

BUXLY PAINTS LIMITED

ANNUAL REPORT 1997

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BOARD OF DIRECTORS

CHAIRMAN: Nasim Alam Khan
DIRECTORS: Mrs. Kaiser Sultana Khan
Mrs. Amtul Rauf Khan
Abdul Qadir H. Moochhala
Salim M. Khan
Shahid Ghaffar
DIRECTOR (ADMIN): Mushir Alam Khan
EXECUTIVE DIRECTOR: Yusuf Babar Khan
MANAGING DIRECTOR & : Wassim Alam Khan
CHIEF EXECUTIVE

COMPANY SECRETARY: Muhammad Khan
AUDITORS: Ford, Rhodes, Robson, Morrow
Chartered Accountants
LEGAL ADVISOR: Abdus Samad
BANKERS: The Muslim Commercial Bank Ltd.
Habib Bank Ltd.
United Bank Ltd.
National Bank of Pakistan
Bank AI-Habib Ltd.
Bolan Bank Ltd.
REGISTERED OFFICE: E/20, S.I.T.E.,
Polytechnic Road, Karachi-75700
FACTORIES: X-3, S.I.T.E.,
Manghopir Road, Karachi-75700 (Works 1)
E/20, S.I.T.E.,
Polytechnic Road, Karachi-75700 (Works 2)

NOTICE OF MEETING

Notice is hereby given that the Forty-third Annual General Meeting of the Shareholders of Messrs BUXLY PAINTS LIMITED, Karachi will be held at the Registered Office of the Company at E/20, S.I.T.E. Polytechnic Road, Karachi-75700 on Wednesday the 24th December, 1997 at 9-30 a.m. to transact the following business :-

1. To confirm the Minutes of the Forty-second Annual General Meeting held on Monday the 30th December, 1996.
2. To receive, consider and adopt the audited Balance Sheet and Profit & Loss Account together with the Directors' and Auditors' Reports thereon for the year ended 30th June, 1997.

3. To approve and declare payment of Annual Dividend @ 12.5% (Rs. 1.25 per ordinary share of Rs. 10/= each) for the year ended 30th June, 1997 as recommended by the Directors.
4. To appoint Auditors for the ensuing year and approve their remuneration. The retiring Auditors M/s. Ford, Rhodes, Robson, Morrow have offered themselves for re-appointment at revised remuneration.
5. To transact any other business which may legally be transacted at an Annual General Meeting.

NOTES:

1) The Share Transfer Books of the Company will be closed from Thursday the 18th December, 1997 to Thursday the 1st January, 1998, both days inclusive. Transfers received in order, at the Registered Office of the Company by the close of Business i.e. by 1-00 p.m. on Wednesday the 17th December, 1997 will be treated in time for the purpose of eligibility to attend the Annual General Meeting.

2) Any member of the Company entitled to attend and vote may appoint another member as his/her proxy to attend and vote on his/her behalf. PROXIES MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE MEETING.

3) Shareholders are requested to notify the company of any change in their address immediately.

REPORT OF THE DIRECTORS

Dear Shareholders:

Inspire of the uncertainty prevailing generally and where more than 80% of the decorative market is in the hands of fixed tax people, very unfair competition has been prevailing and is likely to continue to prevail until the fixed tax is withdrawn by the Government. Furthermore large sums of company's money are held up with some dealers whose reasons for slow payment is due to a very slack market. Large sums are involved in Government business, such reasons have caused liquidity problems for the company. Nevertheless the efforts of your Directors have been concentrated as usual on trying to establish a tradition of improved results.

This time again the volume is down by 4.18% in litres and value has increase by 10.7% thus increased profitability. This has been achieved by concentrating on the sale of HITECH products and thanks to ongoing projects.

With the-cash liquidity-problems normally one would want to pass the dividend altogether, but your Directors are determined to continue their efforts to win back some of the decorative market and increase their sale of the HITECH products and ensure that their shareholders are not disappointed.

Meanwhile our negotiations with a party in UAE have borne fruit as they have agreed to pay 3% royalty on net profits starting two years after commencement of commercial production.

