,861,403	138,566,248
Advance for purchase of land	6	7,111,835	96,964,835
Investment property	7	467,220,730	383,943,100
Long term deposits	8	9,622,056	9,278,056
		626,816,024	628,752,239
<b>CURRENT ASSETS</b>			
Advances, prepayments and other receivables	9	1,846,123	10,439,271
Tax refunds due from government	10	11,601,430	4,314,575
Cash and bank balances	11	50,823,883	32,872,037
		64,271,436	47,625,883
<b>TOTAL ASSETS</b>		<b>691,087,460</b>	<b>676,378,122</b>
<b>FUND AND LIABILITIES</b>			
<b>ACCUMULATED FUNDS</b>			
Public Sector Development Fund	12	677,219,000	676,119,000
Accumulated deficit		(3,289,304)	(10,756,828)
		673,929,696	665,362,172
<b>NON CURRENT LIABILITIES</b>			
Long term deposits	13	8,907,581	6,701,408
Deferred liabilities	14	1,877,796	1,569,850
		10,785,377	8,271,258
<b>CURRENT LIABILITIES</b>			
Trade and other payables	15	6,372,387	2,744,692
<b>CONTINGENCIES AND COMMITMENTS</b>			
<b>TOTAL FUND AND LIABILITIES</b>	16	<b>691,087,460</b>	<b>676,378,122</b>

The annexed notes 1 to 25 form an integral part of these financial statements.

  
CHAIRMAN



  
CHIEF EXECUTIVE

  
ACCOUNTS OFFICER

FAISALABAD GARMENT CITY COMPANY

INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014 [RUPEES]	2013
Revenue	17	35,210,198	22,209,290
Operating and other expenses	18	11,612,801	10,584,331
Depreciation on:			
Operating fixed assets	5	363,951	439,231
Investment property	7	19,522,615	18,748,777
		<u>31,499,367</u>	<u>29,772,339</u>
		3,710,831	(7,563,049)
Other income	19	3,756,693	1,556,277
Surplus/(Deficit) for the year		<u>7,467,524</u>	<u>(6,006,772)</u>
Other comprehensive income		-	-
Total comprehensive income / (loss)		<u><u>7,467,524</u></u>	<u><u>(6,006,772)</u></u>

The annexed notes 1 to 25 form an integral part of these financial statements.



  
CHAIRMAN

  
CHIEF EXECUTIVE

  
ACCOUNTS OFFICER

**FAISALABAD GARMENT CITY COMPANY**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2014**

	2014	2013
	[ RUPEES ]	
Note		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Surplus / (Deficit) for the year</b>	7,467,524	(6,006,772)
<b>Adjustments for non cash and other items:</b>		
Depreciation on operating fixed assets	363,951	439,231
Depreciation on investment property	19,522,615	18,748,777
Provision for gratuity	509,696	1,569,850
Finance cost	12,402	12,769
Gain on disposal of operating fixed assets	<u>(417,650)</u>	-
<b>Operating cash flows before working capital changes</b>	27,458,538	14,763,855
<b>Changes in working capital</b>		
<b>(Increase)/decrease in current assets</b>		
Advances, prepayments and other receivables	8,593,148	6,019,172
<b>Increase/(decrease) in current liabilities</b>		
Trade and other payables	3,627,695	(15,863,451)
	<u>12,220,843</u>	<u>(9,844,279)</u>
<b>Cash generated from operations</b>	39,679,381	4,919,576
Finance cost paid	(12,402)	(12,769)
Gratuity paid	(201,750)	-
Income tax paid	<u>(7,286,855)</u>	<u>(3,863,519)</u>
<b>Net cash generated from operating activities</b>	32,178,374	1,043,288
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Operating fixed assets acquired	(104,767)	(451,172)
Proceeds from disposal of operating fixed assets	658,172	-
Additions in Investment Property - land	(4,493,760)	-
Capital work in progress incurred	<u>(13,248,346)</u>	<u>(57,091,723)</u>
Advance for purchase of land	-	(1,239,779)
Refund of long term deposits - rented premises	240,000	-
Payment of long term deposits	<u>(584,000)</u>	-
<b>Net cash used in investing activities</b>	<u>(17,532,701)</u>	<u>(58,782,674)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Public sector development project fund received	1,100,000	78,200,000
Receipt of long term deposits	<u>2,206,173</u>	<u>3,295,800</u>
<b>Net cash generated from financing activities</b>	3,306,173	81,495,800
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	17,951,846	23,756,414
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	32,872,037	9,115,623
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<u>50,823,883</u>	<u>32,872,037</u>

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The annexed notes 1 to 25 form an integral part of these financial statements.

