

**FAISALABAD GARMENT CITY
COMPANY**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

REVIEW REPORT TO THE MEMBERS
ON THE STATEMENT OF COMPLIANCE WITH THE PUBLIC SECTOR COMPANIES
(CORPORATE GOVERNANCE) RULES, 2013

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) prepared by the Board of Directors of **Faisalabad Garment City Company** for the year ended June 30, 2023.


The responsibility for compliance with the Rules is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Rules and report if it does not and to highlight any non-compliance with the requirements of the Rules. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Rules.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Rules requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Rules as applicable to the Company for the year ended June 30, 2023.

Date: October 31, 2023
Place: FAISALABAD
UDIN: CR202310475Vus8JnQZg


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

Independent Auditors' Report to the Members of Faisalabad Garment City Company

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Faisalabad Garment City Company** (the Company), which comprise the statement of financial position as at June 30, 2023, and the statement of income and expenditure, the statement of changes in funds, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of income and expenditure, the statement of changes in funds and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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, 2023 and of the surplus, the changes in funds and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.



If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are

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required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of income and expenditure, the statement of changes in funds and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980)

The engagement partner on the audit resulting in this independent auditors' report is Syed Aftab Hameed-FCA.

Date: October 31, 2023
Place: Faisalabad
UDIN: AR202310475PrONs4eIf


Kreston Hyderabad & Company
KRESTON HYDER BHIMJI & CO
CHARTERED ACCOUNTANTS

FAISALABAD GARMENT CITY COMPANY

**STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023**

ASSETS	NOTE	2023 RUPEES	2022 RUPEES
NON CURRENT ASSETS			
Property and equipment	6	163,401,418	168,403,893
Investment property	7	349,727,629	355,280,069
Advance for purchase of land	8	-	7,111,835
Long term advances	9	2,578,661	694,423
Long term deposits	10	9,372,760	8,350,760
		525,080,468	539,840,980
CURRENT ASSETS			
Store inventory	11	608,974	404,186
Advances, prepayments and other receivables	12	14,974,127	3,645,978
Accrued income	13	26,027,853	3,538,223
Short term investments	14	150,000,000	150,000,000
Cash and bank balances	15	58,015,377	62,464,890
		249,626,331	220,053,277
		<u>774,706,799</u>	<u>759,894,257</u>
FUNDS AND LIABILITIES			
FUNDS			
Public sector development fund		690,929,000	690,929,000
Accumulated surplus		11,236,242	4,134,670
		702,165,242	695,063,670
NON CURRENT LIABILITIES			
Deferred income	16	27,638,433	30,651,030
Deferred liabilities	17	19,516,155	15,200,182
		47,154,588	45,851,212
CURRENT LIABILITIES			
Trade and other payables	18	984,593	602,160
Security deposits	19	11,575,352	11,575,352
Provision for taxation		12,827,024	6,801,863
		25,386,969	18,979,375
CONTINGENCIES AND COMMITMENTS			
	20	-	-
		<u>774,706,799</u>	<u>759,894,257</u>

The annexed notes 1 to 32 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF ACCOUNTANT

FAISALABAD GARMENT CITY COMPANY
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2023

	NOTE	2023 RUPEES	2022 RUPEES
Revenue	21	71,949,473	66,062,021
Less:			
Operating and other expenses	22	52,175,194	43,961,010
Depreciation on property, plant and equipment	6.3	7,993,362	8,066,856
Depreciation on investment property	7.1	12,664,275	13,334,772
		<u>72,832,831</u>	<u>65,362,638</u>
		(883,358)	699,383
Other income	23	33,448,937	16,189,977
Surplus before taxation		<u>32,565,579</u>	16,889,360
Taxation	24	25,464,007	19,164,804
Surplus / (deficit) after taxation		<u>7,101,572</u>	(2,275,444)
Other comprehensive income for the year		-	-
Total comprehensive surplus / (deficit) for the year		<u><u>7,101,572</u></u>	<u><u>(2,275,444)</u></u>

The annexed notes 1 to 32 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF ACCOUNTANT

FAISALABAD GARMENT CITY COMPANY

STATEMENT OF CHANGES IN FUNDS

FOR THE YEAR ENDED JUNE 30, 2023

	Public Sector Development Fund	Accumulated Surplus	Total
	[R U P E E S]		
Balance as at July 01, 2021	690,929,000	6,410,114	697,339,114
Total comprehensive deficit for the year	-	(2,275,444)	(2,275,444)
Balance as at June 30, 2022	690,929,000	4,134,670	695,063,670
Total comprehensive income for the year	-	7,101,572	7,101,572
Balance as at June 30, 2023	690,929,000	11,236,242	702,165,242

The annexed notes 1 to 32 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF ACCOUNTANT

FAISALABAD GARMENT CITY COMPANY

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023**

	NOTE	2023 RUPEES	2022 RUPEES
a) CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus before taxation		32,565,579	16,889,360
Adjustments for non cash and other items:			
Depreciation on property and equipment		10,963,076	11,384,955
Depreciation on investment property		12,664,275	13,334,772
Provision for gratuity		4,315,973	5,286,183
Finance cost		15,496	9,000
Profit on bank deposits		(9,524,896)	(10,077,421)
Profit on short term investments		(23,625,000)	(5,801,166)
Interest income on deposit with SNGPL		(171,880)	(116,535)
Balance written back		(9,278)	-
Grant from PSDF		-	(313,607)
Amortization of grant		(3,012,597)	(3,365,747)
Income from vocational training		(75,000)	(139,207)
Operating cash flows before working capital changes		24,105,748	27,090,587
Changes in working capital			
(Increase) in current assets			
Advances, prepayments and other receivables		(10,463,902)	(73,302)
Store inventory		(204,788)	(12,327)
Increase in current liabilities			
Trade and other payables		391,711	95,610
		(10,276,979)	9,981
Cash generated from operations		13,828,769	27,100,568
Finance cost paid		(15,496)	(9,000)
Income tax paid		(19,438,846)	(12,555,672)
Profit on bank deposits received		10,767,420	9,188,357
Long term advances paid		(2,748,485)	(1,843,397)
Grant from PSDF received		-	313,607
Grant from PDCF Society received		-	630,000
Income from vocational training received		75,000	26,707
Interest on SNGPL received		-	323,850
Net cash generated from operating activities		2,468,362	23,175,020
b) CASH FLOWS FROM INVESTING ACTIVITIES			
Addition in property and equipment		(5,960,601)	(9,519,453)
Addition in long term deposits		(1,022,000)	(10,200)
Addition in investment property		-	(1,100,000)
Changes in short term investments		-	(150,000,000)
Profit on short term investments		64,726	5,736,440
Net cash used in investing activities		(6,917,875)	(154,893,213)
Net decrease in cash and cash equivalents	(a+b)	(4,449,513)	(131,718,193)
Cash and cash equivalents at the beginning of the year		62,464,890	194,183,083
Cash and cash equivalents at the end of the year	15	58,015,377	62,464,890

The annexed notes 1 to 32 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF ACCOUNTANT

FAISALABAD GARMENT CITY COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

1. STATUS AND ACTIVITIES

1.1 Faisalabad Garment City Company (the Company) was incorporated on 8th May, 2006 under Section 42 of the repealed Companies Ordinance, 1984 (new Companies Act, 2017) as a Company Limited by Guarantee without the addition of word "Limited" to its name. The Company is owned and controlled by the Federal Government. 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 garments, home textiles, 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.