We, your Directors while maintaining the highest traditions of the company's principles, continue to devote their energies to the company's benefit to ensure that the company enters its 50th year in Pakistan with confidence and that confidence we hope to pass onto the generations to come to continue the growth of the country as a solid pillar of Pakistan.

May God help us all "Ameen",

	1997	1996
	Rupees	Rupees
TRADING RESULTS:		
The net profit for the year after deducting all charges and administration & selling expenses.	3,920,511	9,885
Less: Provision for taxation.	2,000,000	1,474,368
	-----	-----
Profit / (Loss) after taxation	1,920,511	(1,464,483)
Add: Unappropriated profit		

brought forward.	63,750	2,608,233
	-----	-----
	1,984,261	1,143,750
Appropriation:		
Proposed dividend	1,800,000	1,080,000
	-----	-----
Unappropriated profit carried forward.	184,261	63,750
	=====	=====

DIVIDEND:

Your Directors recommended the payment of cash dividend to Shareholders @ 12.5% i.e. Rs. 1.25 per share.

PATTERN OF SHARE-HOLDING:

The pattern of shareholding is annexed to the accounts and represents the total paid up capital of Rs. 14.400 million.

BOARD OF DIRECTORS:

There is no change in the Board of Directors.

AUDITORS:

The retiring Auditors Messrs Ford, Rhodes, Robson, Morrow, Chartered Accountants being eligible, offer themselves for re-appointment at revised remuneration.

LABOUR RELATIONS:

The relations between the workers and the management have remained cordial as usual.

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of BUXLY PAINTS LIMITED as at 30th June, 1997 and the related profit and loss account and statement of changes in financial position, together with the notes forming part thereof, for the year then ended, and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit 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 purposes 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 and loss account, 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 30th June, 1997 and of the profit and the changes in the financial position for the year then ended; and

(d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that ordinance.

BALANCE SHEET AS

	Note	1996 Rupees	1997 Rupees
SHARE CAPITAL AND RESERVES			
Authorised			
5,000,000 ordinary shares of Rs.10 each		50,000,000	50,000,000
		=====	=====
Issued, subscribed and paid-up	3	14,400,000	14,400,000
Revenue reserve	4	3,749,886	3,629,375
		-----	-----
		18,149,886	18,029,375
SURPLUS ON REVALUATION OF FIXED ASS	5	25,060,268	25,060,268
LONG TERM DEPOSITS	6	328,000	213,000
DEFERRED LIABILITIES			
Staff gratuity		4,740,951	3,961,220
Directors' retirement benefits		800,000	800,000
		-----	-----
		5,540,951	4,761,220
OBLIGATION UNDER FINANCE LEASES	7	1,478,910	961,477
CURRENT LIABILITIES '			
Current portion of obligation under	7	1,109,177	857,408
Short term running finances	8	26,630,723	24,198,189
Short term loan		-	1,500,000
Creditors, accrued and other liabil	9	35,546,458	32,489,689
Unclaimed dividend		99,817	78,188
Proposed dividend		1,800,000	1,080,000
		-----	-----
		65,186,175	60,203,474
CONTINGENCIES AND COMMITMENTS	10		
		-----	-----
		115,744,190	109,228,814
		=====	=====

The annexed notes form an integral part of these accounts.
The auditors' report is annexed hereto.

AT 30TH JUNE, 1997

	Note	1997 Rupees	1996 Rupees
TANGIBLE FIXED ASSETS			
Operating assets at cost less			
accumulated depreciation	11	25,706,717	25,944,751
Capital Work-in-progress	12	583,679	319,532
		-----	-----
		26,290,396	26,264,283
LONG TERM DEPOSITS	13	426,814	328,589
CURRENT ASSETS			
Stock-in-trade	14	34,010,442	28,702,750
Trade debtors	15	45,847,689	37,774,960
Advances, deposits, prepayments and			
other receivables	16	6,709,598	11,024,786
Cash and bank balances	17	2,459,251	5,133,446
		-----	-----
		89,026,980	82,635,942
		-----	-----