  
CHAIRMAN



  
CHIEF EXECUTIVE

  
ACCOUNTS OFFICER

**FAISALABAD GARMENT CITY COMPANY**  
**STATEMENT OF CHANGES IN ACCUMULATED FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**


	Funds	Accumulated Deficit	Total
	< R U P E E S >		
<b>Balance as at July 01, 2012</b>	597,919,000	(4,750,056)	593,168,944
Public Sector Development Project Fund - received during the year	78,200,000	-	78,200,000
Total Comprehensive Loss for the year	-	(6,006,772)	(6,006,772)
<b>Balance as at June 30, 2013</b>	<u>676,119,000</u>	<u>(10,756,828)</u>	<u>665,362,172</u>
Public Sector Development Project Fund - received during the year	1,100,000	-	1,100,000
Total Comprehensive Income for the year	-	7,467,524	7,467,524
<b>Balance as at June 30, 2014</b>	<u><u>677,219,000</u></u>	<u><u>(3,289,304)</u></u>	<u><u>673,929,696</u></u>

The annexed notes 1 to 25 form an integral part of these financial statements.



  
CHAIRMAN

  
CHIEF EXECUTIVE

  
ACCOUNTS OFFICER

## FAISALABAD GARMENT CITY COMPANY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

#### 1. Status and activities

Faisalabad Garment City Company (the Company) was incorporated on 8th May, 2006 under Section 42 of the Companies Ordinance, 1984 as a Company Limited by Guarantee without the addition of word "Limited" to its name. The registered office of the Company is situated at Value Addition City, 1-1/2 km Khurrianwala Sahianwala Road, Khurrianwala, Faisalabad. The principal object of the Company is to promote, finance, establish, run, manage, maintain and develop state of art facilities for garment, home textile, hosiery made-ups, accessories and allied industry in Textile City of Faisalabad by providing necessary infrastructure to manufacturers, designers and exporters, after necessary approvals/sanctions of the Government of Pakistan.

#### 2. Statement of compliance

These financial statements have been prepared in accordance with the approved Accounting and Financial Reporting Standards for Medium-Sized Entities as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. These accounting standards are notified by the Securities and Exchange Commission of Pakistan. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984

#### 3. Basis of preparation

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

#### 4. Summary of significant accounting policies

##### 4.1. Staff retirement benefits

###### Defined Benefit Plan

The Company operates an unfunded gratuity scheme for its employees who have completed the qualifying period as defined under the respective scheme. The amount of liability of each employee at year end is computed by number of years completed multiplied by the last drawn monthly salary. The difference between the current and the previous liability is charged to income as an expense for the year.

##### 4.2. Taxation

The income of the Company is exempt from the levy of income tax being a non profit organization established solely for developing/providing necessary infrastructure to manufacturers, designers and exporters of Madeups/Garments and allied products. The Company has applied for grant of approval under section 2 (36) of Income Tax Ordinance 2001 by claiming exemption from levy of tax under clause 58, 59 & 60 of Part I to the 2nd Schedule to the Income Tax Ordinance, 2001 in the light of judgement of Appellate forums for identical cases, hence no provision for taxation is made in these financial statements.

Since the company is a non profit organisation and exempt from income tax, therefore, no provision for deferred tax is required / applicable in the instant case.

##### 4.3. Operating fixed assets - tangible

Operating fixed assets are stated at cost less accumulated depreciation and impairment in value, if any.

Depreciation is charged to income by applying the reducing balance method at the rates specified in the operating fixed assets note 5.1.

Depreciation on additions during the year is charged from the month in which an asset is acquired or capitalized, while no depreciation is charged for the month in which the asset is disposed of. The residual values and useful lives of assets are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Normal repairs and maintenance are charged to income as and when incurred. Major renewals and improvements are capitalized. Gains and losses on disposal of assets are included in current income.

##### 4.4. Capital work in progress

Capital work in progress is stated at cost less accumulated impairment in value, if any. All expenditures connected with specific assets incurred during installation and construction period is carried under capital work-in-progress. These are transferred to specific assets as and when these assets are available for intended use.

