

Valika Art Fabrics Limited

Annual Report 1999

CORPORATE INFORMATION

Board of Directors:

AMIRUDDIN FAKHRUDDIN	Chief Executive
KAMRUDDIN FAKHRUDDIN	Director
NASIRUDDIN FAKHRUDDIN	Director
KUTBUDDIN FAKHRUDDIN	Director
SHIRIN KAMRUDDIN	Director
JUMANA NASIRUDDIN	Director
ALI ASGHAR KAMRUDDIN	Director

Bankers:

MUSLIM COMMERCIAL BANK LTD.
HABIB BANK LTD.

Auditor:

NAMDAR & CO. Chartered Accountants
542-Sunny Plaza, Hasrat Mohani Road, Karachi

Shares Department & Registered Office:

Valika Chambers, Altaf Hussain Road, Karachi.
Telephone # 221.7397-2218193

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 45th Annual General Meeting of the Share Holders of the Company will be held at its Registered Office at Valika Chambers, Altar Hussain Road, Karachi, on Wednesday the December, 29th 1999 at 08.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To confirm the Minutes of the last Annual General Meeting.
2. To consider and adopt the Audited Balance Sheet and Profit and Loss Account for the year ended June, 30th, 1999 and the Director's Report thereon.
3. To appoint Auditors for the year 1999-2000 and fix their remuneration. The retiring Auditors M/s. Namdar & Co. Chartered Accountants have offered their services for the ensuing year.
4. To transact such other business as may be brought before the meeting with the permission of the Chairman.

Karachi Dated: 7th December, 1999

(a) The transfer Books of the Company will remain closed from 29th December 1999 to 9th January, 2000 (both days inclusive).

(b) Members are requested to promptly notify the Company of any change in their address.

(c) A member entitled to attend and vote at this meeting is entitled to appoint another member as proxy to attend and vote for him/her.

DIRECTOR'S REPORT TO THE SHAREHOLDERS

Your Directors are pleased to place before you 45th Annual Report with financial statements duly audited for the financial year ended June 30, 1999.

Operating result and its consequent effect on share-holders equity position is summarised as under:

Net Profit for the year before Taxation	
Provision for Diminution in Value of Marketable Securities	
Provision for Taxation	- Current
Provision for Taxation	- Prior Year's
Accumulated Profit Brought Forward	
Loss Carried Forward	

SHARE HOLDER EQUITY

Issued, subscribed and paid-up capital
Add: Capital Reserve
Revenue Reserve
Accumulated Loss as shown above

Share Holder' Equity as on June 30, 1999

The Company over head expenses is being meet from Public Bonded Warehouse, functioning since last year. There has been no other business during the period under report but Directors are looking for alternate business.

The Company does not anticipate any potential problem that may arise due to the Millennium bag, since the company is using Basic Software System.

The present auditors M/s. Namdar & .Co., Chartered Accountants, retire and being eligible offer themselves for re-appointment.

A statement showing pattern of shareholding in the Company as at June 30, 1998 appears on the last page.

Directors are happy to report that they have cordial relation with staff members who have been very co-operative and responsive to the need of the company.

Karachi: 7th December, 1999

AUDITORS REPORT TO THE MEMBERS

We have audited the annexed balance sheet of M/s. Valika Art Fabrics Limited as at June 30, 1999 and the related Profit and Loss Account and Statement of Changes in Financial Position (Cash flow statement), together with the notes forming part thereof, for the year then ended and we state that: we have obtained all the information & explanations which to the best of our knowledge and belief were necessary for the purposes our audit and, after due verification thereof, we report. that:

(a) In our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984:

(b) In our opinion:

(i) The Balance Sheet and Profit and Loss Account together with the notes thereon have been drawn up in conformity with the Companies Ordinance 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

(ii) The expenditure incurred during the year was for the purpose of the company's business; and

(iii) The business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

(c) In our opinion and to the best of our information and according to the explanations given to us, the Balance sheet, Profit & Loss Account and Statement of Changes in Financial Position (cash flow statement), together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 1999 and of the Loss and the changes in the financial position (Cash flow statement) for the year then ended: and

(d) In our opinion no Zakat was deductible at source under Zakat and Ushr Ordinance, 1980.

