

# ANNUAL REPORT 2018



**GOC (PAK) LIMITED**

**GOC (PAK) LIMITED**  
**ANNUAL REPORT 2018**



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**CORPORATE INFORMATION**

**BOARD OF DIRECTORS**

Mr. Khawar Anwar Khawaja (Chief Executive)  
Mr. Khurram Anwar Khawaja (Chairman)  
Mr. Muhammad Tahir Butt  
Mr. Ameer Khawar Khawaja  
Mr. Omer Khawar Khawaja  
Mrs. Nuzhat Khawar Khawaja  
Dr. Aamir Matin

**AUDIT COMMITTEE**

Dr. Aamir Matin  
Mr. Omer Khawar Khawaja  
Mr. Khurram Anwar Khawaja

**HUMAN RESOURCE AND  
REMUNERATION COMMITTEE**

Dr. Aamir Matin  
Mr. Khurram Anwar Khawaja  
Mr. Khawar Anwar Khawaja

**CORPORATE SECRETARY/CFO**

Muhammad Ashraf Butt

**HEAD OF INTERNAL AUDIT**

Saeed Ahmad Shaheen

**AUDITORS**

Tabussum Saleem & Company  
Chartered Accountants  
Office # 1, 3rd Floor, Madina Heights,  
87-E, Maulana Shaukat Ali Road,  
Johar Town, Lahore - Pakistan  
Phone: (042) 35173258, 35173260  
E-mail: [matabussum@yahoo.com](mailto:matabussum@yahoo.com)

**REGISTERED OFFICE  
AND WORKS**

Small Industries Estate,  
Sialkot 4, Pakistan  
Phone: (052) 3555338-3563051-3563052  
Fax: (052) 3551252  
E-mail: [info@gocpak.com](mailto:info@gocpak.com)  
Website: [www.gocpak.com](http://www.gocpak.com)

**SHARE REGISTRARS**

CorpTec Associates (Pvt) Limited  
503-E, Johar Town, Lahore.  
Phone: (042) 35170336-7  
Fax: (042) 35170338

## **GOC (PAK) LIMITED**

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## **ASSOCIATED COMPANIES**

### **In Pakistan**

#### **Grays Leasing Limited**

##### **Head Office:**

701-A, 7th Floor, City Towers

7K Gulberg II, Lahore

Tel: (042) 35770382-7

Fax: (042) 35770389

E-mail: gll@ms.net.pk

##### **Liaison Offices:**

Small Industries Estate,

Shahabpura Road, Sialkot

Tel: (052) 3554531

Fax: (052) 3551252

E-mail: grays@cyber.net.pk

15-A, Al Mubashar Apartment

Block – 13-C, Gulshan-e-Iqbal

Karachi

Tel: (021) 34293974

Fax: (021) 34965085

#### **Anwar Khawaja Industries (Private) Limited**

Small Industries Estate, Sialkot 51310

Tel: (052) 3551004, 3554531, 3554535

Fax: (052) 3553609

#### **Anwar Khawaja Composites**

Sadra Badra Daska Road, Sialkot

Tel: (052) 3575476-3575390

## ***VISION***

**GOC is the Internationals' First Choices; and we continuously strive to maintain this edge through building a sustainable relationship with them all over the globe by establishing and maintaining a strong production and marketing network with a team of adroit, enchanting, and skillfull craftsmen and experienced professionals.**

**We aim at the best of our Customer's Satisfaction. We also aim at a sustainable growth to ensure our company's prosperous future & healthy returns to all our stakeholders.**

## ***MISSION***

**To endeavour consistently to be a dynamic, profitable and growth oriented company through excellence in all spheres of business activities optimizing value for our associates and shareholders.**

**To seek a high standard of performance and to strive for a long-term leadership position through operating efficiency and dedicated service to customers in a competitive environment.**

**To be an exemplary corporate citizen maintaining high moral standards and fulfilling its social responsibilities. GOC firmly believes in behavioral conformance.**

**To create further opportunities for employees at all levels so that they become a real team of dedicated workers and professionals who are rewarded according to their ability and performance; honesty, integrity and talent are the only pre-requisites.**

# GOC (PAK) LIMITED

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### NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 55<sup>th</sup> Annual General Meeting of the members of **GOC (Pak) Limited** will be held at its Registered Office, Small Industries Estate, Sialkot on Friday, the 26 October, 2018 at 11:00 a.m. to transact the following business:

#### Ordinary Business:

1. To confirm the minutes of the last meeting.
2. To receive, consider and adopt Audited Financial Statements of the Company for the year ended 30 June 2018 together with the Report to the Shareholders and Auditors Report thereon.
3. To approve the payment of final cash dividend @ Rs. 1.00 per share (10.00%) for the year ended 30 June 2018 as recommended by the Directors.
4. To appoint auditors and fix their remuneration for the year ending 30 June 2019. The present auditor Messrs Tabussum Saleem & Company, Chartered Accountants, Lahore, retired and being eligible, offer themselves for re-appointment as Auditors of the Company.

#### General Business:

5. To transact any other business with the permission of the Chair.

By Order of the Board



(Muhammad Ashraf Butt)  
Company Secretary

Sialkot: 04 October 2018

#### Notes:

**1. Book Closure:** The share transfer books of the company will remain closed from 19 October 2018 to 26 October 2018 (both days inclusive). Transfers received in order at the office of the company's Independent Share Registrar, M/s Corptec Associates (Private) Limited, 503-E, Johar Town, Lahore by the close of business (5:00 PM) on 18 October 2018 will be considered in time to be eligible for the purpose of attending and voting at the Annual General Meeting.

**2. Appointment of Proxy:** A member entitled to attend and vote at the Annual General Meeting is entitled to appoint another member as a proxy to attend and vote instead of him/her. The instrument appointing a proxy must be received at the Registered Office of the company not less than 48 hours before the time appointed for the Meeting.

**3. Participation in AGM:** Members who have deposited their shares in the Central Depository System of the Central Depository Company of Pakistan Limited will have to follow the under mentioned guidelines as laid down by Securities and Exchange Commission of Pakistan:

#### A. For Attending the Meeting

- a. In case of Individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or original Passport along with Participant ID number and the Account number at the time of attending the Meeting.
- b. In case of corporate entity, the Board's resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

#### B. For Appointing Proxies

- a. In case of individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.
- b. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.

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c. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.

d. The proxy shall produce his original CNIC or original passport at the time of the Meeting.

e. In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.

**4. Electronic Transmission of Financial Statements:** The members, who desire to opt to receive annual Audited Financial Statements and notice of AGM through e-mail, are requested to provide their written consent on the Standard Request Form available on the Company's website. The Company shall, however, provide hard copy of the annual Audited Financial Statements to its shareholders, on request, free of cost, within seven days of receipt of such request.

**5. Video Conferencing Facility:** If the Company receives consent from members holding aggregate 10% or more shareholding, residing in geographical location to participate in the meeting through video conference at least 7 days prior to the date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

In this regard, please fill the following and submit to registered address of the company, Small Industries Estate, Sialkot at least 7 days prior to the date of Annual General Meeting.

"I/We, \_\_\_\_\_ of \_\_\_\_\_, being a member of GOC (Pak) Limited, holder of \_\_\_\_\_ ordinary share(s) as per Registered Folio / CDC Account No. \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_.

Signature of member \_\_\_\_\_"

**6. Placement of Financial Statements on Website:** The Company has placed the Audited Annual Financial Statements for the year ended June 30, 2018 along with Auditors' and Directors' Reports thereon on company's website [www.gocpak.com](http://www.gocpak.com)

#### 7. Deduction of Withholding Tax on the Amount of Dividend:

Pursuant to Circular No. 19/2014 dated October 24, 2014, SECP has directed all companies to inform shareholders about changes made in the Section 150 of the Income Tax Ordinance, 2001. The company, hereby advise to its shareholders, the important amendments, as under:

The Government of Pakistan has made certain amendments in section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

- a. For filers of income tax returns 15%
- b. For non-filers of income tax returns 20%

To enable the company to make tax deduction on the amount of cash dividend whenever declared @ 15% instead of 20%, all the shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of Federal Board of Revenue, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date for payment of the cash dividend otherwise tax on their cash dividend will be deducted @ 20% instead @ 15%.

For any query/problem/information, the investors may contact the Company and / or the Share Registrar: The Manager, Share Registrar Department, M/s Corptec Associates (Private) Limited, 503-E, Johar Town, Lahore, Telephone Number: (042) 35170336-37, email address: [info@corptec.com.pk](mailto:info@corptec.com.pk)

The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas, corporate physical shareholders should send a copy of their NTN certificate to the Company or its Share Registrar i.e. Transfer Agent M/s. Corptec Associates (Private) Limited. The shareholders while sending NTN or NTN Certificates, as the case may be, must quote Company name and their respective folio numbers.

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In the case of shares registered in the name of two or more shareholders, each joint-holder is to be treated individually as either a filer or non-filer and tax will be deducted by the company on the basis of shareholding of each joint-holder as may be notified to the Company in writing. The joint-holders are, therefore, requested to submit their shareholdings otherwise each joint holder shall be presumed to have an equal number of shares.

#### 8. Dividend Mandate

The provisions of Section 242 of the Companies Act, 2017 (the "Act") provides that any dividend declared by a company must be paid to its registered shareholders or to their order within such period and in such manner as may be specified. Further, the second Proviso of the said section states that in case of a listed company, any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. Further the SECP through its notification No. 8(4)/SM/CDC-2008 dated April 5, 2013 has advised that the shareholders who have provided bank mandate should be paid dividend by transferring directly to their respective bank accounts (e-dividend mechanism). Therefore, the registered shareholders of the Company are requested to provide the following details in order to credit their cash dividends directly to their bank account, if declared:

- (i) in case of book-entry securities in CDS, to CDS Participants; and
- (ii) in case of physical securities to the Company's Share Registrar as mentioned below.

<b>S. No.</b>	<b>Shareholder/Member Details</b>
---------------	-----------------------------------

1. Shareholder's Name
2. Father's / Husband's Name
3. Folio Number
4. Postal Address
5. Name of Bank
6. Name of Branch
7. Address of Branch
8. Title of Bank Account
9. Bank Account Number (Complete with code)
10. IBAN Number \* (Complete with code)
11. Cell Number
12. Telephone Number (if any)
13. CNIC Number (attach copy)
14. NTN (in case of corporate entity, attach copy)

\* IBAN number (International Bank Account Number) will be provided by your banker, containing alpha, numeric and without any space and gap.

Share Registrar: Corptec Associates (Private) Limited  
503-E, Johar Town, Lahore

\_\_\_\_\_  
Signature of Member / Shareholder

#### 9. Submission of copy of CNIC (Mandatory) for Dividend Payment

As has already been notified to the shareholders from time to time, the directive of SECP vide SRO 831(I)/2012 dated 05 July 2012 requires that the dividend warrants should bear the CNIC numbers of the registered shareholders or the authorized person except in the case of minor(s) and corporate shareholders. CNIC number of the shareholders is, therefore, mandatory for the issuance of dividend warrants and in the absence of such information, payment of dividend may be withheld in term of SECP's order dated 10 May 2016 which will be released upon submission of a valid copy of the CNIC. Shareholders who have not yet provided their CNICs are, therefore, once again advised to provide the attested copies of their CNICs directly to our independent Share Registrar at the address: M/s Corptec Associates (Private) Limited, 503-E, Johar Town, Lahore.

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### **COMPANY PROFILE**

#### **INDUSTRIAL PROFILE**

GOC (Pak) Limited was incorporated in Pakistan on June 02, 1964 to incarnate a strong yearn of Late Anwar Khawaja, the first Managing Director of the Company, of making the WORLD'S BEST hockey stick in collaboration with Messrs H.J. Gray & Sons of Cambridge, England [presently named as "Grays of Cambridge (International) Limited" under an agreement made and signed in 1963.

The formal inauguration of this Pak-British joint enterprise was held on May 08, 1965 although the unit commenced its commercial production on April 01, 1965 under the elite supervision of an English technician, Mr. D. Fosket who had actually made hockey sticks with his own hands for more than half a century. This great expert gave training to Pakistani workers and carved them into a team of adroit and enchanting craftsmen by inculcating them with all his expertise, elegance and excellence.

During 1983, while the Company continued progressively conventional hockey sticks (around 90,000 sticks a year), the management acquired technical know-how from Mr. Toon Coolen of Netherlands and started making a Novelty Stick with a U-Shaped head approved by the Rules Committee of the International Hockey Federation. By virtue of this blending mechanization with the skills of the local craftsmen, the hockey sticks produced by this unit have met with a global acceptance as the best ever-made and the venture proved to be an International success. The fact that the first mark of 17,590 hockey sticks produced and exported during 1965 has culminated to its present volume of more than hundred thousand sticks a year has evidently placed GOC fairly and squarely on the World Hockey Map.

Equally important was the year 1973 which also witnessed expansion in Company's Product Line. A Cricket Ball manufacturing unit was established to produce balls with the World's most famous brand names "DUKE & SONS" and "GRAY-NICOLLS". This unit has also shown a tremendous growth as evidenced by rising production of completely hand-sewn cricket balls from a few thousand in its first year of inception to more than hundred thousand a year at present. These balls are being used in first class as well as the Test Cricket in Pakistan and abroad.