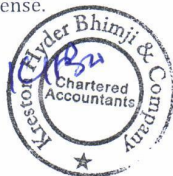
##### 4.5. Investment property

Property not held for own use or for sale in the ordinary course of business is classified as investment property. The investment property of the Company comprises of land & building and is valued using the cost model i.e. at cost less accumulated depreciation and identified impairment loss, if any, except for land which is stated at cost.

Depreciation is charged to income by applying the reducing balance method so as to write off the depreciable amount over its estimated useful life. Depreciation on additions during the year is charged from the month in which a property is acquired or capitalized while no depreciation is charged for the month in which the property is disposed of.

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

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



#### 4.6 Impairment

An assessment is made at each balance sheet date to determine whether there is an indication for impairment of any asset or group of assets. If any such indication exists, the recoverable amount of that asset is estimated and impairment loss is recognised in the income and expenditure account, except impairment on revalued assets, which is adjusted against the revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset. However, if in a subsequent period the recoverable amount of the asset exceeds its carrying amount, the impairment loss is reversed to the extent of carrying amount had there been no impairment loss.

#### 4.7 Trade and other receivables

Trade debts and other receivables are carried at original invoice amount, debts considered irrecoverable are written off and provision is made for debts considered doubtful of recovery.

#### 4.8 Cash and cash equivalents

Cash and cash equivalents, for the purpose of cash flow statement are comprised of cheques in hand, cash and bank balances.

#### 4.9 Provisions

A provision is recognized in the balance sheet when the Company has a present, legal or constructive obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

#### 4.10 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received whether or not billed to the Company.

#### 4.11 Contingencies and commitments

These are not accounted for in the financial statements, unless these are actual liabilities.

#### 4.12 Revenue recognition

- Rental income is recognized as revenue on a straight line basis over the term of the respective lease arrangements.
- Profit on bank deposits is accounted for on time proportion basis.
- Other revenues are recorded on accrual basis.

#### 4.13 Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and derecognised when the Company loses control of contractual rights that comprise the financial assets or part thereof and when the obligation specified in the contract is discharged, cancelled or expired. All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These are subsequently measured at fair value, amortized cost or cost as the case may be.

#### 4.14 Offsetting of financial asset and financial liability

A financial asset and a financial liability is offset and the net amount reported in the balance sheet, if the Company has a legal enforceable right to offset the transactions and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

#### 4.15 Related party transactions

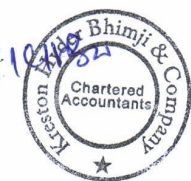
Transactions with related parties are executed at arms' length basis under the pricing method approved by the Board of Directors.

#### 4.16 Critical accounting estimates and judgments

The preparation of financial statements in conformity with IASs / IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised.

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets and provision for doubtful receivables. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material judgment to the carrying amounts of assets and liabilities in the next year.





5. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets - tangible  
Capital work in progress

Note	2014 [RUPEES]	2013
5.1	2,407,347	2,907,053
5.2	<u>140,454,056</u>	<u>135,659,195</u>
	<u>142,861,403</u>	<u>138,566,248</u>

5.1 OPERATING FIXED ASSETS - tangible

DESCRIPTION	2014										Rate %
	COST				DEPRECIATION				W.D.V		
	As at July 01, 2013	Additions	Deletions	As at June 30, 2014	As at July 01, 2013	For the period	Adjustment	As at June 30, 2014	As at June 30, 2014		
			[	R	U	P	E	E	S	]	
Furniture and fixtures	1,119,776	-	-	1,119,776	506,975	61,280	-	568,255	551,521	10	
Computers	734,227	-	-	734,227	529,367	61,458	-	590,825	143,402	30	
Office equipments	1,880,955	104,767	(30,675)	1,955,047	587,365	133,323	(16,737)	703,951	1,251,096	10	
Cars	1,930,635	-	(879,000)	1,051,635	1,290,096	85,863	(652,416)	723,543	328,092	20	
Motor cycles	193,000	-	-	193,000	127,990	13,002	-	140,992	52,008	20	
Generator	148,712	-	-	148,712	58,459	9,025	-	67,484	81,228	10	
<b>Total</b>	<b>6,007,305</b>	<b>104,767</b>	<b>(909,675)</b>	<b>5,202,397</b>	<b>3,100,252</b>	<b>363,951</b>	<b>(669,153)</b>	<b>2,795,050</b>	<b>2,407,347</b>		

