

Faisalabad Garentment City Company

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **FAISALABAD GARMENT CITY COMPANY** ("the Company") as at June 30, 2015 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, 2015 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 08, 2015
FAISALABAD



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

FAISALABAD GARMENT CITY COMPANY
BALANCE SHEET
AS AT JUNE 30, 2015

ASSETS	Note	2015	2014
[R U P E E S]			
NON CURRENT ASSETS			
Property and equipment	5	159,636,385	142,861,403
Advance for purchase of land	6	7,111,835	7,111,835
Investment property	7	454,218,964	467,220,730
Long term deposits	8	9,622,056	9,622,056
		630,589,240	626,816,024
CURRENT ASSETS			
Advances, prepayments and other receivables	9	3,312,892	1,846,123
Tax refunds due from government	10	17,707,669	11,601,430
Cash and bank balances	11	59,798,759	50,823,883
		80,819,320	64,271,436
TOTAL ASSETS		711,408,560	691,087,460
FUND AND LIABILITIES			
ACCUMULATED FUNDS			
Public Sector Development Fund	12	691,019,000	677,219,000
Accumulated surplus/deficit		8,146,496	(3,289,304)
		699,165,496	673,929,696
NON CURRENT LIABILITIES			
Long term deposits	13	8,907,581	8,907,581
Deferred liabilities	14	2,256,030	1,877,796
		11,163,611	10,785,377
CURRENT LIABILITIES			
Trade and other payables	15	1,079,452	6,372,387
CONTINGENCIES AND COMMITMENTS			
	16	-	-
TOTAL FUND AND LIABILITIES		711,408,560	691,087,460

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

10/1/15


CHAIRMAN


DIRECTOR


ACCOUNTS OFFICER

FAISALABAD GARMENT CITY COMPANY
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 [RUPEES]	2014
Revenue	17	38,409,847	35,210,198
Operating and other expenses	18	11,852,340	11,612,801
Depreciation on:			
Operating fixed assets	5	1,142,192	363,951
Investment property	7	18,695,935	19,522,615
		31,690,467	31,499,367
		6,719,380	3,710,831
Other income	19	4,716,420	3,756,693
Surplus for the year		11,435,800	7,467,524
Other comprehensive income		-	-
Total comprehensive income		11,435,800	7,467,524

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

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CHAIRMAN


DIRECTOR


ACCOUNTS OFFICER

FAISALABAD GARMENT CITY COMPANY
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015	2014
		[RUPEES]	
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		11,435,800	7,467,524
Adjustments for non cash and other items:			
Depreciation on operating fixed assets		1,142,192	363,951
Depreciation on investment property		18,695,935	19,522,615
Provision for gratuity		378,234	509,696
Finance cost		2,900	12,402
Loss/(Gain) on disposal of operating fixed assets		23,336	(417,650)
Operating cash flows before working capital changes		31,678,397	27,458,538
Changes in working capital			
(Increase)/decrease in current assets			
Advances, prepayments and other receivables		(1,466,768)	8,593,148
Increase/(decrease) in current liabilities			
Trade and other payables		(5,292,935)	3,627,695
		(6,759,703)	12,220,843
Cash generated from operations		24,918,694	39,679,381
Finance cost paid		(2,900)	(12,402)
Gratuity paid		-	(201,750)
Income tax paid		(6,106,239)	(7,286,855)
Net cash generated from operating activities		18,809,555	32,178,374
CASH FLOWS FROM INVESTING ACTIVITIES			
Operating fixed assets acquired		(8,061,515)	(104,767)
Proceeds from disposal of operating fixed assets		-	658,172
Additions in Investment Property - land		-	(4,493,760)
Capital work in progress incurred		(15,573,164)	(13,248,346)
Refund of long term deposits - rented premises		-	240,000
Payment of long term deposits		-	(584,000)
Net cash used in investing activities		(23,634,679)	(17,532,701)
CASH FLOWS FROM FINANCING ACTIVITIES			
Public sector development project fund received		13,800,000	1,100,000
Receipt of long term deposits		-	2,206,173
Net cash generated from financing activities		13,800,000	3,306,173
NET INCREASE IN CASH AND CASH EQUIVALENTS		8,974,876	17,951,846
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		50,823,883	32,872,037
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	11	59,798,759	50,823,883