The Company has a global net work of marketing agents as well as a full fledged quality control wing consisting of on job trained supervisors headed by a professional, all working under a regular control of the Company's Chief Executive / Technical Director Mr. Khawar Anwar Khawaja who did his B.E. from the University of Engineering and Technology, Lahore.

#### **CORPORATE PROFILE**

The Company which was incorporated as a private limited went public in April 1986 and was listed on Pakistan Stock Exchange in January 1987. The issue was very well received by public and was over-subscribed by 200 times, a record response by public. Since then, the share of the Company has a very strong demand which is well supported by the fact that its 10 rupees shares has touched a 450 rupees price and is being quoted at rupees 54.96 at present.

At the same time, a plan for diversification in financial and economic activities is also underway, and as a result thereof, the Company co-sponsored a leasing company named GRAYS LEASING LIMITED, listed on Pakistan Stock Exchange with an equity capital of 100 million Rupees which was also over subscribed even under the prevailing crunch in the investment market.

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The financial performance of the Company is also revealed by a simple statistic that the shareholders' equity was 0.225 million rupees in 1965 and 275 million rupees in 2018 in spite of high payouts.

YEAR	CASH DIVIDEND	BONUS SHARES
2009	25.00 Percent	350 Percent
2010	25.00 Percent	-
2011	10.00 Percent	-
2012	-	-
2013	-	-
2014	-	-
2015	20.00 Percent	-
2016	21.00 Percent	-
2017	6.50 Percent	-
2018	10.00 Percent	-

The Company has been declared as one of the Top 25 Companies by the Pakistan Stock Exchange for eight consecutive years from 1989 to 1996. For the years 1997 and 1998, company was not ranked among Top 25 Companies just for lack of some membership criteria. For 1999 to 2002 it has again been ranked among the Top 25 Companies.

GOC under the chairmanship of Mr. Khurram Anwar Khawaja and Chief Executive Officer, Mr. Khawar Anwar Khawaja, has pledged itself to very strong commitment to realism and honesty with its principals which legislates for the benefits of the public and not least of the sports and sportsmen.

## **GOC (PAK) LIMITED**

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#### **CHAIRMAN'S REVIEW**

It is my humble honour to present the Annual Report for the year ended 30 June 2018 of the GOC (Pak) Limited along with the audited financial statements and the Auditors' Report thereon.

The sales, gross profit and net profit of the company increased by 12%, 27% and 122% respectively as compared to last year. The company is taking steps in the right direction to increase its share in composite hockey sticks and cricket ball market. After successful development of a range of composite sticks, hopefully the sales will grow in this area in the years to come due to which we hope to increase our profitability. Due to further increase in our production capacity of cricket balls with induction of state of the art machinery, increase of skilled labour and work space in the next year, we expect further growth in export of cricket ball in the cricket playing countries like South Africa, Australia and England as well as in local sale in Pakistan.

This company has tremendous potential and I am confident that the company will be able to overcome all challenges.

I wish to place on record my thanks to all whose contributions helped the company to achieve this performance.

**Sialkot: September 27, 2018**



**(Khurram Anwar Khawaja)**  
**Chairman**

# GOC (PAK) LIMITED

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### DIRECTORS' REPORT

The Directors have the pleasure to present you the Annual Report for the year ended 30 June 2018 of the GOC (Pak) Limited along with the audited financial statements and the Auditors' Report thereon. The statement of compliance with best practices of Code of Corporate Governance and the Auditors' Report thereon are also given for your perusal.

### NATIONAL ECONOMY

The financial year 2018 remained challenging for the Pakistan economy. Large scale manufacturing remained victim of lower domestic demand. The domestic environment is still affected by war on terror and volatile security situation while external environment is affected by uncertainties and financial crunch in European Union.

The government should extend its support to industry in order to revive exports of the country which have fallen sharply. It is hoped that the new Government would bring in business friendly policies and will take measures such as rationalizing the currency exchange rates, lowering the energy cost, providing uninterrupted supply of energy to industries, timely payment of sale tax, income tax and custom duty refunds so that stretched corporate cash flows can be eased out.

### PERFORMANCE REVIEW

During the year under review the overall sales volume increased by 11.50% as compared with the previous year. Export sales of wooden hockey sticks, composites hockey sticks and accessories have increased whereas exports of cricket balls have declining trend. In future we expect further growth in the sale of wooden hockey sticks and composites hockey sticks.

We kept on putting efforts for increasing our share in the composite sticks market and to make it possible we kept our focus on research and development which resulted in very good feedback from the customers and international players. The Company overheads remained under control due to management strategies despite of inflationary trend in the cost of inputs.

In order to increase our market share in an increasingly competitive environment, the Company has continued to invest in its brands and their distribution. We believe that in the coming years, the Company will need to increase investment in distribution and promotion to withstand challenges surrounding the business environment.

The Company has continued to focus on reassessing the changing needs of the markets and investing in product quality and innovation. These changes along with inherent strength of its diverse product range have helped the Company to attain its overall growth.

Keeping in view the present market situation your Directors express their satisfaction over the progress and show determination for gaining the position of one of the top supplier of sports goods in the world.

The financial results in a summarized form are given hereunder:

	Rupees 2018	Rupees 2017
Profit before taxation	30,068,253	13,951,956
Less : Provision for taxation		
- Current	(3,139,988)	(1,946,966)
- Share of tax of associate	(628,586)	(178,210)
	(3,768,574)	(2,125,176)
Profit after taxation	26,299,679	11,826,780
Earnings per share	3.58	1.61

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### **RISK MITIGATION**

The Board of Directors and the Audit Committee of the Board regularly review the risk matrix in terms of impact and probability of occurrence. The senior management team, led by the Chief Executive Officer and Executive Directors is responsible for risk mitigation measures. The Company's ability to continually assess market conditions and then react decisively, allows the Company to manage risks responsibly and take opportunities to strengthen the position of the Company when they arise. The major risk to which company is exposed and their mitigation is explained in note 27 of the financial statements.

### **MATERIAL CHANGES**

There have been no material changes and commitments affecting the financial position of the company which have occurred between 30 June 2018 and 27 September 2018.

### **ENVIRONMENT, HEALTH & SAFETY**

Your Company is striving to meet the environmental, health and operational practices through introducing products that are pollution free through with low emissions. Firefighting drills and safety workshops executed at company office and plant location. Your Company continued focusing on safety and risk control which enables minimizing the risks of injuries and accidents through use of helmets and other precautionary measures.

### **CORPORATE SOCIAL RESPONSIBILITY**

On CSR, the Company's management continued its focus on education, social welfare and helping the community through public infrastructure development during the current year.

### **FUTURE OUTLOOK**

Your Company has successfully developed a range of composite sticks and hopefully the sales will grow in this area in the years to come due to which we hope to increase our profitability. We are also further increasing our production capacity of cricket balls with induction of state of the art machinery, increase of skilled labour and work space in the next year. We expect further growth in export of cricket ball in the cricket playing countries like South Africa, Australia and England as well as in local sale in Pakistan.

### **DIVIDEND**

The Directors have recommended payment of cash dividend @ 10.00 percent i.e. Rs. 1.00 per share. The dividend will amount to Rs. 7.349 million.

### **GRAYS LEASING LIMITED**

GOC (Pak) Limited holds 37.21 percent of the paid up capital of Grays Leasing Limited. The shareholders' equity of this company as on 30 June 2018 is Rupees 69.363 million as compared with Rupees 743.768 million on June 30, 2017.

### **CODE OF CORPORATE GOVERNANCE**

The requirements of the Code of Corporate Governance set out by the Pakistan Stock Exchange in their Listing Regulations, relevant for the year ended June 30, 2018 have been adopted by the Company and have been duly complied with. A statement to this effect is annexed to the report.

### **BOARD OF DIRECTORS**

The Board of Directors is responsible for the overall governance and administration of the company. All directors are aware of their duties and powers. They exercise their fiduciary responsibilities through board meetings which are held every quarter for reviewing and approving the adoption of company's financial statements in addition to review and adoption of company's significant plans, decisions, projections, forecasts, and budgets having regard to the recommendations of the Sub-committees. The responsibilities include establishing the company's strategic objectives, providing leadership supervising the management of the business and reporting to shareholders on their stewardship.

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#### MEETINGS OF BOARD OF DIRECTORS

During the year, four meetings of the board were held. Attendance of each director is as under:

Name of director	Attended	Leave granted
Mr. Khawar Anwar Khawaja	4	-
Mr. Khurram Anwar Khawaja	4	-
Mr. Muhammad Tahir Butt	4	-
Mr. Ameer Khawar Khawaja	4	-
Mr. Omer Khawar Khawaja	3	1
Mrs. Nuzhat Khawar Khawaja	3	1
Dr. Aamir Matin	4	-

#### ANNUAL BOARD PERFORMANCE

The Board considers its performance assessment as a key contributor to good governance as it provides feedback from the directors on their perceptions of how the Board is currently performing its roles and responsibilities. Envisaging the same, the Board devised in-house questionnaires based on emerging and leading practices to assist performance of the Board as a whole, of its committees and of its members. The Company Secretary presents the summarized report for discussion and review of the Board annually.

#### DIRECTORS' REMUNERATION

The remuneration of the Board members is approved by the Board itself. However, in accordance with the Code of Corporate Governance (CCG), it is ensured that no director takes part in deciding his own remuneration. The company does not pay remuneration to non-executive directors except fee for attending the meetings, in order to retain the best talent, the company's remuneration policies are structured in line with prevailing industry trends and business practices. For information on remuneration of directors and CEO in 2017-2018, please refer notes to the financial statements.

#### MEETINGS OF AUDIT COMMITTEE

During the year, four meetings of the audit committee were held. Attendance of each director is as under:

Name of director	Attended	Leave granted
Dr. Aamir Matin	4	-
Mr. Khurram Anwar Khawaja	4	-
Mr. Omer Khawar Khawaja	3	1

#### MEETING OF HUMAN RESOURCE AND REMUNERATION COMMITTEE

During the year, one meeting of the human resource and remuneration committee was held. Attendance of each director is as under:

Name of director	Attended	Leave granted
Dr. Aamir Matin	1	-
Mr. Khurram Anwar Khawaja	1	-
Mr. Khawar Anwar Khawaja	1	-

#### CORPORATE AND FINANCIAL REPORTING FRAME WORK

In compliance with the Code of Corporate Governance, we give below statements on Corporate and Financial Reporting Framework:

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.

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- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practice of corporate governance as detailed in the listing regulation of the stock exchanges.

#### INFORMATION SYSTEM

The Company has implemented a computer-based management information system. We have also made significant progress in the development of in-house programs and implementation of new software and its applications which provide a centralized database, support integration between the manufacturing and financial systems, and assist the Company in providing meaningful data in time for management decision making. This system is being continuously reviewed by internal and statutory auditors.

#### PERSONNEL AND WORKING ENVIRONMENT

Your Company is well aware of the importance of a team of skilled workers and staff. Therefore, in-house programs designed for this purpose are regularly undertaken. Fresh apprentices are trained through on-job practical working methods. At the same time, other important areas like health, safety and better working environment are also being looked after very well.

The Company also affords opportunity to its employees to attend workshops and training seminars arranged by various management training institutions.

#### RETIREMENT BENEFITS

The Company operates a funded contributory provident fund scheme for its employees. Fair value of investment based on respective un-audited accounts is Rupees 13.512 million (2017: Rupees 12.996 million).

#### AUDITORS

The present auditors Messrs Tabussum Saleem & Company, Chartered Accountants, Lahore retire, and being eligible, have offered themselves for re-appointment. The Audit Committee has been recommended their re-appointment.

#### KEY OPERATING AND FINANCIAL DATA

Key operating and financial data for the last decade is given in a summarized form hereafter this report.

#### PATTERN OF SHAREHOLDING

A statement of the pattern of shareholding of certain class of shareholders as at June 30, 2018, whose disclosure is required under the reporting framework, is included in the report.

The Directors, CEO, CFO, Company Secretary and their spouses or minor children did not carry out any trade in the shares of the Company during the year. No training program was attended by the directors during the year as two (2) directors of the Company are exempt from directors' training program due to 14 years of education and 15 years of experience on the board of a listed company. Five (5) remaining directors have completed the directors' training program.

#### APPRECIATION

Before conclusion, I, on behalf of the Board of Directors, wish to place on record my very special thanks to all whose contributions helped us to achieve this performance.