1.2 The Board of Directors (the Board) was reconstituted by the Prime Minister of Pakistan vide notification No.1(9)TID/14-D-II, dated 23rd June 2017 of Ministry of Textile Industry. The tenure of the Board was expired on 22nd June 2020 in terms of Rule 3A of the Public Sector Companies (Corporate Governance) Rules, 2013 read with Section 161 of the Companies Act, 2017 which inter alia provide the tenure of three (3) years being the office holding period of directors of Public Sector Company as well as clause 30 of Articles of Association of the Company. Upon expiry of the tenure, no notification for reconstitution of the Board was issued by the Federal Government. However, regarding status of the Board, the legal advisor of the Company has given his opinion which categorically affirms the validity of the Board in the following words; "The Directors/Board of Directors of the Company have been reconstituted by the Prime Minister of Pakistan and no tenure has since been given in the said notification for the said directors/Board of Directors. Moreover, the provisions of Section 158, 159, 161, 162 and 163 are not applicable to this Company (FGCC). The concerned Ministry or the Prime Minister of Pakistan has neither passed any notification to restrain the present BODs for working nor has reconstituted any fresh BODs. In these circumstances we are of the opinion that under Section 165 (3) of the Companies Act, 2017 the present Directors/Board of Directors of the Company shall hold office during the pleasure of the nominating body." Based on the opinion of the legal advisor of the Company, the Board remained functional and hold their offices for a further period exceeding three years after the expiry of tenor of the Board.

However, vide notification no. 15(1)/2023-AOs-HR dated: 08-08-2023, the Federal Government, has reconstituted the Board of Directors for a period of three years, in exercise of powers conferred under Section 1(d)&(e), Section 3, Section 10(2)(a)&(b), Section 12 and Section 13 of the State-Owned Enterprises (Governance and Operation) Act, 2023 (the Act).

1.3 Under rule 5(2) of the Public Sector Companies (Corporate Governance) Rules, 2013, the Board of Directors are required to evaluate and recommend possible candidates for the position of Chief Executive Officer to the Government for its concurrence for appointment as Chief Executive of the Company. The Company was granted approval for relaxation from the appointment of chief executive separate from the chairman, by the Securities and Exchange Commission of Pakistan (SECP) as required under Rule 4(I) of Public Sector Companies (Corporate Governance) Rules, 2013 for one year i.e., 2019. An application for relaxation/exemption for the appointment of chief executive officer (CEO) was submitted to SECP for a period of two years i.e., upto 2021. Afterwards, Ministry of Textile vide letter no. 1(9)TID/14-DEV-II dated 6th November 2020 directed the Company to start the process of appointment of a separate CEO within the period of one month and Ministry of Commerce vide letter no. 1(9)TID/14-Dev dated 19 January 2021, directed the Company to complete the process within the period of three months but the process could not be completed.

Further, the Ministry of Commerce vide letter no. 1(9)TID-14/Dev-HAQs-HR dated 28th November 2022 directed to assign the function of the CEO to any director in the Board of Directors of the Company without any remunerative benefits on temporary basis as a stopgap arrangement and if the financial health of the Company allows, the Company may appoint a permanent Chief Executive Officer by following the due process as per MP policy dated 12-01-2021. However, the Board of Directors in its meeting held on 20th March, 2023 appointed one of the directors in the Board as Chief Executive Officer without any remuneration.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:



- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Accounting Standard for Not for Profit Organizations (Accounting standard for NPOs) issued by the Institute of Chartered Accounts of Pakistan (ICAP) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs or the Accounting Standard for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except as otherwise stated in the respective policy notes.

2.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupee which is also the Company's functional currency.

3. NEW AND REVISED STANDARDS, INTERPRETATIONS AND PRONOUNCEMENTS

3.1 Standards, interpretations and amendments to approved accounting standards which became effective during the year

There were certain amendments and improvements to accounting and reporting standards which became effective during the year. The Company has adopted the following amendments and improvements to accounting and reporting standards which became effective for the current year:

- **Amendment to IAS 16 'Property, Plant and Equipment' - Proceeds before Intended Use (effective for annual period beginning on or after January 01, 2022):**

The amendment prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

- **Amendment to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of Fulfilling a Contract (effective for annual period beginning on or after January 01, 2022):**

The amendment specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

- **Amendments to IFRS 3, 'Business Combinations' - Reference to the Conceptual Framework (effective for the Company's annual period beginning on January 01, 2022):**

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989 with a reference to the Conceptual Framework for Financial Reporting, that was issued in March 2018, without significantly changing its requirements. In addition, the Board added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities and it clarified existing guidance in IFRS 3 for contingent assets.

- **Annual Improvements to IFRS Standards 2018-2020 Cycle. The new cycle of improvements addresses improvements to following approved accounting standards (effective for annual period beginning on or after January 01, 2022):**

- **IFRS 1 First-time Adoption of International Financial Reporting Standards:** This amendment simplifies the application of IFRS 1 for a subsidiary that becomes a first-time adopter of IFRS Standards later than its parent - i.e. if a subsidiary adopts IFRS Standards later than its parent and applies IFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to IFRS Standards.

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- **IFRS 9 Financial Instruments:** The amendment clarifies which fees an entity includes when it applies the '10 percent' test in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
- **IAS 41 Agriculture:** The amendment removes the requirement for entities to exclude cash flows for taxation when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13 - Fair Value Measurement.

The adoption of above amendments and improvements did not have material effect on the accounting policies and these financial statements.

3.2 Standards, interpretations and amendments to approved accounting standards that are issued but not yet effective and have not been early adopted by the Company

The following amendments and improvements with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below and have not been adopted early by the Company.

- **Amendments to IAS 1, 'Presentation of financial statements' and IFRS Practice Statement 2- Disclosure of Accounting Policies (effective for the Company's annual period beginning on January 01, 2023):**

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

- **Amendments to IAS 1, 'Presentation of financial statements' - Classification of Liabilities as Current or Non-current (effective for the Company's annual period beginning on January 01, 2023):**

The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists. Management expectations about events after the reporting date, for example on whether a covenant will be breached, or whether early settlement will take place, are not relevant. The amendments clarify the situations that are considered for settlement of a liability.

- **Amendments to IAS 8, 'Accounting policies, changes in accounting estimates and errors' - Definition of Accounting Estimates (effective for the Company's annual period beginning on January 01, 2023):**

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

- **IAS 12 Income Taxes -Amendments regarding deferred tax on leases and decommissioning obligations (Effective for annual periods beginning on or after January 01, 2023):**

The main change in Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) is an exemption from the initial recognition exemption provided in IAS 12. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

- **Amendments to IFRS 16, 'Leases' - Sale and leaseback transactions (Effective for annual periods beginning on or after January 01, 2024):**

Amendments impact how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered.



The Company expects that the adoption of the above amendments and improvements to the standards will have no material effect on the Company's financial statements, in the period of their initial application.