DESCRIPTION	2013										Rate %
	COST				DEPRECIATION				W.D.V		
	As at July 01, 2012	Additions	Deletions	As at June 30, 2013	As at July 01, 2012	For the period	Adjustment	As at June 30, 2013	As at June 30, 2013		
			[	R	U	P	E	E	S	]	
Furniture and fixtures	1,076,298	43,478	-	1,119,776	442,107	64,868	-	506,975	612,801	10	
Computers	679,063	55,164	-	734,227	459,908	69,459	-	529,367	204,860	30	
Office equipments	1,528,425	352,530	-	1,880,955	468,876	118,489	-	587,365	1,293,590	10	
Cars	1,930,635	-	-	1,930,635	1,129,961	160,135	-	1,290,096	640,539	20	
Motor cycles	193,000	-	-	193,000	111,738	16,252	-	127,990	65,010	20	
Generator	148,712	-	-	148,712	48,431	10,028	-	58,459	90,253	10	
<b>Total</b>	<b>5,556,133</b>	<b>451,172</b>	<b>-</b>	<b>6,007,305</b>	<b>2,661,021</b>	<b>439,231</b>	<b>-</b>	<b>3,100,252</b>	<b>2,907,053</b>		

5.1.1 Detail of operating fixed assets disposed of during the year :

Description	Mode of disposal	Cost	Book value	Sale proceeds	Gain
[ R U P E E S ]					

Cars:

The United Insurance Company of Pakistan	Insurance claim	879,000	226,584	643,500	416,916
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Aggregate of items of property, plant and equipment with individual book values not exceeding rupees 50 thousand

2014  
2013

30,675	13,938	14,672	734
<u>909,675</u>	<u>240,522</u>	<u>658,172</u>	<u>417,650</u>



5.2 CAPITAL WORK IN PROGRESS

	Note	2014 [RUPEES]	2013
Advance to Building Contractor			
-Mobilization advance-unsecured		-	2,450,000
-Advance against running bills		2,292,401	37,169,610
		<u>2,292,401</u>	<u>39,619,610</u>
Civil work in progress		143,976,728	310,701,437
Unallocated capital expenditure	18	2,638,412	3,736,077
		<u>148,907,541</u>	<u>354,057,124</u>
Transferred to investment property	5.2.1	(8,453,485)	(218,397,929)
		<u>140,454,056</u>	<u>135,659,195</u>
5.2.1 Balance as on July 01,		135,659,195	296,965,401
Additions during the year		13,248,346	57,091,723
		<u>148,907,541</u>	<u>354,057,124</u>
Transferred to Investment property		(8,453,485)	(218,397,929)
Balance as on June 30,		<u>140,454,056</u>	<u>135,659,195</u>

6 ADVANCE FOR PURCHASE OF LAND

Balance as on July 01,		96,964,835	95,725,056
Disbursement made during the year		-	1,239,779
		<u>96,964,835</u>	<u>96,964,835</u>
Transferred to Investment property		(89,853,000)	-
Balance as on June 30,	6.1	<u>7,111,835</u>	<u>96,964,835</u>

6.1 This represented advance for purchase of 38.919 acres of freehold land on which construction work is in progress. Out of the total amount of the advance amounts totalling Rs. 89.853 million for 28.094 Acres of land (equivalent to 224 Kanal and 15 Marlas) have been capitalized on transferring the land in the name of the Company, whereas the title for the remaining piece of land is in the process of being transferred in the name of company until the balance sheet date.

7 INVESTMENT PROPERTY

Description	2014				2014			Book Value As at June 30, 2014	Rat %
	As at July 1, 2013	COST		As at June 30, 2014	As at July 1, 2013	DEPRECIATION For the year	As at June 30, 2014		
Land	-	4,493,760	89,853,000	94,346,760	-	-	-	94,346,760	
Building	428,775,770	-	8,453,485	437,229,255	44,832,670	19,522,615	64,355,285	372,873,970	5
<b>Rupees - 2014</b>	<b>428,775,770</b>	<b>4,493,760</b>	<b>98,306,485</b>	<b>531,576,015</b>	<b>44,832,670</b>	<b>19,522,615</b>	<b>64,355,285</b>	<b>467,220,730</b>	
Rupees - 2013	210,377,841	-	218,397,929	428,775,770	26,083,893	18,748,777	44,832,670	383,943,100	

8. LONG TERM DEPOSITS

	Note	2014 [RUPEES]	2013
Security deposits with / for:			
FESCO		7,069,056	6,485,056
SNGPL	8.1	2,550,000	2,550,000
Office building - rented premises		-	240,000
Supply of water		3,000	3,000
		<u>9,622,056</u>	<u>9,278,056</u>

8.1 This represents deposit with Sui Northern Gas Pipelines Limited for supply of natural gas to the Company. It is subject to mark up @ 5% p.a. due after 1 year from the date of first bill.

9. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

Unsecured and considered good:

Advances to:

Suppliers		-	3,692,145
Staff against salary		-	10,000
Civil consultants		150,000	100,000
Legal advisor		-	4,786,253

Prepayments:

Prepaid insurance		141,735	99,393
Others		29,490	28,125

Other receivables:

Rent Receivable		592,753	1,200,879
Interest on deposits with SNGPL	8.1	127,500	127,500
Accrued profit on bank deposits		804,645	394,976
		<u>1,846,123</u>	<u>10,439,271</u>

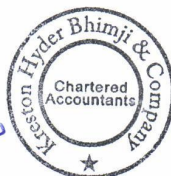
10. TAX REFUNDS DUE FROM GOVERNMENT

Income tax		11,601,430	4,314,575
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11. CASH AND BANK BALANCES

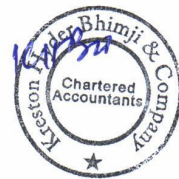
Cash in hand		9,629	26,031
Cash at bank:			
in current accounts		10,110	10,110
in deposit accounts	11.1	50,804,144	32,835,896
		<u>50,823,883</u>	<u>32,872,037</u>

11.1. The deposit bank accounts carry mark-up @ 9% (2013 : 9% ) per annum.



11/1/20

	Note	2014 [RUPEES]	2013
<b>12. PUBLIC SECTOR DEVELOPMENT FUND</b>			
Opening balance		676,119,000	597,919,000
Received during the year	12.1	1,100,000	78,200,000
		<u>677,219,000</u>	<u>676,119,000</u>
<b>12.1</b> This represents funds received from Ministry of Textile Industries, Government of Pakistan under the head Public Sector Development Fund (PSDF) for development of Textile Industry and to provide necessary infrastructure and state of the art facilities to garment and home textile industry, etc.			
<b>13. LONG TERM DEPOSITS</b>			
Security deposits from tenants	13.1	<u>8,907,581</u>	<u>6,701,408</u>
<b>13.1</b> This represents security received from tenants and is refundable on the expiry of tenancy period.			
<b>14. DEFERRED LIABILITIES</b>			
Staff retirement gratuity	14.1	<u>1,877,796</u>	<u>1,569,850</u>
<b>14.1</b> This represents an unfunded gratuity scheme which provides retirement benefits for all employees of the company who attain the minimum qualifying period. The scheme has been introduced for the first time in 2013.			
<b>15. TRADE AND OTHER PAYABLES</b>			
Creditors		794,467	65,408
Retention money		3,769,815	2,448,336
Accrued expenses		1,759,931	230,843
Other payables		48,174	105
		<u>6,372,387</u>	<u>2,744,692</u>
<b>16. CONTINGENCIES AND COMMITMENTS</b>			
<b>16.1 Contingencies:</b>			
There were no significant contingencies at the balance sheet date which need to be disclosed in the financial statements.			
<b>16.2 Commitments:</b>			
Contract for construction of buildings		<u>1,377,011</u>	<u>43,953,154</u>



**17. REVENUE**

Rental income - building	17.1	35,184,198	22,167,290
Sale of tender documents		26,000	42,000
		<u>35,210,198</u>	<u>22,209,290</u>

17.1 This represents the rental income received from the following:

Masood Textile Mills Limited		22,084,728	15,969,698
Interloop Limited		13,099,470	6,197,592
		<u>35,184,198</u>	<u>22,167,290</u>