115,744,190	109,228,814
=====	=====

BUXLY PAINTS LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 1997**

	Note	1997 Rupees	1996 Rupees
Sales	18	204,706,172	184,873,521
Cost of sales	19	167,539,604	158,148,875
		-----	-----
Gross profit		37,166,568	26,724,646
		-----	-----
Administrative expenses	20	19,309,408	17,145,110
Selling expenses	21	9,159,445	7,392,451
		-----	-----
		28,468,853	24,537,561
		-----	-----
Operating profit		8,697,715	2,187,085
Other income	22	1,448,252	3,643,581
		-----	-----
		10,145,967	5,830,666
		-----	-----
Financial charges	23	5,936,576	5,820,052
Workers' profit participation fund		210,470	531
Workers' welfare fund		78,410	198
		-----	-----
		6,225,456	5,820,781
		-----	-----
Profit before taxation		3,920,511	9,885
Taxation			
Current		1,800,000	924,368
Prior years		200,000	550,000
		-----	-----
		2,000,000	1,474,368
		-----	-----
Profit / (loss) after taxation		1,920,511 (1,464,483)	
Unappropriated profit brought forward		63,750	2,608,233
		-----	-----
Profit available for appropriation		1,984,261	1,143,750
Appropriation			
Proposed dividend @ 12.5% (1996: @ 7.5%)		1,800,000	1,080,000
		-----	-----
Unappropriated profit carried forward		184,261	63,750
		=====	=====

BUXLY PAINTS LIMITED**STATEMENT OF CHANGES IN FINANCIAL POSITION (CASH FLOW STATEMENT) FOR THE YEAR ENDED 30TH JUNE, 1997**

	1997 Rupees	1996 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	3,920,511	9,885
Adjustments for		
Depreciation	2,123,682	2,018,494

Profit on sale of fixed assets	(378,356)	(840,638)
Provision for retirement gratuities - net of payment	779,731	299,306
Financial charges on borrowings	5,648,777	5,465,423
	-----	-----
	8,173,834	6,942,585
	-----	-----
Operating profit before working capital changes	12,094,345	6,952,470
Changes in working capital (Increase)/decrease in current assets		
	(5,307,692)	1,260,231
Stock-in-trade		
Trade debtors	(8,072,729)	(7,155,714)
Advances, deposits, prepayments and other receivables	3,952,579	(2,776,727)
Increase in current liabilities		
Creditors, accrued and other liabilities	3,129,039	7,292,127
	-----	-----
	(6,298,803)	(1,380,083)
	-----	-----
Cash generated from operation	5,795,542	5,572,387
Taxes paid	(1,637,391)	(3,423,400)
Financial charges paid	(5,721,047)	(4,891,630)
	-----	-----
Net cash used in operating activities (A)	(1,562,896)	(2,742,643)
	=====	=====
CASH FLOW FROM INVESTING ACTIVITIES		
Sale of fixed assets	652,900	4,150,000
Acquisition of fixed assets	(2,424,339)	(2,194,142)
Long term deposits	(98,225)	98,935
	-----	-----
Net cash (used in) / from investing activities (B)	(1,869,664)	2,054,793
	=====	=====
	1997	1996
	Rupees	Rupees
CASH FLOW FROM FINANCING ACTIVITIES		
Long term deposits	115,000	163,000
Short term finances	932,534	3,391,987
Finance lease - net	769,202	(230,066)
Dividend paid	(1,058,371)	(3,705)
	-----	-----
Net cash from financing activities (C)	758,365	3,321,216
	=====	=====
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(2,674,195)	2,633,366
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	5,133,446	2,500,080
	-----	-----
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	2,459,251	5,133,446
	=====	=====

BUXLY PAINTS LIMITED**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1997****1. THE COMPANY AND ITS OPERATION**

Buxly Paints Limited is a public limited company quoted on the Stock Exchanges in Pakistan. The company is a leading manufacturer of quality paints, pigments, protective surface coatings, varnishes and other related products.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting convention

These accounts have been prepared under the historical cost convention modified by the revaluation of certain fixed assets.