Further, the following new standards have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purposes of their applicability in Pakistan:

IFRS - 1 'First time adoption of International Financial Reporting Standards'.

IFRS - 17 'Insurance Contracts'.

4. USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with the approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, 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 ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

- Estimate of useful life of property, plant and equipment - note 5.1
- Impairment of non financial assets - note 5.7
- Taxation - note 5.11
- Provisions - note 5.12
- Contingencies - note 5.13

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated in the respective notes.

5.1 Property and equipment

Operating fixed assets are stated at cost less accumulated depreciation and accumulated impairment, if any. Cost in relation to fixed assets signifies historical cost. Historical cost includes expenditures that are directly attributable to the acquisition or construction of assets.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with such costs will flow to the entity and such costs can be reliably measured. Cost incurred to replace a component of an item of the fixed assets is capitalized and the asset so replaced is retired from use. Normal repair and maintenance costs are charged to statement of income and expenditure during the period in which these are incurred.

Depreciation is charged to income and expenditure statement applying the reducing balance method so as to write off the historical cost / depreciable amount of the assets over their expected useful life at the rates mentioned in note 6.1 of these financial statements.

Depreciation on additions during the year is charged from the month the asset is available for use while no depreciation is charged in the month in which the asset is disposed off. The residual values and useful lives of assets are reviewed by the management at each financial year end and adjusted if impact on depreciation is significant.

Any gain or loss on disposal of assets is included in statement of income and expenditure in the year in which the assets are derecognized.

5.2 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 and 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.

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Depreciation is charged to income and expenditure statement by applying the reducing balance method at the rates specified in note 7.1 to these 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 off.

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 off.

5.3 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 are carried under capital work-in-progress. These specific assets are transferred to operating fixed assets as and when these assets are available for intended use.

5.4 Store inventory

Inventory is valued at moving average cost, except items in transit which are stated at cost, comprising invoice values plus other charges paid thereon. Provision is made for slow moving and obsolete store items when so identified.

5.5 Loans, advances, prepayments and other receivables

Loans, advances, prepayments and other receivables are initially recognized at fair value and subsequently carried at amortized cost which approximate fair value of the consideration receivable, less any allowance for expected credit losses.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance.

Loans, advances, prepayments and other receivables considered irrecoverable are written off.

5.6 Cash and cash equivalents

Cash and cash equivalents comprise of cash and cheques in hand and at banks and include short term highly liquid investments. The cash and cash equivalents are readily convertible to known amount of cash and are subject to insignificant risk of change in value.

5.7 Impairment of non financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

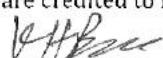
An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

Impairment losses are recognized in statement of income and expenditure. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets of the unit on a pro-rata basis. Impairment losses on goodwill shall not be reversed.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

5.8 Deferred income

Amounts received as grant in aid from Government and other agencies for the development of specific assets are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Grants relating to costs are deferred and recognized in the income and expenditure over the period necessary to match them with the costs that they are intended to compensate. Grants relating to the fixed assets are included in non current liabilities as deferred income and are credited to income and expenditure on a straight-line basis over the expected lives of the related assets.



5.9 Staff retirement benefits

Defined benefit plan

The Company operates an funded gratuity scheme for its employees who have completed the qualifying period as defined under the respective scheme. The amount of liability for 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 net of payment made during the year is charged to income as an expense for the year.

5.10 Trade and other payables

Liabilities for trade and other payables are carried at their amortized cost, which approximate fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

5.11 Taxation

Provision for current tax is based on the taxable income for the period determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the surplus for the period if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the period for such years.

Deferred tax is accounted for using the statement of financial position method, where applicable.

5.12 Provisions

Provisions are recognized 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. Provisions are reviewed periodically and adjusted to reflect the current best estimates.

5.13 Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities, which may differ on the occurrence/ non-occurrence of the uncertain future event(s).

5.14 Revenue recognition

- Rental income is recognized as revenue on accrual basis.
- Profit on bank deposits is accounted for on time proportionate basis using effective rate of interest method.
- Other revenues are recorded on accrual basis.

5.15 Related party transactions

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

5.16 Financial instruments

5.16.1 Financial assets

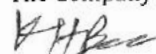
A financial asset is measured at amortized cost if it is held in order to collect contractual cash flows which arise on specified dates and that are 'solely payment of principal and interest (SPPI)' on the principal amount outstanding. A debt investment is measured at fair value through other comprehensive income (FVOCI) if it is held in order to collect contractual cash flows which arise on specified dates that are solely principal and interest and as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss (FVPL) unless the Company makes an irrevocable election on initial recognition to present gains and losses on equity instruments in other comprehensive income. Despite these requirements, a financial asset may be irrevocably designated as measured at FVPL to reduce the effect of, or eliminate, an accounting mismatch.

A. Classification and measurement of financial assets

Investments and other financial assets

Classification:

The Company classifies its financial assets in the following measurement categories:



- those to be measured subsequently at fair value (either through other comprehensive income, or through income and expenditure), and
- those to be measured at amortized cost

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows.

For assets measured at fair value, gains and losses will either be recorded in income and expenditure statement or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement:

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at PVPL are expensed in income and expenditure statement.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in income and expenditure statement and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the income and expenditure statement.

Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognized in income and expenditure statement. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to income and expenditure statement and recognized in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Impairment losses are presented as separate line item in the income and expenditure statement.

Fair value through profit or loss (FVPL)

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through income and expenditure statement, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the statement of financial position at fair value with net changes in fair value recognized in the income and expenditure statement.

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B. Derecognition:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

The rights to receive cash flows from the asset have expired, or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

C. Impairment:

The Company record an allowance for a forward-looking expected credit loss (ECL) approach for all loans and other debt financial assets not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For receivables, the Company has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the receivables and the economic environment. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

5.16.2 Financial liabilities

A. Classification and measurement:

Financial liabilities at amortized costs are initially measured at fair value minus transaction costs. Financial liabilities at FVPL are initially recognized at fair value and transaction costs are expensed in the income and expenditure.

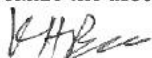
Financial liabilities, other than those at FVPL, are subsequently measured at amortized cost using the (EIR) effective interest rate method.

B. Derecognition:

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the income and expenditure statement.

5.16.3 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legally enforceable right to set off and the company intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.