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


CHAIRMAN


DIRECTOR


ACCOUNTS OFFICER

FAISALABAD GARMENT CITY COMPANY
STATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Funds</u>	<u>Accumulated Deficit / surplus</u>	<u>Total</u>
		< R U P E E S >	
Balance as at July 01, 2013	676,119,000	(10,756,828)	665,362,172
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
Balance as at June 30, 2014	<u>677,219,000</u>	<u>(3,289,304)</u>	<u>673,929,696</u>
Public Sector Development Project Fund - received during the year	13,800,000	-	13,800,000
Total Comprehensive Income for the year	-	11,435,800	11,435,800
Balance as at June 30, 2015	<u><u>691,019,000</u></u>	<u><u>8,146,496</u></u>	<u><u>699,165,496</u></u>

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


CHAIRMAN


DIRECTOR


ACCOUNTS OFFICER

10/1/15

FAISALABAD GARMENT CITY COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

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 (MSEs) 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 prevail.

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 tax credit equal to one hundred percent of the tax payable under purview of section 100 C of the Income Tax Ordinance, 2001, 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 - owned & 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 the income currently.

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 at the rates specified in note 7 to the financial statements 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 in the year in which the asset is disposed of.

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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 less an estimate made for any debts considered doubtful of recovery. Debts considered irrecoverable are written off.

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 economic resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the 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 / hired 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.

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	Note	2015 [RUPEES]	2014
5. PROPERTY AND EQUIPMENT			
Operating fixed assets - owned & tangible	5.1	9,303,334	2,407,347
Capital work in progress	5.2	150,333,051	140,454,056
		<u>159,636,385</u>	<u>142,861,403</u>

5.1 OPERATING FIXED ASSETS - OWNED & TANGIBLE

DESCRIPTION	2015										
	COST				DEPRECIATION				W.D.V		Rate
	As at July 01, 2014	Additions	Deletions	As at June 30, 2015	As at July 01, 2014	For the Year	Adjustment	As at June 30, 2015	As at June 30, 2015	%	
			[R U P]		E E S]						
Furniture and fixtures	1,119,776	-	(16,050)	1,103,726	568,255	55,362	(7,872)	615,744	487,982	10	
Computers	734,227	848,484	-	1,582,711	590,825	127,869	-	718,694	864,017	30	
Office equipments	1,955,047	5,324,364	(29,750)	7,249,661	703,951	591,519	(14,592)	1,280,877	5,968,784	10	
Cars	1,051,635	1,888,667	-	2,940,302	723,543	348,918	-	1,072,461	1,867,841	20	
Motor cycles	193,000	-	-	193,000	140,992	10,402	-	151,394	41,606	20	
Generator	148,712	-	-	148,712	67,484	8,123	-	75,607	73,105	10	
Total	5,202,397	8,061,515	(45,800)	13,218,112	2,795,050	1,142,192	(22,464)	3,914,778	9,303,334		

DESCRIPTION	2014										
	COST				DEPRECIATION				W.D.V		Rate
	As at July 01, 2013	Additions	Deletions	As at June 30, 2014	As at July 01, 2013	For the Year	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	1,251,097	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	
Total	6,007,305	104,767	(909,675)	5,202,397	3,100,252	363,951	(669,153)	2,795,050	2,407,347		

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

Description	Mode of disposal	Cost	Book value	Sale proceeds	(Loss)/Gain
[R U P E E S]					
Office Equipments					
Aggregate Amount of items is less than Rs. 50,000					
2015	Written off	45,800	23,336	-	(23,336)
2014	Insurance claim	909,675	240,522	658,172	417,650

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5.2 CAPITAL WORK IN PROGRESS

	Note	2015 [RUPEES]	2014
Advance to Building Contractors	5.2.1	11,752,800	2,292,401
Civil work in progress		144,274,420	146,615,140
		156,027,220	148,907,541
Transferred to investment property	5.2.2	(5,694,169)	(8,453,485)
		150,333,051	140,454,056

5.2.1 These include advances given to contractors namely M/s Haroon Ali Build Well and M/s Star Elevators amounting to Rs.5,358,722 and Rs.851,495 respectively which are secured against cheques received as security from the said contractors in the sum of Rs. 11,000,000 and 1,000,000 respectively (2014 : Nil).