Karachi:

Dated 7th December 1999

BALANCE SHEET AS AT 30TH JUNE 1999

	<i>NOTE NO.</i>
SHARE CAPITAL AND RESERVES	
AUTHORISED:	
302,500 Ordinary 'A' Class Shares of Rs. 4/- each	
ISSUED, SUBSCRIBED AND PAID-UP	
302,500 Ordinary 'A' Class shares of Rs. 4/- each	3
RESERVES	
Capital Reserve	4
Revenue Reserve	5
Accumulated Profit/(Loss)	
LIABILITY AGAINST ASSET SUBJECT TO FINANCE LEASE	6
DEFERRED LIABILITY GRATUITY	
CURRENT LIABILITIES	
Current Maturity of Lease	6
Accruals	7
Other Liabilities	8
Provision for Income Tax	9
Contingencies & Commitments	10
TANGIBLE FIXED ASSETS	

Operating Fixed Assets	11
LONG TERM INVESTMENTS (at Cost)	12
LONG TERM DEPOSITS & DEFERRED COST	13
CURRENT ASSETS:	
Trade Debts	14
Advances, Deposits, Prepayments and other Receivables	15
Cash & Bank Balances	16

The annexed notes from 1 to 21 form
an integral part of these accounts.

AMIRUDDIN FAKHRUDDIN
Chief Executive

KAMRUDDIN FAKHRUDDIN
Director

Karachi Dated 7th December, 1999

PROFIT & LOSS ACCOUNT AS AT 30TH JUNE 1999

	<i>NOTE</i>
Revenue	17
Operating Expenses:	
Administrative	18
Financial	19
Advertisement	
Depreciation	
Bad Debts	
Net Profit/(Loss) before taxation	
Provision for Diminution in value of marketable securities	
Net Profit (Loss) Before Taxation	
Provision for Taxation-Current	
Provision for Taxation-Priors' Year	

Accumulated Profit/(Loss)
Brought Forward

Accumulated Profit/(Loss)
Carried to Balance Sheet

The annexed notes from 1 to 21 form
an integral part of these accounts.

AMIRUDDIN FAKHRUDDIN
Chief Executive

KAMRUDDIN FAKHRUDDIN
Director

Karachi Dated 7th December, 1999

**STATEMENT OF THE CHANGES IN FINANCIAL POSITION
(CASH FLOW STATEMENT) as at 30th June 1999**

CASH FLOW FROM OPERATING ACTIVITIES

Profit/(Loss) before taxation
Adjustment for:
Depreciation
Profit on sale of Motor Car
Gratuity
Provision for Diminution in value of Marketable Securities

Operating Profit/(Loss) before changes
(Increase) / decrease in Operating assets
Loan & Advances
Trade Debt.

Increase/(decrease) in current Liabilities
Accrued & other liability

Net cash from Operating Activities

CASH FLOW FROM INVESTING ACTIVITIES

Motor Car
Furniture & Fixture
Long Term Deposits & Deferred Cost

Sale of Motor Car

Net Cash from investing activities

Net Cash from after investing activities

CASH FLOW FROM FINANCING ACTIVITIES

Lease Finance Less Repayment

Net Cash flow after financing activities

Cash & Cash equivalents at the beginning of the year

Cash & Cash equivalents at the end of the year

AMIRUDDIN FAKHRUDDIN
Chief Executive

KAMRUDDIN FAKHRUDDIN
Director

Karachi Dated 7th December, 1999

NOTES TO THE ACCOUNTS for the year ended June 30, 1999

1. NATURE & STATUS OF THE COMPANY.

The company was incorporated on 25th day of November, 1953 under the Companies Act, 1913 as a Public Limited Company with the principal objects to manufacture artificial leather and plastic sheets and to carry on jobs of dyeing and bleaching. Currently Company is engaged in the business providing service of public Bonded Ware House.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting Convention

These financial statements are prepared under the historical cost convention, without any adjustment for the effect of inflation or current values.