2023 2022
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6. PROPERTY AND EQUIPMENT

Operating fixed assets	6.1	136,674,799	138,664,677
Assets from grants	6.2	26,726,619	29,739,216
		<u>163,401,418</u>	<u>168,403,893</u>

6.1 Operating fixed assets

DESCRIPTION	2023						W.D.V		Rate %
	COST			DEPRECIATION			As at June 30, 2023	As at June 30, 2023	
	As at July 01, 2022	Additions	As at June 30, 2023	As at July 01, 2022	For the Year	As at June 30, 2023			
Owned									
Building	163,938,890	-	163,938,890	40,146,452	6,189,622	46,336,074	117,602,816	5	
Furniture and fixtures	4,694,870	-	4,694,870	2,458,857	223,601	2,682,458	2,012,412	10	
Computers and accessories	1,582,711	-	1,582,711	1,511,555	21,347	1,532,902	49,809	30	
Office equipment	8,232,954	-	8,232,954	3,961,581	427,137	4,388,718	3,844,236	10	
Electric equipment	6,344,481	-	6,344,481	3,036,625	330,786	3,367,411	2,977,070	10	
Electric installations	4,195,179	5,960,601	10,155,780	1,081,241	460,411	1,541,652	8,614,128	10	
Vehicles	4,073,188	-	4,073,188	2,969,337	220,770	3,190,107	883,081	20	
Generators	1,681,412	-	1,681,412	913,360	76,805	990,165	691,247	10	
Total	194,743,685	5,960,601	200,704,286	56,079,008	7,950,479	64,029,487	136,674,799		

DESCRIPTION	2022						W.D.V		Rate %
	COST			DEPRECIATION			As at June 30, 2022	As at June 30, 2022	
	As at July 01, 2021	Additions	As at June 30, 2022	As at July 01, 2021	For the Year	As at June 30, 2022			
Owned									
Building	158,200,339	5,738,551	163,938,890	33,845,194	6,301,258	40,146,452	123,792,438	5	
Furniture and fixtures	4,694,870	-	4,694,870	2,210,411	248,446	2,458,857	2,236,013	10	
Computers and accessories	1,582,711	-	1,582,711	1,481,060	30,495	1,511,555	71,156	30	
Office equipment	6,633,979	1,598,975	8,232,954	3,516,595	444,986	3,961,581	4,271,373	10	
Electric equipment	6,344,481	-	6,344,481	2,669,085	367,540	3,036,625	3,307,856	10	
Electric installations	2,013,252	2,181,927	4,195,179	816,060	265,181	1,081,241	3,113,938	10	
Vehicles	4,073,188	-	4,073,188	2,693,374	275,963	2,969,337	1,103,851	20	
Generators	1,681,412	-	1,681,412	828,021	85,339	913,360	768,052	10	
Total	185,224,232	9,519,453	194,743,685	48,059,800	8,019,208	56,079,008	138,664,677		

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6.2 Assets from grants

DESCRIPTION	2023										Rate %	
	COST					DEPRECIATION						W.D.V As at June 30, 2023
	As at July 01, 2022	Additions	As at June 30, 2023	As at July 01, 2022	For the Year	As at June 30, 2023	P	E	S	J		
Owned												
Day Care Assets												
Punjab Day Care Fund Society (PDCF Society)												
Furniture and fixtures	87,400	-	87,000	22,990	6,401	29,391					57,609	10
Electric equipment	495,850	-	495,850	131,029	36,482	167,511					328,339	10
Sub total	582,850	-	582,850	154,019	42,883	196,902					385,948	
Female Exclusive Training Institute (FETI)												
Public Sector Development Programme (PSDP)												
Furniture and fixtures	826,000	-	826,000	201,544	62,446	263,990					562,010	10
Computers and accessories	177,700	-	177,700	108,042	20,897	128,939					48,761	30
Electric equipment	1,255,950	-	1,255,950	306,452	94,950	401,402					854,548	10
Electric installations	51,930	-	51,930	12,671	3,926	16,597					35,333	10
Tools & Equipment	228,800	-	228,800	55,827	17,297	73,124					155,676	10
Sub total	2,540,380	-	2,540,380	684,536	199,516	884,052					1,656,328	
Japan International Cooperation Agency (JICA)												
Machinery	36,151,887	-	36,151,887	8,821,061	2,733,083	11,554,144					24,597,743	10
Computers and accessories	315,600	-	315,600	191,885	37,115	229,000					86,600	30
Sub total	36,467,487	-	36,467,487	9,012,946	2,770,198	11,783,144					24,684,343	
Grand total	39,590,717	-	39,590,717	9,851,501	3,012,597	12,864,098					26,726,619	

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DESCRIPTION	COST					DEPRECIATION			W.D.V As at June 30, 2022	Rate %
	As at July 01, 2021	As at June 30, 2022	As at July 01, 2021	For the Year	As at June 30, 2022					
						P	E	S		
Owned										
Day Care Assets										
Punjab Day Care Fund Society (PDCF Society)										
Furniture and fixtures	87,000	87,000	15,878	7,112	22,990				64,010	10
Electric equipment	495,850	495,850	90,493	40,536	131,029				364,821	10
Sub total	582,850	582,850	106,371	47,648	154,019				428,831	
Female Exclusive Training Institute (FETI)										
Public Sector Development Programme (PSDP)										
Furniture and fixtures	826,000	826,000	132,160	69,384	201,544				624,456	10
Computers and accessories	177,700	177,700	78,188	29,854	108,042				69,658	30
Electric equipment	1,255,950	1,255,950	200,952	105,500	306,452				949,498	10
Electric installations	51,930	51,930	8,309	4,362	12,671				39,259	10
Tools & Equipment	228,800	228,800	36,608	19,219	55,827				172,973	10
Sub total	2,540,380	2,540,380	456,217	228,319	684,536				1,855,844	
Japan International Cooperation Agency (JICA)										
Machinery	36,151,887	36,151,887	5,784,302	3,036,759	8,821,061				27,330,826	10
Computers and accessories	315,600	315,600	138,864	53,021	191,885				123,715	30
Sub total	36,467,487	36,467,487	5,923,166	3,089,780	9,012,946				27,454,541	
Grand total	39,590,717	39,590,717	6,485,754	3,365,747	9,851,501				29,739,216	

2023 Rupees 2022 Rupees

6.3 Depreciation charge for the year has been allocated as under:

- Depreciation on property and equipment
 - Operating fixed assets
 - Day care assets

7,950,479	8,019,208
42,883	47,648

7,993,362	8,066,856
2,969,714	3,318,099
10,963,076	11,384,955

6.3.1

6.3.1 Depreciation on FETI assets is charged in FETI expenses.

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7. INVESTMENT PROPERTY

Investment property
Capital work in progress

NOTE

7.1 341,403,422 346,955,862
7.2 8,324,207 8,324,207
349,727,629 355,280,069

7.1 Investment property

DESCRIPTION	COST						DEPRECIATION			W.D.V As at June 30, 2023	Rate As at June 30, 2023 %	
	As at July 01, 2022	As at June 30, 2023	As at July 01, 2022			For the Year	As at June 30, 2023					
	[R	U	P	E	S	I					
Owned												
Land	94,346,760	101,458,595									101,458,595	-
Buildings	443,761,624	443,761,624			191,828,936	12,596,634	204,425,570				239,336,054	5
Electric installations	927,866	927,866			251,452	67,641	319,093				608,773	10
Total	539,036,250	546,148,085	7,111,835	546,148,085	192,080,388	12,664,275	204,744,663				341,403,422	

DESCRIPTION	COST						DEPRECIATION			W.D.V As at June 30, 2022	Rate As at June 30, 2022 %	
	As at July 01, 2021	As at June 30, 2022	As at July 01, 2021			For the Year	As at June 30, 2022					
	[R	U	P	E	S	I					
Owned												
Land	94,346,760	94,346,760									94,346,760	-
Buildings	443,761,624	443,761,624			178,569,321	13,259,615	191,828,936				251,932,688	5
Electric installations	927,866	927,866			176,295	75,157	251,452				676,414	10
Total	539,036,250	539,036,250	178,745,616	13,334,772	192,080,388						346,955,862	

7.1.1 During the year addition in land represents 10.825 Acres of land valuing Rs. 7,111,835/- not in the name of the Company. The land has already been occupied by the Company whereas the title of land has not been transferred to the Company. The matter is pending due to legal formalities with the Government departments at FIEDMC end.