5.2.2 Reconciliation of capital work in progress at the beginning and end of the year is as follows:

	Note	2015 [RUPEES]	2014
Balance as on July 01,		140,454,056	135,659,195
Additions during the year		15,573,164	13,248,346
		156,027,220	148,907,541
Transferred to Investment property		(5,694,169)	(8,453,485)
Balance as on June 30,		150,333,051	140,454,056

6 ADVANCE FOR PURCHASE OF LAND

Balance as on July 01,		7,111,835	96,964,835
Transferred to Investment property		-	(89,853,000)
Balance as on June 30,	6.1	7,111,835	7,111,835

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	2015							Book Value As at June 30, 2015	Rate %
	COST			DEPRECIATION					
	As at July 1, 2014	Additions	Transfers	As at June 30, 2015	As at July 1, 2014	For the year	As at June 30, 2015		
Land	94,346,760	-	-	94,346,760	-	-	-	94,346,760	-
Building	437,229,255	-	5,694,169	442,923,424	64,355,285	18,695,935	83,051,220	359,872,204	5
Total 2015	531,576,015	-	5,694,169	537,270,184	64,355,285	18,695,935	83,051,220	454,218,964	
Total 2014	428,775,770	4,493,760	98,306,485	531,576,015	44,832,670	19,522,615	64,355,285	467,220,730	

8. LONG TERM DEPOSITS

	Note	2015 [RUPEES]	2014
Security deposits with / for:			
FESCO		7,069,056	7,069,056
SNGPL	8.1	2,550,000	2,550,000
Supply of water		3,000	3,000
		9,622,056	9,622,056

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

Considered good

Advances to:

Suppliers - unsecured		352,320	-
Employees - secured	9.1	220,000	-
Civil consultants - unsecured		-	150,000

Prepayments:

Prepaid insurance		229,115	141,735
Others		-	29,490

Other receivables:

Rent Receivable - unsecured		36,793	592,753
Interest on deposits with SNGPL - unsecured	8.1	127,500	127,500
Accrued profit on bank deposits - unsecured		2,347,164	804,645
		3,312,892	1,846,123

9.1 These are secured against staff retirement benefits.

10. TAX REFUNDS DUE FROM GOVERNMENT

Income tax		17,707,669	11,601,430
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11. CASH AND BANK BALANCES

Cash in hand		17,044	9,629
Cash at bank:			
in current accounts		10,110	10,110
in deposit accounts	11.1	59,771,605	50,804,144
		59,798,759	50,823,883

11.1. The bank deposit accounts carry mark-up @ 9% (2014 : 9%) per annum.

11.2 These bank deposit accounts include the amount of security received from tenants (refer to note 13).

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	Note	2015	2014
		[RUPEES]	
12. PUBLIC SECTOR DEVELOPMENT FUND			
Opening balance		677,219,000	676,119,000
Received during the year	12.1	13,800,000	1,100,000
		<u>691,019,000</u>	<u>677,219,000</u>
12.1 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.			
13. LONG TERM DEPOSITS			
Security deposits from tenants	13.1	<u>8,907,581</u>	<u>8,907,581</u>
13.1 This represents security received from tenants and is refundable on the expiry of tenancy period. These are unsecured and interest free.			
14. DEFERRED LIABILITIES			
Staff retirement gratuity	14.1	<u>2,256,030</u>	<u>1,877,796</u>
14.1 This represents an unfunded gratuity scheme introduced since 2013, which provides retirement benefits for all employees of the company who attain the minimum qualifying period.			
14.2 Reconciliation of staff retirement benefits at the beginning and end of the year is as follows:			
Balance as on July 01,		1,877,796	1,569,850
Add: Provision for the year		<u>378,234</u>	<u>509,696</u>
		<u>2,256,030</u>	<u>2,079,546</u>
Less: Payments made during the year		-	(201,750)
Balance as on June 30,		<u>2,256,030</u>	<u>1,877,796</u>
15. TRADE AND OTHER PAYABLES			
Creditors		-	794,467
Retention money		-	3,769,815
Accrued expenses		789,108	1,759,931
Other payables		<u>290,344</u>	<u>48,174</u>
		<u>1,079,452</u>	<u>6,372,387</u>
16. CONTINGENCIES AND COMMITMENTS			
16.1 Contingencies:			
There were no significant contingencies at the balance sheet date which need to be disclosed in the financial statements.			
16.2 Commitments:			
Contract for construction of buildings		<u>-</u>	<u>3,022,973</u>