(b) Fixed assets

Owned

These are stated at cost or applicable valuation less accumulated depreciation. Depreciation is charged to income applying the reducing balance method and the rates used are stated in note 11 to the accounts. Leasehold land is amortized over the remaining period of the lease. In respect of additions during the year, depreciation is charged for full year, however, no depreciation is charged in the year of disposal.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalised. Profit or loss on disposal of assets is included in income currently.

Leased

Assets subject to finance leases are included as tangible fixed assets at cost less accumulated depreciation.

The outstanding obligations under the leases less finance charges allocated to future periods are shown as liability.

Depreciation is charged at the same rates as company owned assets.

(c) Stock-in-trade

These are valued at the lower of cost, determined on first-in-first-out method and net realizable value, except for those in transit which are valued at cost.

(d) Retirement benefits

i) Staff gratuity

The company operates an approved gratuity fund scheme and provision in respect thereto are made in accordance with the recommendations of the actuary.

ii) Provident fund

The company also operates an approved provident fund scheme and contributions thereto are made in accordance with the terms of the scheme.

(e) Taxation

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits available. The company accounts for deferred taxation on all significant timing differences using the liability method. As a measure of prudence deferred tax debits are not accounted for.

(f) Foreign currency

Assets and liabilities in foreign currency are stated in rupees at the rates of exchange ruling on the balance sheet date or rates of exchange fixed under contractual agreements. All exchange differences are included in the profit and loss account.

(g) Revenue recognition

Sales are recorded on despatch of goods to customers.

	1997 Rupees	1996 Rupees
3. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
Ordinary shares of Rs. 10 each		
1,257,288 shares fully paid in cash	12,572,880	12,572,880
82,712 shares issued as fully paid for consideration other than cash	827,120	827,120
100,000 shares issued as fully paid bonus shares	1,000,000	1,000,000

1,440,000	14,400,000	14,400,000
=====		
4. REVENUE RESERVE		
General Reserve	3,565,625	3,565,625
Unappropriated profit	184,261	63,750
	-----	-----
	3,749,886	3,629,375
	=====	=====

5. SURPLUS ON REVALUATION OF FIXED ASSETS

Leasehold land, factory and office buildings and plant and machinery were revalued by Salim Hyder & Co. on 3rd May, 1976 resulting in an increase over book values of Rs.683,000, Rs. 421,076 and Rs. 564,093 respectively. The said amounts totalling Rs. 1,668,169 have been credited to the surplus on revaluation of fixed assets account.

A second revaluation of leasehold land, factory and office buildings and plant and machinery was carried out by Iqbal A. Nanjee & Company on 14th June, 1989 resulting in an increase over book values of Rs. 16,432,000 Rs.1,865,630 and Rs.8,749,326 respectively. The said amounts totalling Rs. 27,046,956 have been credited to the surplus on revaluation of fixed assets account. Surplus on revaluation of Rs. 3,565,625 has been transferred to general reserve on disposal of leasehold land.

Depreciation is also being provided with reference to the value assigned to these assets on revaluation.

5.1 Figures relating to the original cost and revaluations in respect of revalued assets are given below :-

	Surplus on revaluation Rupees	Original cost Rupees
Leasehold land	13,549,375	-
Factory and office building on leasehold land	2,286,706	6,999,835
Plant and machinery	9,224,187	2,339,976
	-----	-----
	25,060,268	9,339,811
	=====	=====
	1997	1996
	Rupees	Rupees
6. LONG TERM DEPOSITS - INTEREST FREE		
Employees	328,000	213,000
	=====	=====

The employees have authorised the company to utilize the deposits for business purposes.