#### ON BEHALF OF THE BOARD OF DIRECTORS

Sialkot: September 27, 2018



(Khawar Anwar Khawaja)  
Chief Executive Officer



(Muhammad Tahir Butt)  
Director

**GOC (PAK) LIMITED**  
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## ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹر 30 جون 2018 کو ختم ہونے والے سال کی رپورٹ بمعہ آڈٹ شدہ مالیاتی گوشورارے و آڈیٹر رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ کوڈ آف کارپوریٹ گورننس کے بہترین طریقوں کی تعمیل اور ان پراڈیٹرز کی رپورٹ آپ کے مطالعہ کے لئے پیش کی گئی ہے۔

### قومی معیشت

مالی سال 2018ء پاکستان کی معیشت کیلئے چیلنج بنارہا۔ بڑے پیمانے پر کی جانے والی مینوفیکچرنگ کو مقامی سطح پر طلب میں کمی کا سامنا رہا۔ ملکی حالات ابھی تک دہشت گردی کیخلاف جنگ اور اور غیر مستحکم سیوری صورت حال سے متاثر ہیں جبکہ بیرون ممالک کی صورتحال غیر یقینی کیفیات اور یورپی یونین کے اطراف میں درآمدی رقوم کے مالی بحران سے متاثر ہے۔

ملکی برآمدات جو کہ تیزی سے گر چکی ہیں انکی بحال کیلئے حکومت کو انڈسٹری کی مدد میں اضافہ کرنا چاہئے۔ موجودہ نئی حکومت سے توقع کی جاتی ہے کہ یہ تجارتی دوستانہ پالیسیاں اپنائے گی اور اقدامات جیسے کہ کرنی ایکسیج ریٹ کو مناسب کرنا، توانائی کی قیمت کو کم کرنے، صنعتوں کو توانائی کی بلا تعطل فراہمی، سیلر ٹیکس، آئل ٹیکس اور کسٹم ڈیوٹی ری فنڈ کی بروقت ادائیگی کیلئے کرے گی تاکہ جس سے کاروباری کیش کی صورتحال بہتر ہو سکے۔

### کارکردگی کا جائزہ

متذکرہ سال کے دوران گزشتہ سال کے مقابلے میں مجموعی طور پر فروخت کے حجم میں 11.50 فیصد اضافہ ہوا۔

لکڑی کی ہاکی، کمپوزٹس ہاکی اور متفرق اشیاء کی برآمدات میں اضافہ جبکہ کرکٹ بال کی برآمدات تنزیل کا شکار رہیں۔ مستقبل میں ہم لکڑی کی ہاکی اور کمپوزٹ ہاکی کی برآمدات میں اضافہ متوقع کرتے ہیں۔ ہم کمپوزٹ سٹیکس مارکیٹ میں اپنی فروخت بڑھانے کیلئے کوشاں ہیں اور اسے ممکن بنانے کے لئے ریسرچ اور ڈویلپمنٹ کی طرف متوجہ ہیں جس کے نتیجے میں گاہکوں اور انٹرنیشنل کھلاڑیوں کی طرف سے اچھا فیڈ بیک ملا ہے۔ انتظامی حکمت عملی کی وجہ سے، اخراجات کی قیمت میں افراط زر کے رجحان کے باوجود کمپنی اخراجات قابو میں ہیں۔ تیزی سے بڑھتے مسابقتی ماحول میں ہمارے مارکیٹ شیئر میں اضافہ کرنے کیلئے کمپنی نے اپنے برانڈز اور ان کی ڈسٹری بیوشن میں سرمایہ کاری جاری رکھی ہے۔ ہمیں یقین ہے کہ کاروباری ماحول کے ارد گرد کے چیلنجوں کا سامنا کرنے کے لئے آئیو الے سالوں میں ہمیں کمپنی کی ڈسٹری بیوشن اور پروموشن میں سرمایہ کاری بڑھانے کی ضرورت ہوگی۔ کمپنی مارکیٹوں کی بدلتی ہوئی ضروریات کی جانچ اور مصنوعات کے معیار میں سرمایہ کاری اور جدت طرازی پر توجہ مرکوز کئے ہوئے ہے۔ مختلف اقسام کی پراڈکٹ رینج کی اصلی طاقت کیساتھ ساتھ ان تبدیلیوں نے کمپنی کی مجموعی ترقی کے حصول میں مدد کی ہے۔

مارکیٹ کی موجودہ صورت حال کے پیش نظر آپ کے ڈائریکٹرز کمپنی کی کارکردگی پر اطمینان کا اظہار کرتے ہیں اور پر عزم ہیں کہ دنیا میں کھیلوں کے سامان کے بہتر سپلائر کی پوزیشن حاصل کر لیں گے۔

مختصر مالی نتائج درج ذیل ہیں۔

روپوں میں	روپوں میں
2017	2018
13,951,956	30,068,253
(1,946,966)	(3,139,988)
(178,210)	(628,586)
(2,125,176)	(3,768,574)
11,826,780	26,299,679
1.61	3.58

منافع قبل از ٹیکس

ٹیکسیشن کیلئے فراہمی

موجودہ

ایسوسی ایٹ کے ٹیکس میں حصہ

منافع بعد از ٹیکس

فی شیئر آمدن

### خطرات میں کمی

کمپنی کے ڈائریکٹرز اور بورڈ کی آڈٹ کمیٹی باقاعدگی کے ساتھ خطرات کا باعث بننے والے ذرائع کا جائزہ لیتے رہتے ہیں۔ تجربہ کار انتظامی امور کی ٹیم چیف ایگزیکٹو اور ایگزیکٹو ڈائریکٹرز کی سربراہی میں اس طرح کے خطرات سے نمٹنے کے امور کے ذمہ دار ہیں۔ کمپنی مسلسل مارکیٹ کے حالات کو پرکھنے اور موقع کی مناسبت سے فیصلہ کرنے کی اہلیت رکھتی

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ہے اور اسی وجہ سے کمپنی کی سادھان خطرات کے وقت (جب کبھی وہ پیدا ہوں) مناسب اقدامات کی وجہ سے مضبوط رہتی ہے۔ کمپنی کے لیے سب سے بڑے خطرے اور اس کے تدارک کی وضاحت مالیاتی گوشورائے کے نوٹ 27 میں دی گئی ہے۔

### ٹھوس تبدیلیاں

30 جون 2018 سے لے کر 27 ستمبر 2018 تک کوئی اہم ٹھوس تبدیلی اور کمٹمنٹ جو کے کمپنی کی مالیاتی حیثیت کو متاثر کر سکے واقع نہیں ہوئی ہے۔

### ماحول صحت اور حفاظت

آپ کی کمپنی ماحولیاتی صحت اور عملیاتی طریقوں کے لیے جدید آلودگی سے مبراہ اور کم اہراج والی مصنوعات متعارف کرارہی ہے۔ کمپنی میں دفتر اور کام والی جگہ پر آگ سے بچاؤ کی مشقیں اور حفاظتی تدابیر کی ورکشاپ منعقد کی جاتی ہیں۔ آپ کی کمپنی حفاظت اور خطرات کو قابو میں رکھنے پر مستقل توجہ دیے ہوئے ہے۔ ہیلمٹ اور دیگر حفاظتی اقدامات کی وجہ سے ملازمین کے زخمی ہونے اور حادثات کی صورتحال قابو میں ہے۔

### کارپوریٹ سماجی ذمہ داری

سی ایس آر کے حوالے سے کمپنی انتظامیہ مستقل تعلیم، سماجی بہبود اور معاشرے کی بنیادی ڈھانچے کی ترقی کے لیے رواں سال توجہ دیے ہوئے ہے۔

### مستقبل کا نقطہ نظر

آپ کی کمپنی نے کامیابی سے کمپوزٹ سٹیکس کی ایک رینج تیار کی ہے اور امید ہے کہ آنے والے سالوں میں انکی فروخت بھی بڑھے گی جس کی وجہ سے منافع میں بھی اضافہ ہوگا۔ ہم آئیو اے سالوں میں جدید مشینری کے استعمال، ہنرمند مزدور اور کام کی جگہ میں اضافہ کر کے کرکٹ کے گیندوں کی پیداواری صلاحیت میں اضافہ کر رہے ہیں۔ ہم پاکستان میں مقامی سطح پر فروخت سمیت کرکٹ کھیلنے والے ممالک جیسا کہ جنوبی افریقہ، آسٹریلیا اور انگلینڈ کو کرکٹ گیندیں برآمد کر کے مزید ترقی کیلئے پر امید ہیں۔

### منافع منقسمہ

ڈائریکٹرز نے منافع منقسمہ بحساب 10 فیصد یعنی 1.00 روپے فی شیئر کیش کی ادائیگی کی منظوری دی ہے۔ منافع منقسمہ کی کل رقم 7.349 ملین روپے ہوگی۔

### گریزیٹنگ لمیٹڈ

جی او سی (پاک) لمیٹڈ، گریزیٹنگ لمیٹڈ کے ادا شدہ سرمائے کا 37.21 فیصد کا حصہ دار ہے۔ اس کمپنی کے حصص یافتگان کی ایکویٹی 30 جون 2018 کو 69.363 ملین روپے ہے بہ نسبت 30 جون 2017 کے جس میں 73.768 ملین روپے تھی۔

### کوڈ آف کارپوریٹ گورننس

کمپنی کی طرف سے 30 جون 2018 ختمہ سال کیلئے پاکستان سٹاک ایکسچینج کی لسٹنگ کے ضابطہ کار کی طرف سے مقرر کردہ کوڈ آف کارپوریٹ گورننس کی ضروریات کو اپنایا گیا ہے اور ان پر باضابطہ عمل کیا گیا اس سلسلے میں ایک بیان ساتھ لف ہے۔

### بورڈ آف ڈائریکٹرز کے اجلاس

سال کے دوران بورڈ کے چار اجلاس منعقد ہوئے، ہر ایک ڈائریکٹر کی حاضری ذیل ہے

ڈائریکٹر کا نام	حاضری	رخصت
خاور انور خواجہ	4	-
خرم انور خواجہ	4	-
محمد طاہر بٹ	4	-
امیر خاور خواجہ	4	-
عمر خاور خواجہ	3	1
نرہت خاور خواجہ	3	1
ڈاکٹر عامر متین	4	-

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### بورڈ کی سالانہ کارکردگی کا جائزہ

بورڈ اپنی کارکردگی جانچنے کے عمل کو گڈ گورنس کا اہم حصہ سمجھتا ہے۔ کیونکہ یہ عمل ڈائریکٹرز کو بورڈ کی حالیہ کارکردگی، اس کے کردار اور ذمہ داریوں کے متعلق رائے فراہم کرتا ہے۔ اس بات کا ادراک کرتے ہوئے بورڈ نے اپنی کمیٹیوں اور ارکان کی کارکردگی میں مدد فراہم کرنے کیلئے معروف طریقوں سے متعلق ایک سوال نامہ وضع کیا ہے۔ کمپنی سیکریٹری مشاورت اور بحث کیلئے بورڈ کو سالانہ خلاصہ رپورٹ پیش کرتا ہے۔

### ڈائریکٹرز کا معاوضہ

بورڈ ممبرز کا معاوضہ بورڈ خود ہی طے کرتا ہے۔ تاہم کوڈ آف کارپوریٹ گورنس کے مطابق اس بات کو یقینی بنایا جاتا ہے کہ کوئی بھی ڈائریکٹر خود اپنے معاوضہ کے طے کرنے کے عمل میں شامل نہیں ہوتا۔ کمپنی نان ایگزیکٹو ڈائریکٹر کو بورڈ میٹنگ فیس کے علاوہ کوئی معاوضہ ادا نہیں کرتی۔ بہترین ٹیلنٹ کو برقرار رکھنے کیلئے کمپنی کے معاوضہ کی پالیسی مسابقتی صنعتوں کے کاروباری معاملات اور انڈسٹری کے موجودہ رجحانات کو مد نظر رکھ کر طے کی جاتی ہے۔ 2017-18 کے لئے ڈائریکٹرز اور چیف ایگزیکٹو آفیسر کی معاوضے کی معلومات کے لئے ملاحظہ نوٹس دیکھیں۔

### آڈٹ کمیٹی کے اجلاس

سال کے دوران آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے، ہر ڈائریکٹر کی حاضری درج ذیل ہے۔

ڈائریکٹر کا نام	حاضری	رخصت
ڈاکٹر عامر متین	4	-
خرم انور خواجہ	4	-
عمر خاور خواجہ	3	1

### انسانی وسائل اور معاوضہ کمیٹی کے اجلاس

سال کے دوران انسانی وسائل اور معاوضہ کمیٹی کا ایک اجلاس ہوا، ہر ڈائریکٹر کی حاضری درج ذیل ہے۔

ڈائریکٹر کا نام	حاضری	رخصت
ڈاکٹر عامر متین	1	-
خرم انور خواجہ	1	-
خاور انور خواجہ	1	-

### کارپوریٹ اینڈ فنانشل رپورٹنگ فریم ورک

کوڈ آف کارپوریٹ گورنس کے تحت ہم کارپوریٹ اینڈ فنانشل رپورٹنگ فریم ورک سے متعلق درج ذیل رپورٹ دیتے ہیں۔

1۔ کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالی گوشوارہ اس کے موجودہ معاملات، آپریشنز کے نتائج اور خالص آمدنی اور ایکوٹی میں تبدیلیوں کا واضح طور پر بتاتے ہیں۔