**18. OPERATING AND OTHER EXPENSES**

Salaries and benefits	18.1	9,598,610	10,307,807
Electricity		208,554	118,611
Postage and telecommunication		186,753	184,861
Water and sewerage		102,595	68,625
Entertainment		56,440	81,495
News paper expenses		6,726	5,027
Repair and maintenance		234,556	317,261
Printing and stationery		70,133	88,205
Vehicle running and maintenance		620,789	655,017
Travelling and conveyance		490,277	291,951
Horticulture/ gardening		141,596	-
Training expenses		41,000	-
Fee and taxes		123,156	9,290
Legal and professional charges		892,885	814,500
Auditors' remuneration		95,000	95,000
Insurance		500,791	324,430
Meeting expenses		113,175	141,217
Advertisement		742,970	701,292
Inauguration expenses		-	42,054
Bank charges		12,402	12,769
Office utilities		5,647	34,996
Others		7,158	26,000
		<u>14,251,213</u>	<u>14,320,408</u>
Less: Transferred to Capital work in progress	18.2	<u>(2,638,412)</u>	<u>(3,736,077)</u>
		<u>11,612,801</u>	<u>10,584,331</u>

18.1 It includes amount of gratuity amounting to Rs. 509,696 ( 2013: Rs. 1,569,850).

18.2 This represents the amount of operating expenses being capitalized @ 10% (2013 : 10%), except for salary of Project Director and vehicle running expense which are capitalized @ 50% (2013 : 50%).

**19. OTHER INCOME**

	2014	2013
	[ RUPEES ]	
<b>Income from financial assets</b>		
Profit on bank deposits	3,211,543	1,146,880
Interest income on deposit with SNGPL	127,500	409,397
<b>Income from non-financial assets</b>		
Gain on disposal of operating fixed assets	417,650	-
	<u>3,756,693</u>	<u>1,556,277</u>



20. REMUNERATION OF CHAIRMAN, CHIEF EXECUTIVE, COMPANY SECRETARY, PROJECT DIRECTOR AND OTHERS

20.1 The aggregated amounts charged in these financial statements for the year ended in respect of the above are as follows :

		30 June 2014			
	Note	Chairman/ Chief Executive	Company Secretary	Project Director/ Company Secretary	Others
[ R U P E E S ]					
Remuneration		-	539,900	2,106,563	5,643,921
Vehicle running allowance	20.2	501,440	41,918	165,874	-
Entertainment		-	7,419	10,000	-
Telephone		-	7,419	10,000	-
Overtime		-	-	-	-
Medical Allowance		-	23,753	120,000	374,300
Others		-	256,000	-	-
Bonus		-	-	-	-
		<u>501,440</u>	<u>876,409</u>	<u>2,412,437</u>	<u>6,018,221</u>
Number		1	1	1	16
30 June 2013					
	Note	Chairman/ Chief Executive	Company Secretary	Project Director/ Company Secretary	Others
[ R U P E E S ]					
Remuneration		-	-	2,891,877	4,832,182
Vehicle running allowance	20.2	574,956	-	16,087	60,774
Entertainment		-	-	-	-
Telephone		-	-	-	-
Overtime		-	-	-	103,657
Medical Allowance		-	-	90,000	163,331
Others		-	-	-	25,425
Bonus		-	-	17,099	-
		<u>574,956</u>	<u>-</u>	<u>3,015,063</u>	<u>5,185,369</u>
Number		1	-	1	20

20.2 It represents 400 litre petrol per month paid to the Chairman/Chief Executive to meet running expenses of his car provided by the company as well as repair and maintenance expenses of the car. From December 13, 2013 the vehicle is in the use of Project Director/Company Secretary with maintenance facility, an 100 litre petrol per month is being paid to Project Director/Company Secretary since February 2014.

20.3 In addition to above mentioned facility, the building contractor (Haroon Ali Build Well) also provides a car (which was previously in use of Project Director) to the Company, the running cost of which is also being borne by the Company. From December 13, 2013, this vehicle was returned back to the contractor but facility of petrol is still being availed by the Project Director. As per agreement, the ownership of vehicle provided by the contractor shall be transferred to the company after completion of the project.



**21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The company finances its operations through a mix of funds received from Government and working capital management with a view to maintaining an appropriate mix between various sources of finance to minimize risk. Taken as a whole, the company is exposed to market risk, credit risk and liquidity risk. The company's finance department oversees the management of these risks and provide assurance to the company's senior management that the company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with company policies and risk appetite.