These accounts comply with International accounting Standards in all material aspects.

2.2 Taxation & Deferred Tax Liabilities

Taxation is normally charged in the accounts based on taxable income while in any year due to admissible carry forward loss. If there is no taxable income, no provision for taxation is made in the accounts.

The company does not provide for deferred taxation as the management considers that timing difference are unlikely to reverse.

2.3 Tangible fixed Assets & Depreciation

Operating fixed assets are stated at cost less accumulated depreciation. Depreciation is charged

to income applying the diminishing balance method, except for lease hold land applying the straight line method.

Full year s depreciation is charged on assets acquired during the year, while no depreciation is charged on assets disposed off during the year.

Normal repairs and maintenance are charged to income as and when incurred. Major renewals and improvements are capitalised and assets so replaced, if any are retired.

Gains or losses on disposal of fixed assets are included in current year's income.

2.4 Assets subject to Finance

Assets subject to finance lease are stated at the lower of present value of minimum lease payments under the lease agreement and the fair value of the assets. The related obligation of the lease accounted for as liabilities. Assets acquired under finance lease are depreciated over the useful life of the assets commencing from the year in which the leased assets are put into operation. Depreciation policy is the same as for owned assets.

2.5 Investments

Investment in Shares are Stated at cost provision for diminution in the value of investment in accounted for where the diminution is of permanent nature.

2.6 Provision for Gratuity

Provision for gratuity is accounted for on accrual basis.

2.7 Revenue Recognition

Rental income is realised on accrual basis.

Income on investment is recorded when received.

3. ISSUED, SUBSCRIBED & PAID-UP CAPITAL

'A' Class Ordinary Shares

250,000Shares of Rs. 4/- each fully paid in cash.

52,500Shares of Rs. 4/- each issued as bonus shares

302,500
=====

4. CAPITAL RESERVE

5. REVENUE RESERVE

General Reserve

Replacement cost of machinery reserve

**6. LIABILITY AGAINST ASSET SUBJECT
TO FINANCE LEASE - SECURED**

From Paramount Leasing Ltd.

Less: Classified as current

liabilities being payable within one year

a) The Above Liability represents unpaid balance of total minimum lease payment and residual value payable at the end of lease Incremental rate-of borrowing applied to lease is 25.12% per annum.

b) The rental under lease agreement in respect of above liability are payable are payable over future accounting years are as under:

1999-2000

2000-2001

2001-2002

Financial charges allocated to future periods.

Deposit

c) At the end of lease period the ownership of assets shall be transferred to the Company on payment of residual value.

d) The Cost of operating and maintaining the lease assets is to be home by the Company

e) The payment of lease rentals are secured by way of demand promissory note and personal guarantee of sponsoring directors.

7. ACCRUALS

Accrued Expenses

8. OTHER LIABILITIES:

Partial Capital refundable

Unclaimed dividend

9. STATUS OF INCOME TAX ASSESSMENT

9.1 Income Tax Assessment up to assessment year 1997 -98 has been finalized and the company has filed appeals against the Income Tax orders in respects of priors years, the decisions are still awaited. The total tax liability in respect of prior years was Rs. 1.354 million against which company had made provision of Rs. 0.709 million (Note 10).

9.2 Income Tax Assessment for the Assessment year 1998-99 has also been finalised, creating a demand of Rs. 79,366 against which company has provided Rs. 43,000 only.

10. CONTINGENCIES & COMMITMENTS

10.1 Claim against the company; not acknowledged as a debt amounts to Rs. 1.150 million (1998: Rs. 1.150 million)

10.2 The Company has provided Rs. 0.600 million against Note No. 9.1 In current year, The amount remain un provided of comes to Rs. 45,000 (1998: Rs. 0.628 million).