2۔ کمپنی کے کھاتوں کا حساب کتاب مکمل طور پر برقرار رکھا گیا ہے۔

3۔ مالی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل سے لاگو کیا گیا ہے، کھاتوں کے اندازے مناسب اور دانشمندانہ فیصلے پر مبنی ہیں۔

4۔ مالی گوشواروں کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ سٹینڈرڈز کو ملحوظ خاطر رکھا گیا ہے اور ان سے ہٹ کر کی گئی کوئی بھی تبدیلی مناسب طور پر بیان کی گئی ہے۔

5۔ اندرونی کنٹرول کا نظام ڈیزائن میں مضبوط ہے اور اس پر مؤثر طریقے سے عملدرآمد اور نگرانی کی گئی ہے۔

6۔ کمپنی کی موجودہ جاری صورتحال میں اسکی صلاحیت پر کوئی قابل ذکر شک نہیں ہے

7۔ لیسٹنگ کے ضابطہ کار میں تفصیلی طور پر بیان کئے گئے کارپوریٹ گورنس کے بہترین طریقوں میں سے کسی سے انحراف نہیں کیا گیا۔

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### انفارمیشن سسٹم

کمپنی نے ایک کمپیوٹر بیڈینجمنٹ انفارمیشن سسٹم لاگو کر رکھا ہے۔ ہم نے ان ہاؤس پروگرامز کی ڈولپمنٹ اور اور نئے سافٹ ویئر اور اسکی اپلیکیشنز کے نفاذ میں اہم پیش رفت کی ہے جو کہ ایک مرکزی ڈیٹا بیس فراہم کرنے، مینوفیکچرنگ اور فنانشل سسٹم کے درمیان انضمام اور انتظامی فیصلہ سازی کیلئے کمپنی کو بروقت با معنی اعداد و شمار فراہم کرنے میں مدد کرتا ہے۔ اندرونی اور قانونی آڈیٹرز اس نظام مسلسل کا جائزہ لے رہے ہیں۔

### ورکرز اور کام کرنے کا ماحول

آپ کی کمپنی ہر مند ورکرز اور عملے کی اہمیت سے اچھی طرح واقف ہے۔ لہذا اس مقصد کے لئے ڈیزائن کئے گئے ان ہاؤس پروگرامز پر باقاعدگی سے عمل کیا جاتا ہے۔ فریش اپرینٹسز کو عملی کام کرنے کے طریقوں کے ذریعے تربیت دی جاتی ہے۔ دوسری طرف صحت، حفاظتی اقدامات اور بہتر کام کرنے کے ماحول کیسے دیگر اہم حصوں کی بھی بہت اچھی طرح سے دیکھ بھال کی جارہی ہے۔

کمپنی اپنے ملازمین کو مختلف مینجمنٹ ٹریننگ انسٹیٹیوٹ کے زیر اہتمام ورکشاپس اور تربیتی سیمینار میں شرکت کے مواقع بھی فراہم کرتی ہے۔

### ریٹائرمنٹ بینیفٹس

کمپنی اپنے ملازمین کے لئے ایک فنڈڈ کنٹری بیوٹری پروویڈنٹ فنڈ سکیم چلاتی ہے۔ متعلقہ غیر تنفیج شدہ اکاؤنٹس پر مبنی سرمایہ کاری کی اصل رقم 13.512 ملین روپے ہے جو کہ (2017 میں 12.996 ملین روپے تھی)۔

### آڈیٹرز

موجودہ آڈیٹرز میسرز تبسم سلیم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس لاہور سکبدوش ہو رہی ہے اور دوبارہ تقرری کے اہل ہیں۔ آڈٹ کمیٹی نے 30 جون 2019 کو ختم ہونے والے مالی سال کے لیے ان کی تقرری کی سفارش کی ہے۔

### کلیدی آپرینٹنگ اور مالی اعداد و شمار

گزشتہ دہائی کے کلیدی آپرینٹنگ اور مالی اعداد و شمار کا ایک خلاصہ اس رپورٹ میں دیا گیا ہے۔

### شیر ہولڈنگ کا نمونہ

30 جون 2018 تک حصص یافتگان کے بعض طبقے کے شیر ہولڈنگ کا نمونہ جن کے انکشافات رپورٹنگ فریم ورک کے تحت ضروری تھے اس رپورٹ میں شامل کیے گئے ہیں۔ ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکریٹری انکی بیویوں اور چھوٹے بچوں کی جانب سے کمپنی کے شیر میں سال کے دوران کوئی ٹریڈنگ نہیں ہوئی۔ رواں سال ڈائریکٹرز نے کسی تربیتی پروگرام میں شرکت نہیں کی ہے چونکہ کمپنی کے دو ڈائریکٹرز صاحبان 14 سالہ تعلیم اور 15 سالہ تجربے کی بناء پر پہلے ہی چھوٹ حاصل کر چکے ہیں جب کے باقی پانچ ڈائریکٹرز، ڈائریکٹرز تربیتی پروگرام مکمل کر چکے ہیں۔

### اعتراف

میں بورڈ آف ڈائریکٹرز کی جانب سے اپنے ان تمام شراکت داروں کا خصوصی شکریہ ادا کرنا چاہتا ہوں جنکی وجہ سے ہم نے یہ کارکردگی حاصل کی۔

بحکم بورڈ

*Lawrence Muneer*

خاور انور خواجہ

چیف ایگزیکٹو آفیسر

*Muhammad Hashim*

محمد طاہر بٹ

ڈائریکٹر

سیالکوٹ: 27 ستمبر 2018

# GOC (PAK) LIMITED

## ANNUAL REPORT 2018

### DECADE AT A GLANCE

(Rupees in Million)

	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009
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#### INCOME

Sales and revenues	238,865	215,542	266,459	243,531	229,679	198,855	186,727	180,742	137,195	107,950
Cost of sales	157,764	150,304	177,480	164,864	161,980	142,369	133,843	131,991	111,655	80,398
Operating and other costs	51,033	51,286	47,560	40,896	52,019	51,365	48,029	48,705	48,438	35,749
Taxes on income	3,769	2,125	3,512	1,346	2,404	2,671	2,656	3,116	(4,637)	(4,984)
Profit / (loss) after taxation	26,300	11,827	37,907	36,424	13,275	2,451	2,199	(3,070)	(18,261)	(3,213)

#### FINANCIAL POSITION

Current assets	241,790	221,079	239,659	210,362	168,330	149,314	153,352	144,705	141,546	124,191
Less: Current liabilities	51,665	41,967	52,519	50,767	41,813	29,086	35,424	26,303	20,205	18,940
Net working capital	190,126	179,111	187,140	159,595	126,517	120,228	117,927	118,402	121,341	105,251
Fixed assets and long term deposits	85,085	74,675	70,142	74,372	71,019	63,598	63,339	68,008	86,545	117,943
Shareholders' equity	275,210	253,786	257,283	233,968	197,536	183,826	181,266	186,410	201,181	223,194

#### STATISTICS AND RATIOS

Bonus shares	-	-	-	-	-	-	-	-	-	350.00
Dividend	10.00	6.50	21.00	20.00	-	-	-	10.00	25.00	25.00
Profit/(loss) on shareholders' equity	10.93	5.50	16.10	16.14	7.94	2.79	2.68	0.02	(11.38)	(3.67)
Profit/(loss) before tax to sales	12.58	6.51	15.64	15.54	6.84	2.61	2.61	0.02	(12.71)	(6.09)
Current ratio	4.68 :1	5.27 :1	4.56 :1	4.14 :1	4.03 :1	5.13 :1	4.33 :1	5.5:1	7.01 :1	6.56 :1

# GOC (PAK) LIMITED

## ANNUAL REPORT 2018

### Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017

**Name of company: GOC (Pak) Limited**  
**Year ending: 30 June 2018**

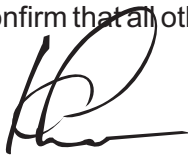
The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are Seven (7) as per the following:
  - a. Male: 6
  - b. Female: 1
2. The composition of board is as follows:

a)	Independent Director	Dr. Aamir Matin
b)	Other Non-executive Directors	Mr. Khurram Anwar Khawaja Mr. Muhammad Tahir Butt Mr. Omer Khawar Khawaja Mrs. Nuzhat Khawar Khawaja
c)	Executive Directors	Mr. Khawar Anwar Khawaja Mr. Ameer Khawar Khawaja
3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company.
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and 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.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board / shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Board has arranged Directors' Training program for the following Directors:
  1. Dr. Aamir Matin
  2. Mr. Muhammad Tahir Butt
  3. Mr. Omer Khawar Khawaja
  4. Mrs. Nuzhat Khawar Khawaja
  5. Mr. Ameer Khawar Khawaja

**GOC (PAK) LIMITED**  
**ANNUAL REPORT 2018**

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:
- a)           Audit Committee**
1.     Dr. Aamir Matin (Independent Director) – Chairman
2.     Mr. Omer Khawar Khawaja (Non-Executive Director)
3.     Mr. Khurram Anwar Khawaja (Non-Executive Director)
- b)           HR and Remuneration Committee**
1.     Dr. Aamir Matin – (Independent Director) –Chairman
2.     Mr. Khawar Anwar Khawaja (Executive Director)
3.     Mr. Khurram Anwar Khawaja (Non-Executive Director)
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly / half yearly / yearly) of the committee were as per following:
- a)           Audit Committee:**
- Four quarterly meetings were held during the financial year ended June 30, 2018
- b)           HR and Remuneration Committee**
- One Meeting of HR and Remuneration Committee was held during the financial year ended June 30, 2018.
15. The board has set up an effective internal audit function which is considered suitably qualified, experienced for the purpose and conversant with the policies and procedures of the Company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.



**(Mr. Khurram Anwar Khawaja)**

**GOC (PAK) LIMITED**  
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**TABUSSUM SALEEM & CO.**  
**CHARTERED ACCOUNTANTS**

**To the members of GOC (PAK) LIMITED**

**Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of GOC (PAK) LIMITED for the year ended June 30, 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

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 Regulations require 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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 procedures to assess and determine the Company's process for identification of related parties and that 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 requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2018.

*Tabussum*  
**TABUSSUM SALEEM & COMPANY**  
**CHARTERED ACCOUNTANTS**  
**ENGAGEMENT PARTNER**  
**MUHAMMAD ASLAM TABUSSUM**



**Dated: September 27, 2018**  
**Place: Lahore**

**GOC (PAK) LIMITED**  
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**TABUSSUM SALEEM & CO.**  
**CHARTERED ACCOUNTANTS**

**INDEPENDENT AUDITOR'S REPORT**  
**To the members of GOC (Pak) Limited**  
**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the annexed financial statements of GOC (Pak) Limited (the Company), which comprise the statement of financial position as at June 30, 2018, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, 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, statement of profit or loss and other comprehensive income, the statement of changes in equity 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, 2018 and of the profit or loss and other comprehensive income, the changes in equity 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 Auditor's 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.

**Key Audit Matter**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of audit of the financial statements as a whole, and informing our opinion thereon, and we do not provide a separate opinion on these matters.

**Following is the Key audit matter.**

**1. Preparation of financial statements under Companies Act, 2017**

As referred to in note 2.1(b) to the accompanying financial statements, the Companies Act, 2017 (the Act) became applicable for the first time for the preparation of the Company's annual financial statements for the year ended 30 June 2018.

The Act forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements.

In the case of the Company, a summary of key additional disclosures and changes to the existing disclosures have been stated in note 2.1(b) to the accompanying financial statements.

# GOC (PAK) LIMITED

## ANNUAL REPORT 2018

### **TABUSSUM SALEEM & CO.**

#### **CHARTERED ACCOUNTANTS**

The above changes and enhancements in the financial statements are considered important and a key audit matter because of the volume and significance of the changes in the financial statements resulting from the transition to the new reporting requirements under the Act.

We assessed the procedures applied by the management for identification of the changes required in the financial statements due to the application of the Act. We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements. We also evaluated the sources of information used by the management for the preparation of the above referred disclosures and the internal consistency of such disclosures with other elements of the financial statements.

#### **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 are responsible for overseeing the Company's financial reporting process.

#### **Auditor's 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 auditor's 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:

1. 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 over ride of internal control.
2. 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.
3. 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 required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

**GOC (PAK) LIMITED**  
**ANNUAL REPORT 2018**

**TABUSSUM SALEEM & CO.**  
**CHARTERED ACCOUNTANTS**

4. 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.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**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 profit or loss and other comprehensive income or the income and expenditure account, the statement of changes in equity 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) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

**Other Matter(s)**

Prior Year Financial Statements are audited by HLB Ijaz Tabussum & Company Chartered Accountants and they also gave unqualified opinion.

The engagement partner on the audit resulting in this independent auditors' report is Muhammad Aslam Tabussum.