7. OBLIGATION UNDER FINANCE LEASES

a) The rate of return used as the discounting factor range between 16.44% to 27.634% per annum.

b) The amount of future payments and the periods during which they will become due are:

Year ended on 30th June, 1997	-	1,1 32,670
Year ended on 30th June, 1998	1,572,793	614,020
Year ended on 30th June, 1999	992,560	389,640
Year ended on 30th June, 2000	592,885	240,690
Year ended on 30th June, 2001	236,740	-
Year ended on 30th June, 2002	177,555	-
	-----	-----
	3,572,533	2,377,020
Less: Finance charges allocated to future periods	984,446	558,135
	-----	-----
	2,588,087	1,818,885
Less: Current portion shown under current liabilities	1,109, 177	857,408
	-----	-----
	1,478,910	961,477
	=====	=====

8. SHORT TERM RUNNING FINANCES - SECURED

Under mark-up arrangement	26,630,723	24,198,189
	=====	=====

These are secured against hypothecation/pledge of stock-in-trade, book debts, first charge on property mortgaged, documentary bills, and personal guarantees of the Directors.

The facility for short term running finances amounts to Rs. 31.5 million (1996: Rs. 25.5 million).

The above borrowings carry a mark-up rate of Rs. 0.60 (1996: Rs. 0.54) per thousand rupees per day.

	1997 Rupees	1996 Rupees
9. CREDITORS, ACCRUED AND OTHER LIABILITIES		
Creditors	23,944,009	20,026,265
Advances from customers	820,709	1,632,432
Accrued expenses	3,988,092	4,192,897
Bills payable	2,876,559	1,968,186
Mark-up accrued on secured short term running finances & short term loan	1,700,870	1,773,140
Contribution payable to staff provident fund	363,096	191,767
Workers profit participation fund (9.1)	210,470	531
Workers welfare fund	78,410	198
Sales tax payable	1,158,627	2,350,117
Others	405,616	354,156
	-----	-----
	35,546,458	32,489,689
	=====	=====

9.1 Workers' profit participation fund

Balance as at 1st July, 1996	531	75,703
Allocation for the year	210,470	531
	-----	-----
	211,001	76,234
Interest on fund utilized in company's business	50	7,097
	-----	-----
Amount paid to workers	211,051	83,331
	581	82,800
	-----	-----
Balance as at 30th June, 1997	210,470	531
	=====	=====

10. CONTINGENCIES AND COMMITMENTS

(a) Letters of guarantee outstanding	1,901,800	4,224,195
	=====	=====
(b) Letters of credit outstanding	748,600	2,314,300
	=====	=====

11. TANGIBLE FIXED ASSETS

	COST				Rate	DEPRECIATION				
	As at 30th June, 1996	Additions during the year	Adjustments/ (disposals) during the year	As at 30 June, 1997		As at 30th June, 1996	* For the year	On adjustments/ (disposals)	As at 30th June, 1997	Written down value as at 30th June, 1997
	Rupees	Rupees	Rupees	Rupees		Rupees	Rupees	Rupees	Rupees	Rupees
(a) OWNED										
Leasehold land	13,549,375	-	-	13,549,375	-	1,445,266	180,613	-	1,625,879	11,923,496
Factory and office buildings on leasehold land	10,133,662	-	-	10,133,662	5-10	6,609,608	282,325	-	6,891,933	3,241,729
Plant and machinery	12,160,409	-	-	12,160,409	10	7,080,207	508,020	-	7,588,227	4,572,182
Gas, electrical and telephone installation	898,035	105,000	-	1,003,035	10	608,616	39,442	-	648,058	354,977
Furnace	45,837	-	-	45,837	10	40,856	498	-	41,354	4,483
Laboratory equipment	764,826	8,000	354,465	1,127,291	10	416,461	64,348	67,349	548,158	579,133
Motor vehicles	3,484,723	190,000	387,025	3,424,258	20	1,986,335	327,264	164,548	2,115,201	1,309,057
			(637,490)					(362,946)		
Furniture and fixtures	820,226	24,650	-	844,876	10	550,024	29,485	-	579,509	265,367
Loose tools	20,597	-	-	20,597	10	18,070	253	-	18,323	2,274
Office equipment	619,825	12,022	-	631,847	10	335,730	29,612	-	365,342	266,505
Factory equipment	616,240	42,000	-	658,240	10	402,636	25,560	-	428,196	230,044
Computer	436,225	38,800	-	475,025	10	169,981	30,504	-	200,485	274,540
	-----	-----	-----	-----		-----	-----	-----	-----	-----
	43,549,980	420,472	741,490	44,074,452		19,663,790	1,517,924	231,897	21,050,665	23,023,787
			(637,490)					(362,946)		
(b) LEASED										
Motor vehicles	1,721,730	1,739,720	(387,025)	3,074,425	20	470,077	553,779	(164,548)	859,308	2,215,117
Laboratory equipment	354,465	-	(354,465)	-	10	67,349	-	(67,349)	-	-
Plant and Machinery	577,547	-	-	577,547		57,755	51,979	-	109,734	467,813
	=====	=====	=====	=====		=====	=====	=====	=====	=====
1997	46,203,722	2,160,192	(637,490)	47,726,424		20,258,971	2,123,682	(362,946)	22,019,707	25,706,717
	=====	=====	=====	=====		=====	=====	=====	=====	=====
1996	48,391,148	1,874,560	(4,061,986)	46,203,722		18,993,101	2,018,494	(752,624)	20,258,971	25,944,751