10.3 There was no capital commitment as on Balance Sheet date (1998: Nil):

11. OPERATING FIXED ASSETS

SCHEDULE "A"

PARTICULARS	COST		
	As at 01-07-98	Addition/ (Deletion)	As at 30-06-99
OWNED:			
Lease Hold Land	106,621	--	106,621
Factory Building on			
Lease Hold Land	640,203	--	640,203
Plant & Machinery	378,149	--	378,149
Electric Fittings	123,752	--	123,752
	-----	-----	-----
Total: 1999 Rupees	1,248,725	--	1,248,725
	=====	=====	=====
Total: 1998 Rupees	1,248,725	--	1,248,725
	=====	=====	=====
LEASED:			
Motor Car	--	530,000	530,000
	-----	-----	-----

Total 1999 Rupees	--	530,000	530,000
	=====	=====	=====
Total 1998 Rupees	--	--	--
	=====	=====	=====

SCHEDULE "B"

	<i>W.D.V. As on 01-07-98</i>	<i>Addition/ (Deletion)</i>	<i>Total as on 30-06-99</i>
OWNED:			
Furniture & Fixture	11,413	2,500	13,913
Motor Car	79,104	(79,104)	--
	-----	-----	-----
Total: 1999 Rupees	90,517	(76,604)	13,913
	=====	=====	=====
Total: 1998 Rupees	105,911	5,650	11,561
	=====	=====	=====

12. LONG TERM INVESTMENTS (AT COST):

QUOTED:

	<i>No. of Shares</i>
Bank Commerce AI-Habib Limited	1,669
Union Bank Limited	1,897
Indus Bank Limited	6,000
Agri Autos Limited	10,000
Sarghoda Spinning Mills Limited	500
P.N.S.C.	3,000
Haseeb Waqas Sugar Mills Limited	4,000
Chashma Sugar Mills Limited	8,900
A1-Asif Sugar Mills Limited	9,000
Baluchistan Wheels Limited	1,250
A1-Abbas Sugar Mills Limited	8,000
J.D.W. Sugar Mills Limited	3,000
Bankers Equity Limited	13,500
Grindlays Modaraba Limited	5,400
Habib Arkady Limited	7,500
Hub Power	500
ICP 25th	5,000

Provision for diminution in value of
Marketable Securities Note (12.3)

UNQUOTED

Synthetic Chemicals Limited (12.2)	400
Postal Saving Certificate (Deposit with Central Excise and Land customs)	1

12.1 Aggregate market value of quoted investment comes Rs. 0.483 million. (1998 Rs. 0.450million)

12.2 Shares of M/s Synthetic Chemicals Ltd., are not quoted as the company is in the process of liquidation.

12.3 Company has provided an amount of Rs. 666,522/- toward, diminution against Investment toward the share of quoted company. Amount represents 50% difference between market value and cost as on closing date of Balance sheet.

13. LONG TERM DEPOSITS AND DEFERRED COST.**DEPOSIT**

Telephone
Central Excise & Land Custom
Paramount Leasing Ltd.

DEFERRED COST

Feasibility Report	(13.1)
Jawad International	(13.2)

13.1 The amount represents payment of feasibility report fee on installation of new plant which was to be amortized over a period of three years after start of new plant. Now the company has no intention to go for the project of artificial leather, since it is no more viable.

13.2 The amount represents payment made to M/s. Jawad International towards the compromise in suit No. 398/91 before the Honourable High Court of Sindh, for vacancy and handover of premises to company. Amounts represent after deduction of amount received toward outstanding bill.

14. TRADE DEBTS (UN-SECURED)

Amount due from Ex-Associated
Undertaking (M/s. Synthetic Chemicals
Ltd., considered doubtful)
Due from others:

Considered good
Considered doubtful

14.1 Amount due from M/s Synthetic Chemicals Limited is considered doubtful as the company is in the process of Liquidation.