*Tabussum*  
**TABUSSUM SALEEM & COMPANY**  
**CHARTERED ACCOUNTANTS**  
**ENGAGEMENT PARTNER**  
**MUHAMMAD ASLAM TABUSSUM**



**Dated: September 27, 2018**  
**Place: Lahore**

Office # 1, 3rd Floor, Madina Heights 87-E, Maulana Shaukat Ali Road, Johar Town, Lahore - Pakistan.  
Tel: 042-35173258, 35173260 Email: [matabussum@yahoo.com](mailto:matabussum@yahoo.com)

**GOC (PAK) LIMITED**  
**ANNUAL REPORT 2018**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2018**

	NOTE	2018 Rupees	2017 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital 10,000,000 (2017: 10,000,000) ordinary shares of Rupees 10 each		100,000,000	100,000,000
Issued, subscribed and paid up share capital	3	73,493,410	73,493,410
Reserves	4	201,717,067	180,292,616
<b>Total equity</b>		<b>275,210,477</b>	<b>253,786,026</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	5	47,617,396	39,130,006
Provision for taxation		3,139,988	1,946,966
Unclaimed dividend		907,255	890,248
<b>Total liabilities</b>		<b>51,664,639</b>	<b>41,967,220</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	6		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>326,875,116</b>	<b>295,753,246</b>

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

  
**KHAWAR ANWAR KHAWAJA**  
CHIEF EXECUTIVE

  
**MUHAMMAD ASHRAF BUTT**  
COMPANY SECRETARY

# GOC (PAK) LIMITED

## ANNUAL REPORT 2018

ASSETS	NOTE	2018 Rupees	2017 Rupees
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	57,723,166	45,585,703
Long term investments	8	26,235,351	27,962,611
Long term deposits		1,126,248	1,126,248
		<u>85,084,765</u>	<u>74,674,562</u>
<b>CURRENT ASSETS</b>			
Stores and spare parts	9	1,914,741	1,283,497
Stock in trade	10	126,212,320	119,893,600
Trade debts	11	10,958,012	30,495,857
Advances	12	20,475,170	17,355,975
Trade deposits and short term prepayments	13	1,395,988	1,495,212
Other receivables	14	22,573,696	26,547,708
Cash and bank balances	15	58,260,424	24,006,835
		<u>241,790,351</u>	<u>221,078,684</u>
<b>TOTAL ASSETS</b>		<u><u>326,875,116</u></u>	<u><u>295,753,246</u></u>

  
**MUHAMMAD TAHIR BUTT**  
 DIRECTOR

**GOC (PAK) LIMITED**  
**ANNUAL REPORT 2018**

**STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	NOTE	2018 Rupees	2017 Rupees
SALES	16	239,095,341	214,442,066
COST OF SALES	17	(157,763,537)	(150,304,237)
GROSS PROFIT		81,331,804	64,137,829
DISTRIBUTION COST	18	(11,079,886)	(10,569,861)
ADMINISTRATIVE EXPENSES	19	(35,860,987)	(38,892,183)
OTHER EXPENSES	20	(3,429,549)	(1,217,053)
		(50,370,422)	(50,679,097)
		30,961,382	13,458,732
OTHER INCOME	21	770,174	1,258,279
PROFIT FROM OPERATIONS		31,731,556	14,717,011
FINANCE COST	22	(662,743)	(606,836)
		31,068,813	14,110,175
SHARE OF LOSS FROM ASSOCIATED COMPANY	8.1	(1,000,560)	(158,219)
PROFIT BEFORE TAXATION		30,068,253	13,951,956
TAXATION			
- Current	23	(3,139,988)	(1,946,966)
- Share of tax of associated company	8.1	(628,586)	(178,210)
		(3,768,574)	(2,125,176)
PROFIT AFTER TAXATION		26,299,679	11,826,780
EARNINGS PER SHARE - BASIC AND DILUTED	24	3.58	1.61

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

  
**KHAWAR ANWAR KHAWAJA**  
CHIEF EXECUTIVE

  
**MUHAMMAD ASHRAF BUTT**  
COMPANY SECRETARY

  
**MUHAMMAD TAHIR BUTT**  
DIRECTOR

**GOC (PAK) LIMITED**  
**ANNUAL REPORT 2018**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2018**

	2018 Rupees	2017 Rupees
<b>PROFIT AFTER TAXATION</b>	26,299,679	11,826,780
<b>OTHER COMPREHENSIVE INCOME</b>		
Items that will not be reclassified to profit or loss	(9,988)	17,106
Items that may be reclassified subsequently to profit or loss:		
(Deficit) / Surplus arising on re-measurement of available for sale investment	(88,126)	93,116
Other comprehensive (loss) / income for the period	(98,114)	110,222
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>26,201,565</u>	<u>11,937,002</u>

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

  
**KHAWAR ANWAR KHAWAJA**  
CHIEF EXECUTIVE

  
**MUHAMMAD ASHRAF BUTT**  
COMPANY SECRETARY

  
**MUHAMMAD TAHIR BUTT**  
DIRECTOR

**GOC (PAK) LIMITED**  
**ANNUAL REPORT 2018**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	NOTE	2018 Rupees	2017 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	25	61,195,801	3,472,939
Finance cost paid		(662,743)	(606,836)
Income tax paid		(3,278,962)	(2,756,421)
Net increase in long term deposits		-	(476,445)
<b>Net cash generated from / (used in) operating activities</b>		<b>57,254,096</b>	<b>(366,763)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property, plant and equipment		(23,208,556)	(10,100,173)
Proceeds from disposal of property, plant and equipment		4,213,875	563,000
Profit on deposit accounts received		739,843	897,093
Dividend income received		14,438	13,283
<b>Net cash (used in) / from investing activities</b>		<b>(18,240,400)</b>	<b>(8,626,797)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(4,760,107)	(15,780,153)
<b>Net cash used in financing activities</b>		<b>(4,760,107)</b>	<b>(15,780,153)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>34,253,589</b>	<b>(24,773,713)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>		<b>24,006,835</b>	<b>48,780,548</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>		<b>58,260,424</b>	<b>24,006,835</b>

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

  
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CHIEF EXECUTIVE

  
**MUHAMMAD ASHRAF BUTT**  
COMPANY SECRETARY

  
**MUHAMMAD TAHIR BUTT**  
DIRECTOR

# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	RESERVES							TOTAL EQUITY	
	CAPITAL			REVENUE		TOTAL RESERVES			
	SHARE CAPITAL	Capital reserve	Fair value reserve	Sub total	General reserve		Unappropriated profit		Sub total
(Rupees)									
Balance as at 30 June 2016	73,493,410	1,000,000	410,205	1,410,205	104,455,492	77,923,533	182,379,025	183,789,230	257,282,640
Final dividend for the year ended 30 June 2016 @ Rs. 2.10/- per share									
Profit for the year						(15,433,616)	(15,433,616)	(15,433,616)	(15,433,616)
Other comprehensive income for the year						11,826,780	11,826,780	11,826,780	11,826,780
Total comprehensive income for the year						17,106	17,106	110,222	110,222
Balance as at 30 June 2017	73,493,410	1,000,000	503,321	1,503,321	104,455,492	74,333,803	178,789,295	180,292,616	253,786,026
Final dividend for the year ended 30 June 2017 @ Rs. 0.65/- per share									
Profit for the year						(4,777,114)	(4,777,114)	(4,777,114)	(4,777,114)
Other comprehensive income for the year						26,299,679	26,299,679	26,299,679	26,299,679
Total comprehensive income for the year						(9,988)	(9,988)	(98,114)	(98,114)
Balance as at 30 June 2018	73,493,410	1,000,000	415,195	1,415,195	104,455,492	95,846,380	200,301,872	201,717,067	275,210,477

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

  
**KHAWAR ANWAR KHAWAJA**  
 CHIEF EXECUTIVE

  
**MUHAMMAD ASHRAF BUTT**  
 COMPANY SECRETARY

  
**MUHAMMAD TAHIR BUTT**  
 DIRECTOR

## GOC (PAK) LIMITED ANNUAL REPORT 2018

# GOC (PAK) LIMITED

## ANNUAL REPORT 2018

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

#### 1. THE COMPANY AND ITS OPERATIONS

GOC (Pak) Limited ("the Company") was incorporated in Pakistan on 02 June 1964 as a private Company limited by shares under the Companies Act, 1913 (Now Companies Act, 2017) and converted into a public limited company on April 17, 1986. The Company's shares are quoted on Pakistan Stock Exchange Limited. The registered office of the Company is situated at Small Industries Estate, Sialkot. The Company is engaged in manufacturing and sale of hockey sticks, cricket ball and other quality sports goods.

Geographical location and addresses of all business units are as follows:

Sr. No.	Business Units	Address
1	Unit 1 (Hockey Sticks & Cricket balls) and Admin Block	Plot No. 29-A & 30-A, Small Industrial Estate, Ugoki Road Shahab Pura, Sialkot.
2	Unit 2 (Hockey Sticks & Accessories) and Admin Block	Khawat No. 61, Khaitoni No. 227, Khasra No. 115/1 Mozia Shatab Garha, Teh. Dist. Sialkot.

#### Summary of significant transactions and events affecting the Company's financial position and performance

- a) The exchange rate of United States Dollar to Pak Rupees has increased from Pak Rupees 104.8 as at 30 June 2017 to Pak Rupees 121.6 as at 30 June 2018.
- b) For a detailed discussion about the Company's performance, please refer to the Directors' report.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### 2.1 Basis of preparation

##### a) 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; 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, the provisions of and directives issued under the Companies Act, 2017 have been followed.

## **GOC (PAK) LIMITED**

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#### **b) Preparation of financial statements under the Companies Act, 2017**

The Fourth Schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its Fourth Schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. Additional disclosures include but are not limited to, particulars of immovable assets of the Company (refer note 7.2), management assessment of sufficiency of tax provision in the financial statements (refer note 23.3), additional disclosure requirements for related parties (refer note 27) etc.

#### **c) Accounting convention**

These financial statements have been prepared under the historical cost convention except for the certain financial instruments carried at fair value.

#### **d) Critical accounting estimates and judgments**

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

##### **Useful lives, patterns of economic benefits and impairments**

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

##### **Inventories**

Net realizable value of inventories is determined with reference to currently prevailing selling prices less estimated expenditure to make sales.

##### **Taxation**

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

##### **Provision for doubtful debts**

The Company reviews its receivable against any provision required for any doubtful balances on an ongoing basis. The provision is made while taking into consideration expected recoveries, if any.

##### **Impairment of investment in an associated company**

In making an estimate of recoverable amount of the Company's investment in associated company, the management considers future cash flows and an estimate of the terminal value of this investment.

#### **e) Amendments to published approved accounting standards that are effective in current year and are relevant to the Company**

## GOC (PAK) LIMITED

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Following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2017:

IAS 7 (Amendments), 'Statement of Cash Flows' (effective for annual periods beginning on or after 01 January 2017). Amendments have been made to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The aforesaid amendments have resulted in certain additional disclosures in the Company's financial statements.

IAS 12 (Amendments), 'Income Taxes' (effective for annual periods beginning on or after 01 January 2017). The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments have no significant impact on Company's financial statements.

On 8 December 2016, IASB issued Annual Improvements to IFRSs: 2014 – 2016 Cycle, incorporating amendments to three IFRSs more specifically in IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 01 January 2017). IFRS 12 states that an entity need not provide summarized financial information for interests in subsidiaries, associates or joint ventures that are classified, or included in a disposal group that is classified, as held for sale (in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations). The amendments clarify that this is the only concession from the disclosure requirements of IFRS 12 for such interests. The amendments have no impact on the Company's financial statements.

The application of the above amendments does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

**f) Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant to the Company**

Following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2018 or later periods:

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 July 2018). A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 'Financial Instruments: Recognition and Measurement'. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. It introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 July 2018). IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are: identify the contract with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in

## **GOC (PAK) LIMITED**

### **ANNUAL REPORT 2018**

the contracts; and recognize revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The aforesaid standard is not expected to have a material impact on the Company's financial statements.

IFRS 16 'Lease' (effective for annual periods beginning on or after 01 January 2019). IFRS 16 specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16 approach to lessor accounting substantially unchanged from its predecessor, IAS 17 'Leases'. IFRS 16 replaces IAS 17, IFRIC 4 'Determining Whether an Arrangement Contains a Lease', SIC-15 'Operating

Amendments to IFRS 9 (effective for annual periods beginning on or after 01 January 2019) clarify that for the purpose of assessing whether a prepayment feature meets the solely payments of principal and interest ('SPPI') condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI. The amendments are not likely to have significant impact on the Company's financial statements.

IFRS 15 (Amendments), 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 July 2018). Amendments clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts. The aforesaid amendments are not expected to have a material impact on the Company's financial statements.

IAS 28 (Amendments) 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 01 January 2019). The IASB has clarified that IFRS 9, including its impairment requirements, applies to long-term interests. Furthermore, in applying IFRS 9 to long-term interests, an entity does not take into account adjustments to their carrying amount required by IAS 28 (i.e., adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28). The amendments are not likely to have significant impact on the Company's financial statements.

IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 01 January 2018). IFRIC 22 clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The interpretation is not expected to have a material impact on the Company's financial statements.

IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019). The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'. It specifically considers: whether tax treatments should be considered collectively; assumptions for taxation authorities' examinations; the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and the effect of changes in facts and circumstances. The interpretation is not expected to have a material impact on the Company's financial statements.