7.1.2 This property is held for earning rental income and not for capital appreciation. The Company carries investment property under cost model as its fair value cannot be reliably determined because there is no active market for this property and a recent comparable transaction for identical property is also not available. Further, the application of valuation techniques is not supposed to provide a reliable measure of fair value.

7.2 This represents payment made to M/S Pervaiz Iqbal Consultant and M/S HA Consultant as consultancy fee for development of layout for construction of phase II (A3, B2) and phase III (B3) buildings.

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	NOTE	2023 RUPEES	2022 RUPEES
8. ADVANCE FOR PURCHASE OF LAND			
Advance for purchase of land	7.1.1	-	7,111,835
9. LONG TERM ADVANCES			
Considered good - Secured			
Advances to employees	9.1	2,578,661	694,423
9.1 Advances to employees			
Opening balance		3,290,615	1,447,218
Disbursed during the year		6,865,000	4,425,462
Received during the year		(4,116,515)	(2,582,065)
		6,039,100	3,290,615
Current portion of advances to employees	12	(3,460,439)	(2,596,192)
		2,578,661	694,423
9.1.1 These are secured against staff retirement benefits.			
10. LONG TERM DEPOSITS			
Security deposits - considered good:			
Faisalabad Electric Supply Company (FESCO)		5,787,560	5,787,560
Sui Northern Gas Pipelines Limited (SNGPL)	10.1	3,572,000	2,550,000
Atlantis Water		3,000	3,000
NAYATEL		10,200	10,200
		9,372,760	8,350,760
10.1 This represents deposit with Sui Northern Gas Pipelines Limited for supply of natural gas to the Company. It is subject to mark up at the rate of 1 year KIBOR minus 3% per annum or Fixed rate of 5% per annum whichever is lower.			
11. STORE INVENTORY			
FETI store		327,160	122,372
Loose tools	11.1	281,814	281,814
		608,974	404,186
11.1 This represents the inventory received as non monetary grant from PSDP for Female Exclusive Training Institute (FETI).			
12. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Considered good			
Advances:			
Current portion of advances to employees	9	3,460,439	2,596,192
Prepayments:			
Prepaid insurance		479,827	482,048
Others		16,410	9,531
Other receivables:			
Rent and dues from tenant		10,853,264	558,207
Employee claim	20.1	164,187	-
		14,974,127	3,645,978
13. ACCURED INCOME			
Interest on deposits with SNGPL	10.1	288,415	116,535
Accrued profit on bank deposits		2,114,438	3,356,962
Profit on short term investments		23,625,000	64,726
		26,027,853	3,538,223

	NOTE	2023 RUPEES	2022 RUPEES
14. SHORT TERM INVESTMENTS			
Term Deposit Receipts (TDRs) - Amortized cost:			
Habib Metropolitan Bank Limited	14.1	150,000,000	150,000,000

14.1 This represents investment in Habib Metropolitan Bank Limited (HMBL)'s PLS Term Deposit Receipts under Time deposit for one year. Profit is receivable after maturity basis at the rate of 15.75% per annum.

15. CASH AND BANK BALANCES

Cash in hand		1,818	996
Cash at banks			
in current accounts		7,084	20,838
in deposit accounts	15.1 & 15.2	58,006,475	62,443,056
		58,013,559	62,463,894
		58,015,377	62,464,890

15.1 Rate of return on deposit accounts ranges from 12.25% to 20.05% per annum (2022: 6.70% to 13.75% per annum).

15.2 It includes amount of Rs. 15.20 million (2022: Rs. 9.93 million) in represents of staff gratuity fund account.

16. DEFERRED INCOME

Grant balance as at 01, July			
Punjab Day Care Fund Society (PDCF Society)	16.1	1,058,831	1,106,479
Public Sector Development Programme (PSDP)	16.2	2,137,658	2,365,977
Japan International Cooperation Agency (JICA)		27,454,541	30,544,321
		30,651,030	34,016,777
Amortization of grant			
Day care assets	6.3	(42,883)	(47,648)
Female Exclusive Training Institute (FETI) assets	6.3	(2,969,714)	(3,318,099)
		(3,012,597)	(3,365,747)
Closing balance		27,638,433	30,651,030

16.1 This represents grant received from Punjab Day Care Fund Society (PDCF), Directorate of Women Development, Lahore. The purpose of the fund is establishment of day care center to support working women by making workplace woman friendly through availability of quality and convenient child care. The PDCF Society assist in establishment of day care center by providing financial support to the Company for establishment of day care center. The amount of funds transferred had been initially recognized in non-current liabilities as a deferred grant income. There are no unfulfilled conditions or other contingencies attaching to these grants (Refer note 6.2).

16.2 This represents non-monetary grants received from Public Sector Development Programme (PSDP) and Japan International Cooperation Agency (JICA) for establishment of Female Exclusive Training Institute (FETI). According to PC-1 (training center) JICA had to provide necessary machinery and PSDP to born all the expenses and also to supervise the project for two years. The project FETI had been handed over to the Company on November 15, 2019. The amount of non-monetary assets transferred (refer note no 6.2 and note 11) had been initially recognized in non-current liabilities as a deferred grant income. There are no unfulfilled conditions or other contingencies attaching to these grants.

	NOTE	2023 RUPEES	2022 RUPEES
17. DEFERRED LIABILITIES			
Staff retirement gratuity	17.2	19,516,155	15,200,182
17.1 The Company operates an unfunded gratuity scheme, which provides retirement benefits for all employees of the Company who attain the minimum qualifying period.			
17.2 Reconciliation of staff retirement benefits is as follows:			
Opening balance		15,200,182	9,913,999
Add: provision for the year	17.3	4,315,973	5,286,183
		19,516,155	15,200,182
Less: payments made during the year		-	-
Closing balance		19,516,155	15,200,182
17.3 Provision for the year has been allocated as under:			
Operating and other expenses	22	3,323,683	4,039,710
FETI expenses	22.2	992,290	1,246,473
		4,315,973	5,286,183