* Additional depreciation arising due to revaluation of assets amounts to Rs. 657,292 (1996: Rs. 708,633). Also see note 5.

* Depreciation charge has been allocated as under:

	1997 Rupees	1996 Rupees
Cost of sales	1,082,102	1,163,233
Administrative expenses	1,041,580	855,261

 2,123,682 2,018,494
 =====

11.1 Details of disposal of fixed assets

Description	Cost Rupees	Accumulated depreciation Rupees	Written down Value Rupees	Sale proceeds Rupees	Profit Rupees	Mode of sale	Particulars of purchaser
Suzuki car	89,000	81,355	7,645	110,000	102,355	Through Advertisement	Mr. Muhammad Rafiq F-6/32, Asif Colony Manghopir Road, Karachi.
Datson	80,000	73,128	6,872	92,900	86,028	-do-	Mr. Muhammad Mansoor Alam R-253/9, Federal 'B' Area, Karachi.
Suzuki Marg	398,490	194,463	204,027	375,000	170,973	Insurance claim	Solvage Handed Over to M/s. New Jublee Insurance Company Limited Karachi.
Toyota Coro	70,000	14,000	56,000	75,000	19,000	Negotiation	Mr. Sajid Hasan 1-H, 8/14, Nazimabad,
	----- 637,490 =====	----- 362,946 =====	----- 274,544 =====	----- 652,900 =====	----- 378,356 =====		

 1997 1996
 Rupees Rupees
 =====

12. CAPITAL WORK-IN-PROGRESS

Civil works 583,679 319,532

13. LONG TERM DEPOSITS - CONSIDERED GOOD

Security deposits -- K.E.S.C. 63,969 63,969
 - Telephone and telegraph 4,300 4,300
 - Leasing company 358,545 260,320

 426,814 328,589
 =====

14. STOCK-IN-TRADE

Raw material

In-hand 22,683,710 15,208,019
 In-bond 1,748,404 3,999,298
 In-transit 1,788,270 1,584,813

 26,220,384 20,792,130
 Containers 1,637,546 1,318,648
 Packing material 135,655 112,994
 Finished goods 6,016,857 6,478,978

 34,010,442 28,702,750
 =====

15. TRADE DEBTORS - UNSECURED

Considered good 45,847,689 37,774,960
 Considered doubtful 475,669 360,704

 46,323,358 38,135,664
 Less: Provision for doubtful debts 475,669 360,704

45,847,689 37,774,960
 =====

15.1 The above includes Rs. 4,310,164 (1996: Rs. 2,651,885) which is outstanding for more than one year. The company is confident that its efforts will result in the recovery of the above amount, hence, pending negotiations and the resolution of the matter, no provision has been made in these accounts for the same.

15.2 The above includes Rs. 26,205 (maximum amount due at the end of any month during the year was Rs. 27,908) due from directors and executives of the company.