## **GOC (PAK) LIMITED**

### **ANNUAL REPORT 2018**

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 (deferred indefinitely) to clarify the treatment of the sale or contribution of assets from an investor to its associates or joint venture, as follows: require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 'Business Combinations'); require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture. These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occur by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves. The management of the Company is in the process of evaluating the impacts of the aforesaid amendments on the Company's financial statements.

On 8 December 2016, IASB issued Annual Improvements to IFRSs: 2014 – 2016 Cycle, incorporating amendments to three IFRSs more specifically in IAS 28. These amendments are effective for annual periods beginning on or after 01 January 2018. These amendments have no significant impact on the Company's financial statements and have therefore not been analyzed in detail.

On 12 December 2017, IASB issued Annual Improvements to IFRSs: 2015 – 2017 Cycle, incorporating amendments to four IFRSs more specifically in IFRS 3 'Business Combinations', IFRS 11 'Joint Arrangements', IAS 12 'Income Taxes' and IAS 23 'Borrowing Costs'. The amendments are effective for annual periods beginning on or after 01 January 2019. The amendments have no significant impact on the Company's financial statements and have therefore not been analyzed in detail.

On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework. The new Framework: reintroduces the terms stewardship and prudence; introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument; removes from the asset and liability definitions references to the expected flow of economic benefits—this lowers the hurdle for identifying the existence of an asset or liability and puts more emphasis on reflecting uncertainty in measurement; discusses historical cost and current value measures, and provides some guidance on how the IASB would go about selecting a measurement basis for a particular asset or liability; states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances will the IASB use other comprehensive income and only for income or expenses that arise from a change in the current value of an asset or liability; and discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements. The Framework is not an IFRS standard and does not override any standard, so nothing will change in the short term. The revised Framework will be used in future standard-setting decisions, but no changes will be made to current IFRS. Preparers might also use the Framework to assist them in developing accounting policies where an issue is not addressed by an IFRS. It is effective for annual periods beginning on or after 1 January 2020 for preparers that develop an accounting policy based on the Framework.

#### **g) Standards and amendments to approved published standards that are not yet effective and not considered relevant to the Company**

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2018 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

# **GOC (PAK) LIMITED**

## **ANNUAL REPORT 2018**

### **2.2 Staff retirement benefits**

The Company operates a funded contributory provident fund scheme for its employees. Equal monthly contributions are made both by the Company and employees at the rate of 6.25 percent of the basic salary to the fund.

### **2.3 Taxation**

#### **Current**

The Company falls under the ambit of presumptive tax regime under section 169 of the Income Tax Ordinance, 2001. Provision for income tax has been made in the financial statements accordingly. However, tax on other income is based on taxable income at the current rates after considering the rebates and tax credits available, if any.

#### **Deferred**

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

However, provision for the deferred income tax is not considered necessary as the company is chargeable to tax under section 169 of the Income Tax Ordinance, 2001 and no temporary differences are expected to arise in the foreseeable future.

### **2.4 Provisions**

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made.

### **2.5 Property, plant, equipment and depreciation**

#### **Owned**

These are stated at cost less accumulated depreciation and any identified impairment loss except freehold land and capital work-in-progress which are stated at cost less any identified impairment loss. Cost of property, plant and equipment consists of historical cost and other directly attributable costs of bringing the assets to working condition.

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 benefit associated with the item will flow to the company and cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred.

## **GOC (PAK) LIMITED**

### **ANNUAL REPORT 2018**

#### **Leased**

Leasehold land is stated at cost less the amount amortized over the lease period in equal proportions.

#### **Depreciation**

Depreciation is charged to income applying the reducing balance method so as to write off the cost / depreciable amount of property, plant and equipment over their expected useful lives. Depreciation on additions is charged from the day on which the assets are available for use and on deletions up to the day on which the assets are disposed off. The residual values and useful lives are reviewed by the management, at each financial year end and adjusted if impact on depreciation is significant.

#### **De-recognition**

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and carrying value of the asset) is included in the income statement in the year the asset is derecognized.

#### **2.6 Investments**

The Company assess at the end of each reporting period whether there is any objective evidence that investments are impaired. If any such evidence exists the Company applies the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' to all investments, except investment in associate, which is tested for impairment in accordance with the provisions of IAS 36 'Impairment of Assets'.

#### **Equity investment in associated company**

Investment in associate is valued using equity method in accordance with the IAS 28 " *Investments in Associates and Joint Ventures*".

#### **Other investments**

The other investments made by the Company are classified for the purpose of measurement in to the following categories:

#### **Held to maturity**

Investments with fixed or determinable payments and fixed maturity are classified as held to maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for undefined period are not included in this classification. Other long term investments that are intended to be held-to-maturity are subsequently measured at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initially recognized amount and the maturity amount. For investments carried at amortized cost, gains and losses are recognized in income when the investments are derecognized or impaired, as well as through the amortization process.

#### **Investment at fair value through profit or loss**

Investments classified as held-for-trading and those designated as such are included in this category. Investments are classified as held-for-trading if they are acquired for the purpose of selling in the short term. Gains or losses on investments held-for-trading are recognized in statement of profit or loss.

# **GOC (PAK) LIMITED**

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### **Available-for-sale**

Investments intended to be held for an indefinite period of time, which may be sold in response to need for liquidity, or changes to interest rates or equity prices are classified as available-for-sale. After initial recognition, investments which are classified as available-for-sale are measured at fair value. Gains or losses on available-for-sale investments are recognized directly in statement of other comprehensive income until the investment is sold, de-recognized or is determined to be impaired, at which time the cumulative gain or loss previously reported in statement of other comprehensive income is included in statement of profit or loss. For investments that are actively traded in organized capital markets, fair value is determined by reference to stock exchange quoted market bids at the close of business on the reporting date.

### **2.7 Inventories**

Inventories, except for stock in transit and waste stock are stated at lower of cost and net realizable value. Cost is determined as follows:

#### **Stores and spare parts**

Useable stores and spare parts are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

#### **Stock-in-trade**

Cost of raw material is based on moving average cost.

Cost of work-in-process and finished goods comprise cost of direct material, labour and appropriate manufacturing overheads.

Materials in transit are stated at cost comprising invoice values plus other charges paid thereon. Waste stock is valued at net realizable value.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the costs necessary to make a sale.

### **2.8 Trade debts and other receivables**

Trade debts and other receivables are carried at original invoice value less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

### **2.9 Trade and other payables**

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

## **GOC (PAK) LIMITED**

### **ANNUAL REPORT 2018**

#### **2.10 Foreign currency transactions**

These financial statements are presented in Pak Rupees, which is the Company's functional currency. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the reporting date, while the transactions in foreign currencies during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. Exchange gains and losses are recorded in the statement of profit or loss.

#### **2.11 Financial instruments**

Financial instruments carried on the statement of financial position include investment, deposits, trade debts, other receivables, cash and bank balances and trade and other payables. Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for 'financial instruments at fair value through profit or loss' which are initially measured at fair value.

The particular measurement methods adopted are disclosed in the following individual policy statements associated with each item. Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial assets. The Company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Company surrenders those rights. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement (except available for sale investments) and de-recognition is charged to the statement of profit or loss currently.

Financial assets and liabilities are offset and the net amount is reported in the financial statements when the Company has a legally enforceable right to offset and the Company intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

#### **2.12 Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at book value which approximates their fair value. For the purposes of the cash flow statement, cash equivalents comprise cash in hand, cash at banks and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

#### **2.13 Impairment**

##### **a) Financial assets**

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flows of that asset.

## **GOC (PAK) LIMITED**

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An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated with reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

#### **b) 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 such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in statement of profit or loss. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in statement of profit or loss.

#### **2.14 Revenue recognition**

Revenue from sales is recognized on dispatch of goods to customers. Profit on deposits with banks is recognized on a time proportion basis taking into account the principal outstanding and rate of profit / interest applicable thereon. Dividend on equity investments is recognized as income when the Company's right to receive such dividend has been established.

#### **2.15 Dividend and other appropriations**

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

#### **2.16 Share capital**

Ordinary shares are classified as equity.

#### **2.17 Government grants**

Government grants are recognized when there is reasonable assurance that entity will comply with the conditions attached to it and grant will be received.

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3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL			NOTE	2018 Rupees	2017 Rupees
2018	2017				
Number of shares					
204,700	204,700	Ordinary shares of Rupees 10 each fully paid up in cash		2,047,000	2,047,000
4,400	4,400	Ordinary shares of Rupees 10 each fully paid up for consideration other than cash		44,000	44,000
7,140,241	7,140,241	Ordinary shares of Rupees 10 each issued as fully paid bonus shares		71,402,410	71,402,410
<u>7,349,341</u>	<u>7,349,341</u>			<u>73,493,410</u>	<u>73,493,410</u>
3.1 Anwar Khawaja Industries (Private) Limited - associated undertaking holds 3,497,321 (2017: 3,473,231) ordinary shares of Rupees 10 each.					
4 RESERVES					
Composition of reserves is as follows:					
Capital reserves					
Capital reserve (Note 4.1)				1,000,000	1,000,000
Fair value reserve (Note 4.2)				415,195	503,321
				<u>1,415,195</u>	<u>1,503,321</u>
Revenue reserves					
General reserve				104,455,492	104,455,492
Unappropriated profit				95,846,380	74,333,803
				<u>200,301,872</u>	<u>178,789,295</u>
				<u>201,717,067</u>	<u>180,292,616</u>
4.1 This reserve is not available for distribution					
4.2 This represents the unrealized gain on re-measurement of available for sale investments at fair value and is not available for distribution. This will be transferred to statement of profit or loss on realization.					
5 TRADE AND OTHER PAYABLES					
Trade creditors	5.1			13,891,349	10,994,438
Advances from customers				2,904,099	2,921,290
Salaries payable to directors				2,264,904	2,206,321
Commission payable				17,558,608	15,149,891
Payable to employees' provident fund trust				403,384	195,772
Workers' profit participation fund	5.2			1,635,404	742,641
Accrued liabilities				8,959,648	6,919,653
				<u>47,617,396</u>	<u>39,130,006</u>
5.1 These include amounts of Rupees 8,824,082 (2017: Rupees 5,782,042) and Rupees Nil (2017: Rupees 3,488) due to Anwar Khawaja Composites and Anwar Khawaja Industries (Private) Limited respectively - related parties.					
5.2 Workers' profit participation fund					
Balance at the beginning of the year				742,641	2,176,514
Add: Provision for the year	20			1,635,404	742,641
				<u>2,378,045</u>	<u>2,919,155</u>
Less: Payments during the year				742,641	2,176,514
				<u>1,635,404</u>	<u>742,641</u>
6. CONTINGENCIES AND COMMITMENTS					
Contingencies:					
i) Post dated cheques issued to the Custom Authorities amounting to Rupees 27.109 million (2017: Rupees 19.360 million).					
Commitments					
				<u>Nil</u>	<u>Nil</u>
7. PROPERTY, PLANT AND EQUIPMENT					
Operating fixed assets	7.1			57,723,166	45,585,703

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### 7.1 Operating fixed assets

	Freehold Land	Leasehold Land	Factory Building on Freehold Land	Plant and Machinery	Office Equipment	Tools and Equipment	Electric Installations	Furniture and Fixtures	Vehicles	Computers	Security Arms	TOTAL
<b>As at 30 June 2016</b>												
Cost	5,371,287	164,219	25,849,793	27,354,676	972,295	9,749,745	5,967,543	3,032,116	14,418,287	2,364,777	22,800	95,267,538
Accumulated depreciation / amortization	-	(44,785)	(20,350,909)	(13,405,733)	(784,216)	(5,470,579)	(4,710,426)	(2,126,698)	(5,054,220)	(2,075,846)	(20,130)	(54,043,742)
Net book value	5,371,287	119,434	5,498,884	13,948,943	188,079	4,279,166	1,257,117	905,218	9,364,067	288,931	2,670	41,223,796
<b>Year ended 30 June 2017</b>												
Opening net book value	5,371,287	119,434	5,498,884	13,948,943	188,079	4,279,166	1,257,117	905,218	9,364,067	288,931	2,670	41,223,796
Additions	-	-	-	3,080,924	-	728,524	-	-	5,867,375	423,350	-	10,100,173
Disposals:												
Cost	-	-	-	-	-	-	-	-	(735,987)	-	-	(735,987)
Accumulated depreciation	-	-	-	-	-	-	-	-	443,334	-	-	443,334
Depreciation / amortization charge	-	(2,488)	(548,897)	(1,336,357)	(15,892)	(405,803)	(431,278)	(81,442)	(2,374,062)	(248,195)	(199)	(5,445,613)
Closing net book value	5,371,287	116,946	4,949,987	15,693,510	172,187	4,601,887	825,839	823,776	12,564,727	464,086	2,471	45,585,703
<b>As at 30 June 2017</b>												
Cost	5,371,287	164,219	25,849,793	30,435,600	972,295	10,478,269	5,967,543	3,032,116	19,549,675	2,788,127	22,800	104,631,724
Accumulated depreciation / amortization	-	(47,273)	(20,900,806)	(14,742,090)	(800,108)	(5,876,382)	(5,141,704)	(2,208,340)	(6,984,948)	(2,324,041)	(20,329)	(59,046,021)
Net book value	5,371,287	116,946	4,948,987	15,693,510	172,187	4,601,887	825,839	823,776	12,564,727	464,086	2,471	45,585,703
<b>Year ended 30 June 2018</b>												
Opening net book value	5,371,287	116,946	4,948,987	15,693,510	172,187	4,601,887	825,839	823,776	12,564,727	464,086	2,471	45,585,703
Additions	-	-	-	2,419,936	-	-	419,700	-	20,048,920	320,000	-	23,208,556
Disposals:												
Cost	-	-	-	-	-	-	-	-	(8,788,540)	-	-	(8,788,540)
Accumulated depreciation	-	-	-	-	-	-	-	-	4,571,445	-	-	4,571,445
Depreciation / amortization charge	-	(2,488)	(494,902)	(1,619,573)	(14,304)	(428,760)	(316,161)	(73,289)	(4,217,095)	-	-	(4,217,095)
Closing net book value	5,371,287	114,458	4,454,085	16,493,873	157,883	4,173,107	929,378	750,487	24,777,945	558,371	2,292	57,723,166
<b>As at 30 June 2018</b>												
Cost	5,371,287	164,219	25,849,793	32,855,536	972,295	10,478,269	6,387,243	3,032,116	30,810,055	3,108,127	22,800	119,051,740
Accumulated depreciation / amortization	-	(49,761)	(21,395,708)	(16,361,663)	(814,412)	(6,305,162)	(5,457,865)	(2,281,629)	(6,092,110)	(2,549,756)	(20,508)	(61,328,574)
Net book value	5,371,287	114,458	4,454,085	16,493,873	157,883	4,173,107	929,378	750,487	24,777,945	558,371	2,292	57,723,166
<b>Annual rate of depreciation / amortization %</b>	-	1.52	10	10	10	10	40	10	20	50	10	