	NOTE	2023 RUPEES	2022 RUPEES
18. TRADE AND OTHER PAYABLES			
Accrued expenses		590,089	561,047
Other payables		394,504	41,113
		<u>984,593</u>	<u>602,160</u>
19. SECURITY DEPOSITS			
Security deposits against rented buildings	19.1	<u>11,575,352</u>	<u>11,575,352</u>
19.1 This represents securities received from tenants under cancelable lease arrangements. These are interest free and kept in separate bank account maintained for that purpose as required under Section 217(2) of the Companies Act, 2017. It has not been utilized and kept intact.			
20. CONTINGENCIES AND COMMITMENTS			
20.1 Contingencies			
An ex-employee of the Company had filed petitions against the Company for his outstanding dues and injury compensation, in the Court of Authority under Payment of Wages Act, 1936 and Court of Compensation Commissioner, Faisalabad. During the year, the Court of Authority under Payment of Wages Act, 1936 has partially accepted the claim of the employee and directed the Company to deposit the decretal amount of Rs. 164,187/- in the Court so that it could be distributed to the applicant employee. Accordingly, the Company has paid the said amount to the Court.			
However, the Company being dissatisfied, has filed an appeal in the Punjab Labour Court No. IV, Faisalabad, praying to set aside the impugned order of the Court of Authority under Payment of Wages Act, 1936 and to dismiss the petition filed by the employee, which is pending adjudication. The legal advisor of the Company is of the view that there is every likelihood that appeal will be decided in favour of the Company. The management is expecting favorable outcome so the amount paid in the Court of Authority under Payment of Wages Act has been booked as employee claim receivable in note. 12 of these financial statements.			
20.2 Commitments			
There are no commitments at the reporting date which need to be disclosed in these financial statements.			
21. REVENUE			
Rental income - building	21.1	<u>71,949,473</u>	<u>66,062,021</u>
21.1 The buildings are rented out according to the Public Procurement Rules (PPR), under cancellable lease arrangement.			
22. OPERATING AND OTHER EXPENSES			
Salaries and benefits		20,864,544	19,065,843
Staff retirement gratuity	17.3	3,323,683	4,039,710
Electricity and power		1,395,641	1,133,554
Postage and telecommunication		459,143	374,092
Water and sewerage		87,540	90,320
Entertainment		205,616	131,897
Repairs and maintenance		744,798	734,674
Printing and stationery		246,500	244,095
Vehicle running and maintenance		520,625	196,859
Travelling and conveyance		1,807,796	636,265
Horticulture/ gardening		398,361	348,674
Fee and taxes		131,815	480,235
Legal and professional charges		2,071,987	1,644,963
Auditors' remuneration	22.1	142,223	132,300
Insurance		1,050,381	1,046,368
Meeting expenses		112,864	91,091
Advertisement		-	139,423
Bank charges		15,496	9,000
Office utilities		46,799	42,020
Others		11,260	24,940
FETI expenses - net	22.2	<u>18,538,122</u>	<u>13,354,687</u>
		<u>52,175,194</u>	<u>43,961,010</u>
22.1 Auditors' remuneration			
Annual audit fee		101,588	94,500
Tax consultancy		40,635	37,800
		<u>142,223</u>	<u>132,300</u>

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	NOTE	2023 RUPEES	2022 RUPEES
22.2 FETI Expenses - net			
FETI store consumed	22.2.1	283,137	47,873
Salaries and benefits		11,680,452	8,728,919
Staff retirement gratuity	17.3	992,290	1,246,473
Travelling expenses		2,206,309	1,166,129
Student's uniform & stipend		1,289,952	1,193,170
Electricity and power		1,639,306	448,963
Repairs and maintenance		261,796	430,805
Printing and stationery		47,890	89,205
Vehicle running and maintenance		-	211,882
Advertisement		132,000	71,050
Depreciation on FETI assets	6.3	2,969,714	3,318,099
Other expenses		4,990	33,825
		21,507,836	16,986,393
Less: FETI Grants			
Grant from Punjab Skills Development Fund (PSDF)		-	(313,607)
Amortization of deferred income	16	(2,969,714)	(3,318,099)
		(2,969,714)	(3,631,706)
Net Expenses		18,538,122	13,354,687
22.2.1 FETI store consumed			
Opening balance		122,372	110,045
Material purchased		487,925	60,200
		610,297	170,245
Closing balance		(327,160)	(122,372)
		283,137	47,873

23. OTHER INCOME

Income from financial assets

Profit on bank deposits		9,524,896	10,077,421
Profit on short term investments	14.1	23,625,000	5,801,166
Interest income on deposit with SNGPL		171,880	116,535

Income from non-financial assets and others

Sale of tender documents		-	8,000
Amortization of deferred income - Day care	16	42,883	47,648
Income from vocational training		75,000	139,207
Balance written back		9,278	-
		33,448,937	16,189,977

24. TAXATION

Current	24.1	25,464,007	19,164,804
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24.1 The provision for current taxation is made using prevailing tax rates under Income tax ordinance, 2001, after incorporating tax credits and rebates, if any. Provision for deferred tax is not required as there are no temporary differences that are expected to arise in the foreseeable future.

25. REMUNERATION OF CHAIRMAN AND EXECUTIVES

	NOTE	30 June 2023		30 June 2022	
		Chairman	Executives	Chairman	Executives
		[R U P E E S]		[R U P E E S]	
Vehicle running allowance	25.1	1,087,660	-	763,509	-
Number		1	-	1	-

25.1 It represents Rs. 10 per km (2022: Rs. 10 per km) paid to the Chairman to meet running expenses of his car provided by the Company as well as repair and maintenance expenses of the car.

25.2 During the year no employee of the Company falls in the definition of executive as per requirement of the Companies Act, 2017.

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26. NUMBER OF EMPLOYEES	2023	2022
Average number of employees during the year	<u>39</u>	<u>39</u>
Number of employees at end of the year	<u>39</u>	<u>39</u>

27. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of the financial assets and financial liabilities approximate their fair values. 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.

Fair value hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (that is, derived from prices).

Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unadjusted) inputs.

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.



28. 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. 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.

The Company has exposures to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

28.1 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 risk comprises interest rate risk, currency risk and other price risk such as equity risk. The sensitivity analysis in the following sections relate to the position as at June 30, 2023 and 2022.

28.1.1 Interest rate risk:

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from deposit with SNGPL, investments in term deposit receipts and balances in deposit accounts.

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments is as follows:

	2023 RUPEES	2022 RUPEES
Fixed rate instruments		
Short term investments	150,000,000	150,000,000
Variable rate instruments		
Security deposit with SNGPL	3,572,000	2,550,000
Bank balances in deposit accounts	58,006,475	62,443,056

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at FVPL. Therefore, a change in interest rate at the reporting date would not affect income and expenditure statement of the Company.

Cash flow sensitivity analysis for variable rate instruments

The following analysis demonstrates the sensitivity to a change in interest rates of 1%, with all other variables held constant, of the Company's profit before tax. This analysis is prepared assuming the amounts of floating rate instruments outstanding at reporting date were outstanding for the whole year.

	2023 RUPEES	2022 RUPEES
Effect on income and expenditure of an increase in interest rate for deposit with SNGPL	35,720	25,500
Effect on income and expenditure of an increase in interest rate for balances in deposit accounts	580,065	624,431
	<u>615,785</u>	<u>649,931</u>

Decrease in interest rates at June 30 would have had the equal but opposite effect of these amounts. Sensitivity analysis has been prepared on symmetric basis.

28.1.2 Currency risk / Foreign Exchange risk:

Currency risk is the risk that the fair value or future cash flows of a financial instrument, will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to foreign currency transactions. The Company is not exposed to any currency risk as there are no receivables and payables denominated in foreign currencies.

28.1.3 Other price risk:

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. However, the Company is not exposed to any significant price risk.