14.2 The amount due from Associated undertaking as at June 30,1999 was Nil (1998: Nil).

14.3 The maximum amount due from them at the end of any month during the year was Nil (1998: Nil).

**15. ADVANCES, DEPOSITS, PREPAYMENTS & OTHER
RECEIVABLE UN-SECURED****-Considered good**

For Supplies and expenses
Dividend receivable'
Trade & other deposit NDFC
Advance payment of tax
Prepaid Insurance
Advance to Staff

16. CASH & BANKS

Cash in hand
Cash at Banks
(In Current & PLS Account)

17. REVENUE

Storage Income
Dividend Income

Profit on PLS Account	
Profit on Sales of Motor Car	(17.1)

17.1 DISPOSAL OF FIXED ASSETS-BY NEGOTIATION

<i>PARTICULARS</i>	<i>BOOK VALUE</i>	<i>SALES PROCEEDS</i>	<i>GAIN</i>
Motor Car	79,104	90,000	10,896M 1 T

18. ADMINISTRATIVE EXPENSES

Salary and Amenities
 Printing & Stationery
 Subscription & Registration Fees
 Office rent
 Postage & Stamps
 Conveyance
 Legal Charges
 Telephone & Trunk Calls
 Entertainment Expenses
 Auditor's Remuneration
 Out of Pocket Expenses
 Building Maintenance & White Wash
 Professional Tax
 Vehicle Maintenance
 Rent, Rates & Taxes
 Gratuity
 Commission & Brokerage
 Insurance
 Lifting, Shifting & Stacking Charges
 Zakat
 Sundry Expenses
 Electricity
 Labour Charge
 Bond Expenditure
 News Paper & Periodical
 Travelling
 Water Charges
 Donation
 Remuneration to chief Executive

Computer Expenses
 Medical & Staff Welfare
 Claim
 Front end Fee on Lease
 Documentation Charges on lease

19. FINANCIAL EXPENSES:

Financing Charges under Lease
 Bank Charges

20. DETAIL OF PAYMENT OF DIRECTORS

	<i>CHIEF EXECUTIVE</i>	<i>DIRECTORS</i>
Managerial Remuneration	96,400	--
Allowances	43,600	--
Medical	--	--
Contribution to Provident Fund	--	--
Bonus	--	--
Prequisites in Kind:	--	--
Car Expenses	--	--
Utilities	--	--
Telephone at Residence	29,356	--
	-----	-----
June- 1999	169,356	--
	-----	-----
June- 1998	24,717	--
	=====	=====

21. GENERAL

21.1 Capacity and Production

During the year under review the mill remained closed therefore, there was no production during the year.

21.2 Leasehold & Building

Total leasehold area	29638 sq ft
Building Constructed thereon at various places	20526 sq ft

21.3 Figures of previous year's have been re-arranged and re-grouped wherever necessary to facilitate comparison.

21.4 Figures have been rounded off to the nearest rupee.

AMIRUDDIN FAKHRUDDIN
Chief Executive

KAMRUDDIN FAKHRUDDIN
Director

PATTERN OF SHARE HOLDING
as on 30th June 1999

<i>NO. OF SHARE HOLDERS</i>	<i>SIZE OF SHAREHOLDING RS. 4/- EACH)</i>		<i>TOTAL SHARES HELD</i>	
4697	1	to	100	30324
216	101	to	500	43751
22	501	to	1000	16382
9	1001	to	5000	13307
--	5001	to	10000	--
--	10001	to	15000	--
1	15001	to	20000	16473
--	20001	to	25000	--
--	25001	to	30000	--
5	30001	to	35000	182263
-----			-----	-----
4950				302500
=====			=====	=====

<i>S. NO.</i>	<i>CATEGORIES OF SHARE HOLDING</i>	<i>NUMBER</i>
1.	Individual	4937
2.	Investment Companies	1
3.	Insurance	2
4.	Joint Stock Companies	6
5.	Financial Institution	1
6.	Modaraba Companies	--
7.	Others:	
	(i) Charitable Trust	2
	(ii) Co-Operative Societies	1

		4950
		=====