7.1.1 The depreciation charge for the year has been allocated as follows:

	2018	2017
	Rupees	Rupees
Cost of sales (Note 17)	3,340,123	3,034,451
Administrative expenses (Note 19)	3,513,875	2,411,162
	6,853,998	5,445,613

7.1.2 Detail of operating fixed assets, exceeding the book value of Rupees 500,000 disposed of during the year is as follows:

	QUANTITY	COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE	SALE PROCEEDS	GAIN / (LOSS)	MODE OF DISPOSAL	PARTICULARS OF PURCHASER
BMW LE-14-316	1	6,700,000	3,483,822	3,216,178	3,219,653	3,475	Negotiation	Mr. Haiz Abdul Samad, Lahore
Suzuki Cultus ST-13-868	1	959,960	314,706	645,254	645,254	-	Negotiation	Mr. Tanveer Ahmed Bhalli, Sialkot
		7,659,960	3,798,528	3,861,432	3,864,907	3,475		
Aggregate of other items of property, plant and equipment with individual book values not exceeding Rupees 500,000		1,128,580	772,917	355,663	348,968	(6,695)		

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7.2 Particulars of immovable properties (i.e. land and buildings) are as follows:

Immovable properties	Address	Area of land Acres	Covered Area Square feet
Manufacturing Unit 1 (Hockey Sticks & Cricket balls) and Admin Block	Plot No. 29-A & 30-A, Small Industrial Estate, Ugoki Road Shahab Pura, Sialkot.	1.01	38,146
Manufacturing Unit 2 (Hockey Sticks & Accessories) and Admin Block	Khawat No. 61, Khaitoni No. 227, Khasra No. 115/1 Mozia Shatab Garha, Teh. Dist. Sialkot.	0.48	17,194
Freehold land	Plot No. 279-A & 280-A Small Industrial Estate II, Sialkot, Export Processing Zone Sambrial.	1.00	-
Freehold land	Plot No. 275-A, 276-A, 277-A, 278-A Small Industrial Estate II, Sialkot, Export Processing Zone Sambrial.	2.00	-
Freehold land	Plot No. 33-B, 34-B, 35-B, 36-B Small Industrial Estate, Daska.	1.00	-
		5.49	55,340

NOTE

### 8. LONG TERM INVESTMENTS

		2018 Rupees	2017 Rupees
Under equity method	8.1	25,809,941	27,449,075
Available for sale	8.2	425,410	513,536
		26,235,351	27,962,611

#### 8.1 Under equity method

Grays Leasing Limited - associated company	8.1.1 and 8.1.3		
7,999,999 (2017: 7,999,999) ordinary shares of Rupees 10 each equity held 37.21% (2017: 37.21%)			
Share in net assets at the beginning of the year		27,449,075	27,768,398
Add: Share in (loss) / profit before taxation		(1,000,560)	(158,219)
Share in taxation		(628,586)	(178,210)
Share in other comprehensive (loss) / income		(9,988)	17,106
		(1,639,134)	(319,323)
Share in net assets at the end of the year		25,809,941	27,449,075

#### 8.1.1 Summarized financial information of Grays Leasing Limited - associated company

Assets	272,086,339	268,484,797
Liabilities	(202,723,422)	(194,716,790)
Net assets	69,362,917	73,768,007

#### Reconciliation to carrying amounts:

As at 01 July	73,768,007	74,626,172
Loss after income tax	(4,378,248)	(904,136)
Other comprehensive (loss) / income	(26,842)	45,971
As at 30 June	69,362,917	73,768,007

Group's share (%)	37.21%	37.21%
Group's share	25,809,941	27,449,075
Goodwill	-	-
Carrying amount	25,809,941	27,449,075

#### Summarized statement of comprehensive income

Revenue	9,892,468	10,909,844
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						NOTE	2018 Rupees	2017 Rupees
Loss for the period							(4,378,248)	(904,136)
Other comprehensive (loss) / income							(26,842)	45,971
Total comprehensive income							(4,405,090)	(858,165)
Dividend received from associate							-	-
8.1.2 Interests in Grays Leasing Limited - associated company								
Country of incorporation	% of ownership interest		Measurement method		Quoted fair value		Carrying amount	
	2018	2017	2018	2017	2018	2017	2018	2017
Pakistan	37.21%	37.21%	Equity method	Equity method	30,959,996	51,119,994	25,809,941	27,449,075
8.1.3 Grays Leasing Limited is engaged in leasing business. It has been classified as a Non-Banking Finance Company (NBFC).								
8.1.4 Investments made in associated companies are in accordance with the requirements of the Companies Act, 2017.								
8.2 Available for sale								
Sitara Chemical Industries Limited								
1,155 (2017: 1,155) ordinary shares of Rupees 10							10,215	10,215
Add: Fair value adjustment							8.2.1 415,195	503,321
							425,410	513,536
8.2.1 Fair value adjustment								
Opening balance							503,321	410,205
(Deficit) / Surplus on re-measurement of available for sale investment							(88,126)	93,116
							415,195	503,321
9. STORES AND SPARE PARTS								
Stores							1,213,805	688,682
Spares							700,936	594,815
							1,914,741	1,283,497
10. STOCK IN TRADE								
Raw materials							19,492,619	23,483,344
Work-in-process							67,301,733	67,448,827
Finished goods							39,417,968	28,961,429
							126,212,320	119,893,600
11. TRADE DEBTS								
Considered good:								
Related parties								
Unsecured							11.1 to 11.3 30,406	12,076
Others								
Unsecured							11.4 10,927,606	30,483,781
							10,958,012	30,495,857
11.1 This represents amount due from Anwar Khawaja Industries (Private) Limited- associated undertaking.								
11.2 The maximum aggregate amount receivable from Anwar Khawaja Industries (Private) Limited - associated undertaking at the end of any month during the year was Rupees 30,406 (2017: Rupees 12,076).								

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- 11.3 As at 30 June 2018, trade debts due from related parties amounting to Rupees 30,406 (2017: Rupees 12,076) were past due but not impaired. The ageing analysis of these trade debts is as follows:

	NOTE	2018 Rupees	2017 Rupees
Upto 1 month		-	-
1 to 6 months		10,470	-
More than 6 months		19,936	12,076
		<u>30,406</u>	<u>12,076</u>

- 11.4 As at 30 June 2018, trade debts of Rupees 6,017 million (2017: Rupees 14,243 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The ageing analysis of these trade debts is as follows:

Upto 1 month	5,065,337	12,453
1 to 6 months	28,823	13,069,965
More than 6 months	922,626	1,160,206
	<u>6,016,786</u>	<u>14,242,624</u>

- 11.5 During the year, trade debts of Rupees 34,702 have been written off. The ageing of these trade debts was more than 3 years. These trade debts do not include amounts due from related parties.

- 11.6 As on 30 June 2018, disclosures in respect of outstanding export debtors along with type of arrangements are as follows:

Jurisdiction and relationship with the company (related party or other)	Type of arrangements			Total
	Letters of credit	Cash against documents	Contracts	
	.....Rupees.....			
Australia	-	6,084,615	-	6,084,615
England	-	2,573,891	-	2,573,891
Denmark	-	397,142	-	397,142
	-	<u>9,055,648</u>	-	<u>9,055,648</u>

As on 30 June 2017, disclosures in respect of outstanding export debtors along with type of arrangements are as follows:

Jurisdiction and relationship with the company (related party or other)	Type of arrangements			Total
	Letters of credit	Cash against documents	Contracts	
	.....Rupees.....			
Australia	-	4,980,175	-	4,980,175
England	-	23,869,179	-	23,869,179
Denmark	-	387,760	-	387,760
Germany	-	475,268	-	475,268
USA	-	851,500	-	851,500
Srilanka	-	1,048	-	1,048
	-	<u>30,564,930</u>	-	<u>30,564,930</u>

## 12. ADVANCES

Considered good:

Employees - interest free	3,045,292	3,481,319
Suppliers	4,125,235	1,347,605
Letter of credit	237,806	792,210
Advance income tax	13,066,837	11,734,841
	<u>20,475,170</u>	<u>17,355,975</u>

## 13. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Deposits	1,336,844	1,450,456
Interests in Grays Leasing Limited - associated company	59,144	44,756
	<u>1,395,988</u>	<u>1,495,212</u>

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	NOTE	2018 Rupees	2017 Rupees
<b>14. OTHER RECEIVABLES</b>			
Export rebate receivable		2,408,197	5,494,185
Drawback receivable		8,517,763	7,592,192
Accrued interest		65,999	50,106
Insurance claim receivable		-	562,480
Excise duty		216,826	216,826
Sales tax refundable		11,364,911	12,631,919
		<u>22,573,696</u>	<u>26,547,708</u>
<b>15. CASH AND BANK BALANCES</b>			
<b>Cash in hand</b>		501,694	518,501
<b>Cash with banks:</b>			
Current accounts		29,227,981	9,752,917
Deposit accounts	15.1	28,530,749	13,735,417
		<u>57,758,730</u>	<u>23,488,334</u>
		<u>58,260,424</u>	<u>24,006,835</u>
<b>15.1</b>	The balance in deposit accounts carries interest ranging from 3.25% to 4.50% per annum (2017: 3.75% to 4.90% per annum).		
<b>16. SALES</b>			
Export		221,522,042	196,961,241
Export rebate		384,343	1,267,072
Duty drawback		8,490,558	7,666,453
		<u>230,396,943</u>	<u>205,894,766</u>
Local - net of sales tax	16.1	8,698,398	8,547,300
		<u>239,095,341</u>	<u>214,442,066</u>
<b>16.1</b>	Local sales are exclusive of sales tax amounting to Rupees 1.509 million (2017: Rupees 1.541 million).		
<b>17. COST OF SALES</b>			
Raw material consumed	17.1	79,720,178	78,627,691
Processing charges		15,868,917	8,802,944
Salaries, wages and other benefits	17.2	57,867,574	51,604,728
Stores and spares consumed		2,059,346	1,037,915
Repair and maintenance		2,904,075	1,850,758
Fuel and power		4,848,288	4,135,707
Vehicles' running		485,278	399,443
Insurance		782,461	795,892
Other factory overheads		196,742	207,959
Depreciation	7.1.1	3,340,123	3,034,451
		<u>168,072,982</u>	<u>150,497,488</u>
<b>Work-in-process</b>			
Opening stock		67,448,827	74,201,110
Closing stock		(67,301,733)	(67,448,827)
		<u>147,094</u>	<u>6,752,283</u>
Cost of goods manufactured		<u>168,220,076</u>	<u>157,249,771</u>
<b>Finished goods</b>			
Opening stock		28,961,429	22,015,895
Closing stock		(39,417,968)	(28,961,429)
		<u>(10,456,539)</u>	<u>(6,945,534)</u>
		<u>157,763,537</u>	<u>150,304,237</u>
<b>17.1 Raw material consumed</b>			
Opening stock		23,483,344	32,440,734
Purchases during the year		75,729,453	69,670,301
		<u>99,212,797</u>	<u>102,111,035</u>
Closing stock		(19,492,619)	(23,483,344)
		<u>79,720,178</u>	<u>78,627,691</u>
<b>17.2 Salaries, wages and other benefits</b>			

This includes employer's contribution towards provident fund and bonus of Rupees 0.920 million (2017: Rupees 0.838 million) and Rupees 3.870 million (2017: Rupees 2.987 million) respectively.