1997 1996
 Rupees Rupees

16. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES - CONSIDERED GOOD

Advances

Employees	27,127	86,468
Suppliers	27,021	777,055
Income tax	4,250,095	4,612,704
Others	255,619	235,619

Deposits

Margin against letters of guarantee	603,900	1,369,100
Excise duty	2,126	573
Security deposits	374,311	328,286
Earnest money	253,728	416,929
Custom duty	65,000	705,960

Prepayments

Insurance	196,054	410,060
Others	175,859	210,960

Other receivables

Balance due on account of sale of leasehold land	-	1,000,000
Insurance claim	-	509,000
Sales tax	176,727	-
Others	302,031	362,072
	-----	-----
	6,709,598	11,024,786
	=====	=====

The maximum amount due from the executive of the company at the end of any month during the year was Rs. Nil. (1996: Rs. 50,000).

17. CASH AND BANK BALANCES

Cash in hand	245,412	105,356
With bank in current account	2,213,839	5,028,090
	-----	-----
	2,459,251	5,133,446
	=====	=====

NET SALES

Gross Sales	256,907,938	233,451,050
	-----	-----
Less: Sales-tax	36,895,081	30,486,684

Commission and discount	15,306,685	18,090,845
	-----	-----
	52,201,766	48,577,529
	-----	-----
	204,706,172	184,873,521
	=====	=====
	1997	1996
	Rupees	Rupees
COST OF SALES		
Opening stock		
Raw material	19,207,317	19,356,022
Containers	1,318,648	1,023,153
Packing material	112,993	19,530
	-----	-----
	20,638,958	20,398,705
Add: Purchases		
Raw material	113,282,265	102,125,543
Containers	17,049,966	16,830,803
Packing material	1,893,645	1,937,063
	-----	-----
	132,225,876	120,893,409
	-----	-----
	152,864,834	141,292,114
Less: Closing stock		
Raw material	24,432,114	19,207,317
Containers	1,637,546	1,318,648
Packing material	135,655	112,994
	-----	-----
	26,205,315	20,638,959
	-----	-----
Raw material, containers and packing material consumed	126,659,519	120,653,155
Excise duty	22,169,452	20,138,704
Manufacturing expenses		
Salaries, wages and other benefits	10,682,821	10,059,254
Medical expenses	566,727	540,645
Rent, rates, taxes	1,266,747	1,145,134
Fuel water and power	2,160,764	1,717,343
Laboratory expenses	84,787	52,154
Repairs and maintenance	1,393,480	893,940
Insurance	421,183	273,060
Depreciation	1,082,102	1,163,233
Lunch subsidy and catering expenses	475,922	466,105
Sundry expenses	113,979	105,219
	-----	-----
	18,248,512	16,416,087
	-----	-----
Cost of goods manufactured	167,077,483	157,207,946
Opening stock of finished goods	6,478,978	7,419,907
Closing stock of finished goods	(6,016,857)	(6,478,978)
	-----	-----
	167,539,604	158,148,875
	=====	=====
	1997	1996
	Rupees	Rupees

20. ADMINISTRATIVE EXPENSES

Salaries, wages and other benefits	11,007,702	9,829,017
Staff gratuity	1,227,297	1,104,948
Insurance	246,658	235,624
Printing and stationery	501,434	366,291
Postage, telegram and telex	162,777	132,767
Telephone	993,915	964,031
Travelling and conveyance	859,626	936,851
Subscriptions	188,987	139,905
Donations (20.1)	126,843	70,910
Professional fees	152,200	37,000
Vehicle expenses	1,578,540	1,466,611
Repairs and maintenance	416,912	195,370
Sundry expenses	319,888	294,307
Depreciation	1,041,580	855,261
Auditors' remuneration (20.2)	133,204	181,506
Bad debts	351,845	334,711
	-----	-----
	19,309,408	17,145,110
	=====	=====

20.1 Donations to Rahim Bux Khan Trust amounted to Rs. 12,000 (1996: Rs. 12,000).

Mr. Wassim Alam Khan and Mr. Nasim Alam Khan, Directors, are also the trustees of Rahim Bux Khan Trust.