<b>FINANCIAL INSTRUMENTS BY CATEGORY</b>	<b>2014 Rupees</b>	<b>2013 Rupees</b>
<b>Financial assets</b>		
Long term deposits	9,622,056	9,278,056
Other receivables	1,524,898	1,723,355
Cash and bank balances	50,823,883	32,872,037
	<u>61,970,837</u>	<u>43,873,448</u>
<b>Financial Liabilities</b>		
Long term deposits	8,907,581	6,701,408
Trade and other payables	6,372,387	2,744,692
	<u>15,279,968</u>	<u>9,446,100</u>

**21.1 Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: yield/mark-up rate risk, currency risk and other price risk, such as equity risk. The company is not exposed to any type of risk.

**21.2 Credit risk and concentration of credit risk**

Credit risk is the risk representing accounting loss that would be recognized at the reporting date if one party to a financial instrument will fail to discharge an obligation or its failure to perform duties under the contract as contracted. Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry. The company's total financial assets subject to credit risk are as follows:

<b>FINANCIAL ASSETS</b>	<b>2014 Rupees</b>	<b>2013 Rupees</b>
Long term deposits	9,622,056	9,278,056
Other receivables	1,524,898	1,723,355
Bank balances	50,814,254	32,846,006
	<u>61,961,208</u>	<u>43,847,417</u>

**Credit quality of financial assets**

Due to Company's long standing relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company.

For deposits and receivables, credit quality of customers is assessed taking into consideration their financial position and previous dealings and on that basis, individual credit limits are set. Moreover, the management regularly monitors and reviews credit exposure. Accordingly, the company is not exposed to any significant credit risk.

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

**21.3 Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company's approach to manage liquidity risk is to maintain sufficient level of liquidity by holding highly liquid assets and the availability of funding through an adequate amount of committed credit facilities. This includes maintenance of balance sheet liquidity ratios through working capital management. The management believes that the company is not exposed to any liquidity risk.

The table below summaries the maturity profiles of company's financial liabilities as on June 30, 2014 and 2013 based on contractual undiscounted payments date.



2014

Within 6 months	More than 6 months and up to 1 year	More than 1 year and up to 5 years	Total
[ R u p e e s ]			
Long term deposits	-	8,907,581	8,907,581
Trade and other payables	1,808,105	3,769,815	6,372,387
<b>1,808,105</b>	<b>794,467</b>	<b>12,677,396</b>	<b>15,279,968</b>

**Financial Liabilities**

Long term deposits  
Trade and other payables

2013

Within 6 months	More than 6 months and up to 1 year	More than 1 year and up to 5 years	Total
[ R u p e e s ]			
Long term deposits	-	6,701,408	6,701,408
Trade and other payables	230,948	2,448,336	2,744,692
<b>230,948</b>	<b>65,408</b>	<b>9,149,744</b>	<b>9,446,100</b>

**Financial Liabilities**

Long term deposits  
Trade and other payables

**21.4 Fair value of financial instruments**

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arm's length transaction. The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.

**21.5 Capital risk Management**

The primary objective of the Company's capital management is to safeguard the company's ability to continue as a going concern, maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, so that it can continue to meet the requirements of and provide economic benefits ( monetary & non-monetary ) to all the stakeholders thereby reducing the cost of capital.

**22. TRANSACTIONS WITH RELATED PARTIES**

The related parties comprise of parent company, subsidiary company, associated undertaking, directors and other executives of the company and staff retirements benefits. The outstanding balances with related parties, significant transactions carried out with them during the year and remuneration to chief executive, directors and others have been disclosed in the relevant notes to these financial statements.

**23. NUMBER OF EMPLOYEES**

The total number of employees at the end of the year were 17 (2013 : 21).

**24. DATE OF AUTHORIZATION FOR ISSUE**

The financial statements were authorized for issue on 09 OCT 2014 by the Board of Directors of the Company.

**25. GENERAL**

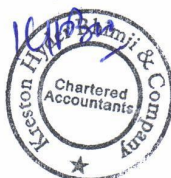
**25.1 Reclassification / Regrouping**

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and better presentation. Major reclassifications made during the year are as follows:

Description	Reclassification		2013 RUPEES
	From	To	
Haroon Ali Build Well	Creditors	Capital Work In Progress (Advance against running bills)	72,139
Income tax	Advances, prepayments and other receivables	Tax refunds due from government	4,314,575
GST Withheld	Accrued expenses	Other payables	105
Advance for purchase of land	Property, plant and equipment	Advance for purchase of land	96,964,835

25.2 Figures in the financial statements have been rounded off to the nearest Rupee.

CHAIRMAN



CHIEF EXECUTIVE

ACCOUNTS OFFICER