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	Note	2015	2014
		[RUPEES]	
17. REVENUE			
Rental income - building	17.1	38,393,847	35,184,198
Sale of tender documents		16,000	26,000
		<u>38,409,847</u>	<u>35,210,198</u>
17.1 This represents the rental income received from the following:			
Masood Textile Mills Limited		24,203,193	22,084,728
Interloop Limited		14,190,654	13,099,470
		<u>38,393,847</u>	<u>35,184,198</u>
18. OPERATING AND OTHER EXPENSES			
Salaries and benefits	18.1	9,938,924	9,598,610
Electricity and power		159,259	208,554
Postage and telecommunication		169,686	186,753
Water and sewerage		68,275	102,595
Entertainment		387,829	56,440
News paper expenses		2,764	6,726
Repair and maintenance		374,481	234,556
Printing and stationery		132,054	70,133
Vehicle running and maintenance		158,500	620,789
Travelling and conveyance		782,066	490,277
Horticulture/ gardening		239,935	141,596
Training expenses		210,153	41,000
Fee and taxes		63,615	123,156
Legal and professional charges		1,016,775	892,885
Auditors' remuneration		95,000	95,000
Insurance		562,426	500,791
Meeting expenses		133,066	113,175
Advertisement		-	742,970
Bank charges		2,900	12,402
Office utilities		4,062	5,647
Loss on disposal of operating fixed assets		23,336	-
Others		18,659	7,158
		<u>14,543,765</u>	<u>14,251,213</u>
Less: Transferred to Capital work in progress	18.2	<u>(2,691,425)</u>	<u>(2,638,412)</u>
		<u>11,852,340</u>	<u>11,612,801</u>
18.1 It includes Rs. 378,234 (2014: Rs. 509,696) in respect of staff retirement benefits.			
18.2 This represents the amount of operating expenses being capitalized @ 10% (2014: 10%), except for salary of Project Director and vehicle running expenses, which are capitalized @ 50% (2014: 50%).			
19. OTHER INCOME		2015	2014
		[RUPEES]	
Income from financial assets			
Profit on bank deposits		4,588,920	3,211,543
Interest income on deposit with SNGPL		127,500	127,500
Income from non-financial assets			
Gain on disposal of operating fixed assets		-	417,650
		<u>4,716,420</u>	<u>3,756,693</u>

ICIB

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 2015			
		Chairman	Chief Executive	Project Director/ Company Secretary	Others
Note		[R U P E E S]			
Remuneration		-	-	2,907,426	5,773,895
Vehicle running allowance	20.2	147,457	17,400	26,598	-
Entertainment		-	-	6,000	-
Telephone		-	-	6,000	-
Medical Allowance		-	-	120,000	351,900
Others		-	-	-	-
		<u>147,457</u>	<u>17,400</u>	<u>3,066,024</u>	<u>6,125,795</u>
Number		<u>1</u>	<u>1</u>	<u>1</u>	<u>#</u>
		30 June 2014			
		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	-
Medical Allowance		-	23,753	120,000	374,300
Others		-	256,000	-	-
		<u>501,440</u>	<u>876,409</u>	<u>2,412,437</u>	<u>6,018,221</u>
Number		<u>1</u>	<u>1</u>	<u>1</u>	<u>16</u>

20.2 It represents Rs. 10 per km (2014 : 400 liter 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, and 100 liter petrol per month was being paid to Project Director/Company Secretary since February 2014 till October 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 was still being availed by the Project Director till November 2014. As per agreement, the ownership of vehicle provided by the contractor shall be transferred to the company after completion of the project.

KAB

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.

FINANCIAL INSTRUMENTS BY CATEGORY	Note	2015 Rupees	2014 Rupees
Financial assets			
Long term deposits	8	9,622,056	9,622,056
Other receivables	9	2,511,457	1,524,898
Cash and bank balances	11	59,798,759	50,823,883
		<u>71,932,272</u>	<u>61,970,837</u>
Financial Liabilities			
Long term deposits	13	8,907,581	8,907,581
Trade and other payables	15	1,079,452	6,372,387
		<u>9,987,033</u>	<u>15,279,968</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:

FINANCIAL ASSETS	Note	2015 Rupees	2014 Rupees
Long term deposits	8	9,622,056	9,622,056
Other receivables	9	2,511,457	1,524,898
Bank balances	11	59,781,715	50,814,254
		<u>71,915,228</u>	<u>61,961,208</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, 2015 and 2014 based on contractual undiscounted payments date.

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2015			
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	1,079,452	-	1,079,452
	<u>1,079,452</u>	<u>8,907,581</u>	<u>9,987,033</u>

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	794,467	6,372,387
	<u>1,808,105</u>	<u>794,467</u>	<u>15,279,968</u>

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 was 17 (2014 : 17).

24. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on **08 OCT 2015** 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. No major reclassifications were made during the year.

25.2 Figures in these financial statements have been rounded off to the nearest Rupee, unless otherwise stated.

CHAIRMAN

10/10/15
DIRECTOR

ACCOUNTS OFFICER