20,2 Auditors' remuneration

Statutory audit	75,000	75,000
Taxation services	43,204	91,506
Workers' profit participation fund audit	1,000	1,000
Out-of-pocket expenses	14,000	14,000
	-----	-----
	133,204	181,506
	=====	=====

1997

Rupees

1996

Rupees

21. SELLING EXPENSES

Salaries, wages and other benefits	3,846,499	3,773,562
Sample expenses	186,618	57,229
Carriage outward	2,213,712	2,008,049
Packing charges	609,964	546,586
Advertising expenses	2,302,652	1,007,025
	-----	-----
	9,159,445	7,392,451
	=====	=====

22. OTHER INCOME

Profit from trading	-	176,053
Income from sale of scrap	80,955	78,239
Profit on disposal of fixed assets	378,356	840,638
Royalty	988,941	1,369,298
Others	-	200
Insurance Claim	-	1,179,153
	-----	-----
	1,448,252	3,643,581
	=====	=====

22.1 Profit from trading

Sales	-	1,422,185
Less: Cost of sales	-	1,246,132

	-----	-----
	-	176,053
	=====	=====

23. FINANCIAL CHARGES

Finance cost on leases	336,382	445,349
Mark-up on - short term running finances	5,063,228	4,427,366
- short term loan	249,167	592,708
Interest on workers' profit participation fund	50	7,097
Bank charges	287,749	347,532
	-----	-----
	5,936,576	5,820,052
	=====	=====

24. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Particulars	Chief Executive		Directors		Executives	
	1997 Rupees	1996 Rupees	1997 Rupees	1996 Rupees	1997 Rupees	1996 Rupees
Managerial remuneration	450,000	360,000	512,400	432,000	766,980	666,360
House rent allowance	202,500	162,000	236,780	194,400	376,290	325,980
Utilities	126,000	100,800	103,080	86,400	115,200	96,000
Medical expenses	16,008	14,727	17,480	16,727	60,199	30,865
Leave passage	-	-	-	-	50,000	10,000
	-----	-----	-----	-----	-----	-----
	794,508	637,527	869,740	729,527	1,368,669	1,129,205
	=====	=====	=====	=====	=====	=====
Number of persons	1	1	2	2	4	4

The above individuals are also provided with the use of company cars.

Non-executive directors were paid fee amounting to Rs. 6,500 (1996: Rs. 14,000) for attending meetings of the company.

25. ACTUAL PRODUCTION

	1997	1996
	2,218,148	2,314,920
	=====	=====

The capacity of the company's plant is indeterminable as it is a multiproduct plant involving varying processes of manufacture.

26. UNUTILISED CREDIT FACILITY

This amounted to Rs. 4.869 million as at 30th June, 1997 (1996: Rs. 1.302 million).

27. COMPARATIVE FIGURES

- (a) Previous year's figures have been rearranged, wherever necessary, for the purposes of comparison.
- (b) Figures have been rounded off to the nearest rupee.

BUXLY PAINTS LIMITED

PATTERN OF SHARE HOLDINGS AS AT 30-06-1997

NUMBER OF SHAREHOLDERS	SIZE OF HOLDING RS.10/-SHARES	NUMBER OF SHARES HELD
422	1	29,890
176	101	34,632
40	501	33,628

26	1001	5000	68,540
15	5001	10000	113,316
6	10001	15000	70,400
4	15001	20000	73,540
6	25001	30000	161,879
3	30001	35000	93,288
2	40001	45000	80,994
1	75001	80000	76,610
1	80001	85000	84,880
1	160001	165000	162,694
1	355001	360000	355,709
-----			-----
704			1,440,000
=====			=====

CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	SHARES HELD	PERCENTAGE
1 - Individuals.	695	959,970	66.67
2 - Investment Companies.	2	86,080	5.98
3 - Insurance Companies.	1	10,000	0.69
4 - Joint Stock Companies.	2	1,120	0.08
5 - Financial Institutions.	1	355,709	24.70
6 - Modaraba.	2	1,600	0.11
7 - Foreign Investors.	-	-	-
8 - Co-operative Societies.	-	-	-
9 - Charitable Trusts.	1	25,521	1.77
10 - Others.	-	-	-
	-----	-----	-----
Totals	704	1,440,000	100.00
	=====	=====	=====