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28.2 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 that is susceptible to 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 maximum exposure to credit risk at the reporting date is as follows :

	2023 RUPEES	2022 RUPEES
Long term advances	6,039,100	3,290,615
Long term deposits	9,372,760	8,350,760
Other receivables	10,853,264	558,207
Accrued income	26,027,853	3,538,223
Short term investments	150,000,000	150,000,000
Bank balances	58,013,559	62,463,894
	<u>260,306,536</u>	<u>228,201,699</u>

Long term advances are given to employee of the Company and are secured against employees' retirement benefits. Therefore, Company is not exposed to any significant credit risk on these advances.

Long term deposits have been mainly placed with utility companies, i.e. FESCO and SNGPL. Considering the financial position and credit quality of the institutions, Company's exposure to credit risk is not significant.

Other receivables constitute other receivables from tenant of buildings. For receivables, credit quality of parties is assessed taking into consideration their financial position, previous dealings and security deposits against rent agreements. So, the Company is not exposed to any significant credit risk on these receivables.

Accrued income constitute profit receivable on deposit with SNGPL, bank deposits and short term investment. Considering the credit quality of the counter parties i.e. banks and SNGPL, Company's exposure to credit risk is not significant.

Short term investment is investment in TDRs. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

The credit quality of Company's bank balances can be assessed by reference to external credit ratings or to historical information about counterparty default rate:

Name of Bank	Date	Long term	Short term	Outlook	Agency
Habib Metropolitan Bank Limi	23-Jun-23	AA+	A1+	Stable	PACRA
Zarai Taraqiati Bank Limited	22-Jun-23	AAA	A-1+	Stable	JCR-VIS

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. Accordingly, the risk is minimal.

28.3 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 funds. This also includes maintenance of financial position liquidity ratios through working capital management. The management believes that the Company is not exposed to any liquidity risk.

The following are the contractual maturity analysis of financial liabilities as at June 30, 2023 and 2022:

	2023				
	Carrying amount	Contractual cash flows	Within 6 months	More than 6 months and up to 1 year	More than 1 year and up to 5 years
	[R U P E E S]				
Financial Liabilities :					
Trade and other payables	984,593	984,593	984,593	-	-
Security deposits	11,575,352	11,575,352	11,575,352	-	-
	<u>12,559,945</u>	<u>12,559,945</u>	<u>12,559,945</u>	-	-

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2022				
Carrying amount	Contractual cash flows	Within 6 months	More than 6 months and up to 1 year	More than 1 year and up to 5 years
[R U P E E S]				

Financial Liabilities :

Trade and other payables	602,160	602,160	602,160	-	-
Security deposits	11,575,352	11,575,352	11,575,352	-	-
	12,177,512	12,177,512	12,177,512	-	-

29. FUND MANAGEMENT

The primary objective of the Company's fund management is to safeguard the Company's ability to continue as a going concern and to maintain a strong fund base to support the sustained development of its operations and to ensure ample availability of finance for its existing and potential investment projects, so that it can continue to provide returns for stakeholders thereby maximizing their wealth and reduce the cost of funds.

30. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of entities under common directorship, directors, their close family members and other key management personnel. The outstanding balances with related parties, significant transactions carried out with them during the year and remuneration to chairman, directors and others have been disclosed in the relevant notes to these financial

31. DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on 31 OCT 2023 by the Board of Directors of the Company.

32. GENERAL

32.1 Corresponding figures

Corresponding figures have been rearranged, wherever necessary, for the purpose of better presentation and comparison. However, during the year no significant reclassifications are made in the corresponding figures.

Particulars	From	To	2022 Rupees
Staff retirement gratuity - operating and other expenses	Salaries and benefits	Staff retirement gratuity	4,039,710
Staff retirement gratuity - FETI	Salaries and benefits	Staff retirement gratuity	1,246,473

32.2 Rounding

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

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CHIEF EXECUTIVE OFFICE

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DIRECTOR

[Handwritten signature]
CHIEF ACCOUNTANT

SCHEDULE I
[See paragraph 2(1)]

**Statement of Compliance with the
Public Sector Companies (Corporate Governance) Rules, 2013**

Name of company: FAISALABAD GARMENT CITY COMPANY

Name of the line ministry: MINISTRY OF COMMERCE (TEXTILE DIVISION)

For the year ended: 30.06.2023

I. This statement presents the overview of the compliance with the Public Sector Companies (Corporate Governance) Rules, 2013 (hereinafter called "the Rules") issued for the purpose of establishing a framework of good governance, whereby a public sector company is managed in compliance with the best practices of public sector governance.

II. The company has complied with the provisions of the Rules in the following manner:

S. No.	Provision of the Rules	Rule no.	Tick the relevant box																												
			Y	N																											
1.	The independent directors meet the criteria of independence, as defined under the Rules.	2(d)																													
2.	The Board has at least one-third of its total members as independent directors.	3(2)																													
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Category</th> <th style="width: 45%;">Names</th> <th style="width: 20%;">Date of appointment</th> </tr> </thead> <tbody> <tr> <td rowspan="5" style="text-align: center; vertical-align: middle;">Independent Directors</td> <td>1) Rehan Naseem</td> <td>23/06/2017</td> </tr> <tr> <td>2) Engr. M. Saeed</td> <td>23/06/2017</td> </tr> <tr> <td>3) M. Anees</td> <td>23/06/2017</td> </tr> <tr> <td>4) Hamid Mukhtar</td> <td>23/06/2017</td> </tr> <tr> <td>5) Shahid Riaz</td> <td>23/06/2017</td> </tr> <tr> <td rowspan="2" style="text-align: center; vertical-align: middle;">Executive Directors</td> <td>1) Rehan Naseem</td> <td>23/06/2017</td> </tr> <tr> <td>2) Hamid Mukhtar</td> <td>23/06/2017</td> </tr> <tr> <td rowspan="4" style="text-align: center; vertical-align: middle;">Non-Executive Directors</td> <td>1) Secretary, Ministry of Commerce</td> <td>23/06/2017</td> </tr> <tr> <td>2) Secretary, Ministry of Finance</td> <td>23/06/2017</td> </tr> <tr> <td>3) Secretary, Board of Investment</td> <td>23/06/2017</td> </tr> <tr> <td>4) Representative of National Textile University, FSD</td> <td>23/06/2017</td> </tr> </tbody> </table>	Category	Names	Date of appointment	Independent Directors	1) Rehan Naseem	23/06/2017	2) Engr. M. Saeed	23/06/2017	3) M. Anees	23/06/2017	4) Hamid Mukhtar	23/06/2017	5) Shahid Riaz	23/06/2017	Executive Directors	1) Rehan Naseem	23/06/2017	2) Hamid Mukhtar	23/06/2017	Non-Executive Directors	1) Secretary, Ministry of Commerce	23/06/2017	2) Secretary, Ministry of Finance	23/06/2017	3) Secretary, Board of Investment	23/06/2017	4) Representative of National Textile University, FSD	23/06/2017		
Category	Names	Date of appointment																													
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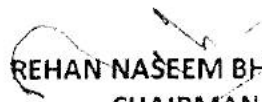
	<p>5) Representative of Industries Secretary, Ministry of Industries, Punjab 23/06/2017</p> <p>6) Engr. Muhammad Saeed</p> <p>7) Muhammad Anees 23/06/2017</p> <p>8) Shahid Riaz 23/06/2017</p>			
3	The directors have confirmed that none of them is serving as a director on more than five public sector companies and listed Companies simultaneously, except their subsidiaries.	3(5)		N/A
4.	The appointing authorities have applied the fit and proper criteria given in the Annexure to the Rules in making nominations of the persons for election as Board members under the provisions of the Act.	3(7)		N/A
5.	The chairman of the Board is working separately from the chief Executive of the Company.	4(1)	✓	
6.	The chairman has been elected by the Board of directors except where Chairman of the Board has been appointed by the Government	4(4)	✓	
7.	The Board has evaluated the candidates for the position of the chief executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission. (Not applicable where the chief executive has been nominated by the Government)	5(2)	✓	
8.	<p>(a) The company has prepared a "Code of Conduct" to ensure that Professional standards and corporate values are in place.</p> <p>(b) The Board has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures, including posting the same on the company's website. (Address of website to be indicated www.fgcc.pk)</p> <p>(c) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical Practices.</p>	5(4)		
9.	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the Stakeholders, in the manner prescribed in the Rules.	5(5)	✓	
10.	The Board has developed and enforced an appropriate conflict of	5(5)(b)		

	interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.	(ii)	√	
11.	The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the company.	5(5)(b)(vi)	√	
12.	The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.	5(5)(c)(ii)	√	
13.	The Board has ensured compliance with the law as well as the company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services.	5(5)(c)(iii)	√	
14.	The Board has developed a vision or mission statement and corporate strategy of the company.	5(6)		
15.	The Board has developed significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended, has been maintained.	5(7)		
16.	The Board has quantified the outlay of any action in respect of any service delivered or goods sold by the Company as a public service obligation, and has submitted its request for appropriate compensation to the Government for consideration.	5(8)		N/A
17.	The Board has ensured compliance with policy directions requirements received from the Government.	5(11)	√	
18.	(a) The Board has met at least four times during the year. (b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings (c) The minutes of the meetings were appropriately recorded and circulated.	6(1) 6(2) 6(3)	√ √	
19.	The Board has monitored and assessed the performance of senior accountable for accomplishing objectives, goals and key performance indicators set for this purpose.	8(2)		
20.	The Board has reviewed and approved the related party transactions placed before it after recommendations of the audit committee. A party wise record of transactions entered into with the related parties	9		N/A

	during the year has been maintained.																					
21.	<p>(a) The Board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end.</p> <p>(b) In case of listed PSCs, the Board has prepared half yearly accounts and undertaken limited scope review by the auditors.</p> <p>(c) The Board has placed the annual financial statements on the company's website.</p>	10	√	N/A																		
22.	All the Board members underwent an orientation course arranged by the company to apprise them of the material developments and information as specified in the Rules.	11	√																			
23.	<p>(a) The Board has formed the requisite committees, as specified in the Rules.</p> <p>(b) The committees were provided with written term of reference defining their duties, authority and composition.</p> <p>(c) The minutes of the meetings of the committees were circulated to all the Board members.</p> <p>(d) The committees were chaired by the following non-executive directors:</p> <table border="1" data-bbox="295 1126 1145 1686"> <thead> <tr> <th>Committee</th> <th>Number of Members</th> <th>Name of Chair</th> </tr> </thead> <tbody> <tr> <td>Audit Committee</td> <td>03</td> <td>Mr. Muhammad Anees</td> </tr> <tr> <td>Risk Management Committee</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>Human Resources Committee</td> <td>03</td> <td>Mr. Rehan Naseem</td> </tr> <tr> <td>Procurement Committee</td> <td>05</td> <td>Mr. Rehan Naseem</td> </tr> <tr> <td>Nomination Committee</td> <td>N/A</td> <td>N/A</td> </tr> </tbody> </table>	Committee	Number of Members	Name of Chair	Audit Committee	03	Mr. Muhammad Anees	Risk Management Committee	N/A	N/A	Human Resources Committee	03	Mr. Rehan Naseem	Procurement Committee	05	Mr. Rehan Naseem	Nomination Committee	N/A	N/A	12	√	
Committee	Number of Members	Name of Chair																				
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Nomination Committee	N/A	N/A																				
24.	The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, by whatever name called, with their remuneration and terms and conditions of employment.	13																				

25.	The Chief Financial Officer and the Company Secretary have requisite qualification prescribed in the Rules.	14														
26.	The company has adopted International Financial Reporting Standards notified by the Commission in terms of sub-section (1) of section 225 of the Act.	16														
27.	The directors' report for this year has been prepared in compliance with the requirements of the Act and the Rules and fully describes the salient matters required to be disclosed.	17														
28.	The directors, CEO and executives, or their relatives, are not, directly or indirectly, concerned or interested in any contract or arrangement entered into by or on behalf of the company except those disclosed to the company.	18														
29.	(a) A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place and no director is involved in deciding his own remuneration. (b) The annual report of the company contains criteria and details of remuneration of each director.	19		N/A												
30.	The financial statements of the company were duly endorsed by the chief executive and chief financial officer before consideration and approval of the audit committee and the Board.	20														
31.	The Board has formed an audit committee, with defined and written terms of reference, and having the following members: <table border="1" data-bbox="295 1041 1029 1355"> <thead> <tr> <th>Name of Member</th> <th>Category</th> <th>Professional Background</th> </tr> </thead> <tbody> <tr> <td>Mr. Muhammad Anees</td> <td>Chairman</td> <td>Businessman/Sitara Group</td> </tr> <tr> <td>Mr. Tanveer Hussain</td> <td>Member</td> <td>Rector, National Textile University. Faisalabad</td> </tr> <tr> <td>Engr. M. Saeed</td> <td>Member</td> <td>Businessman/Kausar Processing</td> </tr> </tbody> </table> The chief executive and chairman of the Board are not members of the audit committee.	Name of Member	Category	Professional Background	Mr. Muhammad Anees	Chairman	Businessman/Sitara Group	Mr. Tanveer Hussain	Member	Rector, National Textile University. Faisalabad	Engr. M. Saeed	Member	Businessman/Kausar Processing	21 (1) and 21(2)		
Name of Member	Category	Professional Background														
Mr. Muhammad Anees	Chairman	Businessman/Sitara Group														
Mr. Tanveer Hussain	Member	Rector, National Textile University. Faisalabad														
Engr. M. Saeed	Member	Businessman/Kausar Processing														
32.	(a) The chief financial officer, the chief internal auditor, and a representative of the external auditors attended all meetings of the audit committee at which issues relating to accounts and audit were discussed. (b) The audit committee met the external auditors, at least once a year, without the presence of the chief financial officer, the chief internal auditor and other executives. (c) The audit committee met the chief internal auditor and other members of the internal audit function, at least once a year, without	21(3)														

	the presence of chief financial officer and the external auditors.			
33.	(a) The Board has set up an effective internal audit function, which has an audit charter, duly approved by the audit committee. (b) The chief internal auditor has requisite qualification and experience prescribed in the Rules. (c) The internal audit reports have been provided to the external auditors for their review.	22	✓	
34.	The external auditors of the company have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan.	23(4)	✓	
35.	The auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit services.	23(5)	✓	


REHAN NAŞEEM BHARARA
CHAIRMAN
FAISALABAD GARMENT CITY COMPANY