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	NOTE	2018 Rupees	2017 Rupees
<b>18. DISTRIBUTION COST</b>			
Salaries and other benefits	18.1	1,715,117	1,701,193
Electricity and gas		138,523	118,163
Vehicles' running		69,933	77,130
Free samples		1,637,349	1,074,683
Export development surcharge		596,419	444,751
Advertisement and publicity		731,166	968,900
Clearing and forwarding		6,191,379	6,185,041
		<u>11,079,886</u>	<u>10,569,861</u>
<b>18.1 Salaries and other benefits</b>			
This includes employer's contribution towards provident fund and bonus of Rupees 0.0554 million (2017: Rupees 0.0491 million) and Rupees 0.1115 million (2017: Rupees 0.1945 million) respectively.			
<b>19. ADMINISTRATIVE EXPENSES</b>			
Salaries and other benefits	19.1	19,383,448	19,328,475
Traveling and conveyance		5,905,799	6,649,859
Vehicles' running		1,797,906	1,815,632
Electricity and gas		554,090	472,652
Postage and telephone		837,487	823,024
Legal and professional		643,790	397,388
Printing and stationery		276,614	374,755
Boarding, lodging and entertainment		685,429	889,817
Fee and subscription		977,149	4,276,229
Books and periodicals		16,856	16,700
Computer expenses		342,218	430,421
Repairs and maintenance		72,702	78,965
Insurance		598,522	487,917
Miscellaneous		255,102	439,187
Depreciation	7.1.1	3,513,875	2,411,162
		<u>35,860,987</u>	<u>38,892,183</u>
<b>19.1 Salaries and other benefits</b>			
This includes employer's contribution towards provident fund and bonus of Rupees 0.491 million (2017: Rupees 0.463 million) and Rupees 2.004 million (2017: Rupees 1.570 million) respectively.			
<b>20. OTHER EXPENSES</b>			
Auditors' remuneration	20.1	300,000	300,000
Research and development		99,000	67,412
Workers' profit participation fund	5.2	1,635,404	742,641
Workers' welfare expenses		3,853	-
Loss on disposal of property, plant and equipment		3,220	-
Exchange loss - net		322,072	-
Donations	20.2	1,066,000	107,000
		<u>3,429,549</u>	<u>1,217,053</u>
<b>20.1 Auditors' remuneration</b>			
Audit fee		260,000	260,000
Half yearly review		30,000	30,000
Reimbursable expenses		10,000	10,000
		<u>300,000</u>	<u>300,000</u>
<b>20.2</b>	None of the directors and their spouses had any interest in the donees fund.		

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		2018 Rupees	2017 Rupees
<b>21. OTHER INCOME</b>			
<b>Income from financial assets:</b>			
Profit on deposit accounts		755,736	851,071
Dividend income	21.1	14,438	13,283
Net exchange gain		-	123,578
		<u>770,174</u>	<u>987,932</u>
<b>Income from non - financial assets:</b>			
Gain on disposal of property, plant and equipment		-	270,347
		<u>770,174</u>	<u>1,258,279</u>

21.1 This represents dividend income received from Sitara Chemical Industries Limited.

<b>22. FINANCE COST</b>			
Bank charges		<u>662,743</u>	<u>606,836</u>
<b>23. TAXATION</b>			
Interests in Grays Leasing Limited - associated company	23.1	<u>3,139,988</u>	<u>1,946,966</u>

23.1 The Company falls under the ambit of presumptive tax regime under section 169 of the Income Tax Ordinance, 2001. Provision for income tax is made accordingly.

23.2 Reconciliation of tax expense and product of accounting profit multiplied by the applicable tax rate is impracticable in view of presumptive taxation.

23.3 The Company computes tax based on the generally accepted interpretations of the tax laws to ensure that the sufficient provision for the purposes of taxation is available which can be analysed as follows:

Description	Year ended 30 June		
	2017	2016	2015
	..... Rupees .....		
Provision for taxation	1,946,966	3,181,420	2,018,660
Tax assessed	1,908,867	3,181,420	2,021,774

<b>24. EARNINGS PER SHARE - BASIC AND DILUTED</b>			
Profit after taxation attributable to ordinary shareholders	Rupees	<u>26,299,679</u>	<u>11,826,780</u>
Weighted average number of ordinary shares	Number	<u>7,349,341</u>	<u>7,349,341</u>
Earnings per share	Rupees	<u>3.58</u>	<u>1.61</u>

No figure for diluted earnings per share has been presented as the Company has not issued any instrument carrying options which would have an impact on the basic earnings per share, when exercised.

<b>25. CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation		30,068,253	13,951,956
<b>Adjustments for:</b>			
Depreciation on property, plant and equipment		6,853,998	5,445,613
Profit on deposit accounts		(755,736)	(851,071)
Dividend income		(14,438)	(13,283)
Share of loss from associated company		1,000,560	158,219
Loss / (Profit) on disposal of property, plant and equipment		3,220	(270,347)
Finance cost		662,743	606,836
Working capital changes	25.1	<u>23,377,201</u>	<u>(15,554,984)</u>
		<u>31,127,548</u>	<u>(10,479,017)</u>
		<u>61,195,801</u>	<u>3,472,939</u>

<b>25.1 Working capital changes</b>			
<b>Decrease / (increase) in current assets</b>			
Stores and spare parts		(631,244)	171,390
Stock in trade		(6,318,720)	8,764,139
Trade debts		19,537,845	(13,739,963)
Advances		(1,787,199)	6,773,063
Trade deposits and short term prepayments		99,224	(169,102)
Other receivables		3,989,905	(8,384,116)
<b>(Decrease) / increase in current liabilities</b>			
Trade and other payables		8,487,390	(8,970,395)
		<u>23,377,201</u>	<u>(15,554,984)</u>

25.2 Reconciliation of movement of liabilities to cash flows arising from financing activity

	<b>Liabilities from financing activity</b>
	<b>Unclaimed Dividend</b>
	Rupees
Balance as at 01 July 2017	890,248
Dividend declared	4,777,114
Dividend paid	(4,760,107)
Balance as at 30 June 2018	<u>907,255</u>

# GOC (PAK) LIMITED

## ANNUAL REPORT 2018

### 26. REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

The aggregate amount charged in the financial statements for the year for remuneration including certain benefits to the chief executive and directors is as follows:

	Chief Executive		Directors	
	2018	2017	2018	2017
	Rupees		Rupees	
Managerial remuneration	2,928,000	2,662,000	1,967,349	2,262,800
Allowances :				
Housing	1,464,000	1,331,000	983,674	1,131,400
Bonus	732,000	499,130	439,200	424,280
Provident fund	181,615	161,336	121,784	137,140
Utilities	1,020,212	1,073,052	499,311	462,957
Income tax	1,506,018	1,687,567	1,048,219	921,660
Medical expenses	50,956	40,147	159,900	141,298
	<u>7,882,801</u>	<u>7,454,232</u>	<u>5,219,437</u>	<u>5,481,535</u>
Number of persons	<u>1</u>	<u>1</u>	<u>2</u>	<u>2</u>

26.1 Chief executive and one director has been provided with the Company maintained vehicles.

26.2 Aggregate amount charged in the financial statements for meeting fee to six directors (2017: six directors) was Rupees 0.16 million (2017: Rupees 0.23 million).

26.3 No remuneration was paid to non-executive directors of the Company.

### 27. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, key management personnel and staff retirement fund. Detail of transactions with the related parties, other than those which have been specifically disclosed else where in these financial statements, are as follows:

	2018 (Rupees in Million)	2017
<b>Associates</b>		
Sale of goods	0.018	-
Purchase of goods	0.095	0.107
Processing charges	15.869	8.803
<b>Other related parties</b>		
Contribution to provident fund	1.466	1.351

27.1 Detail of compensation to key management personnel comprising of chief executive officer and directors is disclosed in note 26.

27.2 Following are the related parties with whom the Company had entered into transactions or have arrangements / agreements in place:

Name of related party	Basis of relationship	Transactions entered or agreements and / or arrangements in place during the financial year	Percentage of holding
Anwar Khawaja Industries (Pvt) Limited	Common Directorship	Yes	None
Grays Leasing Limited	Common Directorship and shareholding	No	37.21
Anwar Khawaja Composites	Directors of the company are partners in business	Yes	None
Sialkot International Airport Limited	Common Directorship	No	None
Synthetic Products Enterprises Limited	Common Directorship	No	None
Port Services limited	Common Directorship	No	None
GOC (Pak) Ltd -Employees Provident Fund	Post-employment benefit plan	Yes	None

### 28. FINANCIAL RISK MANAGEMENT

#### 28.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Company's finance department evaluates and hedges financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, use of derivative financial instruments and non derivative financial instruments and investment of excess liquidity.

# GOC (PAK) LIMITED

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### (iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is ungeared. The Company's interest rate risk arises from bank balances in deposit accounts and placement with a bank. Financial instruments at variable rates expose the Company to cash flow interest rate risk. Financial instruments at fixed rate expose the Company to fair value interest rate risk.

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

	2018 Rupees	2017 Rupees
<b>Fixed rate instruments</b>	-	-
<b>Floating rate instruments</b>		
<b>Financial assets</b>		
Bank balances - deposit accounts	28,530,749	13,735,417

#### Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

#### Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rs. 0.185 million (2017: Rupees 0.088 million) higher / lower, mainly as a result of higher / lower interest income on floating rate bank deposits. This analysis is prepared assuming the amount of assets held at reporting dates were held for the whole year.

### (b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

Investment	425,410	513,536
Deposits	2,463,092	2,576,704
Trade debts	10,958,012	30,495,857
Advances	3,045,292	3,481,319
Other receivables	65,999	612,586
Bank balances	57,758,730	23,488,334
	<u>74,716,535</u>	<u>61,168,336</u>

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (If available) or to historical information about counterparty default rate:

	Rating			2018	2017
	Short Term	Long term	Agency	Rupees	Rupees
<b>Banks</b>					
National Bank of Pakistan	A1+	AAA	PACRA	275,756	275,756
Bank Alfalah Limited	A1+	AA+	PACRA	38,730	38,353
Habib Bank Limited	A-1+	AAA	JCR-VIS	476,650	137,715
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	29,225,692	14,602,594
The Bank of Punjab	A1+	AA	PACRA	24,090	23,297
Meezan Bank Limited	A-1+	AA+	JCR-VIS	27,717,812	8,410,619
				<u>57,758,730</u>	<u>23,488,334</u>
<b>Investment</b>					
Sitara Chemical Industries Limited	A-1	A+	JCR-VIS	425,410	513,536
				<u>58,184,140</u>	<u>24,001,870</u>

The Company's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 11.

Due to the Company's long standing business 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 credit risk is minimal.

### (c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash. The Company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements. Following are the contractual maturities of financial liabilities. The amounts disclosed in the table are undiscounted cash flows.

Contractual maturities of financial liabilities as at 30 June 2018

# GOC (PAK) LIMITED

## ANNUAL REPORT 2018

Carrying Amount	Contractual Cash Flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
-----------------	------------------------	-----------------	------------	----------	-------------------

### Non-derivative financial liabilities:

Trade and other payables	42,674,509	42,674,509	42,674,509	-	-
--------------------------	------------	------------	------------	---	---

Contractual maturities of financial liabilities as at 30 June 2017

Carrying Amount	Contractual Cash Flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
-----------------	------------------------	-----------------	------------	----------	-------------------

### Non-derivative financial liabilities:

Trade and other payables	36,160,551	36,160,551	36,160,551	-	-
--------------------------	------------	------------	------------	---	---

## 28.2 Financial instruments by categories

### As at 30 June 2018

#### Assets as per statement of financial position

	Loans and receivables	Available for sale	Total
	Rupees	Rupees	Rupees
Investment	-	425,410	425,410
Deposits	2,463,092	-	2,463,092
Trade debts	10,958,012	-	10,958,012
Advances	3,045,292	-	3,045,292
Other receivables	65,999	-	65,999
Cash and bank balances	58,260,424	-	58,260,424
	<u>74,792,819</u>	<u>425,410</u>	<u>75,218,229</u>

#### Financial liabilities at amortized cost

Rupees

#### Liabilities as per statement of financial position

Trade and other payables	<u>42,674,509</u>
--------------------------	-------------------

### As at 30 June 2017

#### Assets as per statement of financial position

	Loans and receivables	Available for sale	Total
	Rupees	Rupees	Rupees
Investment	-	513,536	513,536
Deposits	2,576,704	-	2,576,704
Trade debts	30,495,857	-	30,495,857
Advances	3,481,319	-	3,481,319
Other receivables	612,586	-	612,586
Cash and bank balances	24,006,835	-	24,006,835
	<u>61,173,301</u>	<u>513,536</u>	<u>61,686,837</u>

#### Financial liabilities at amortized cost

Rupees

#### Liabilities as per statement of financial position

Trade and other payables	<u>36,160,551</u>
--------------------------	-------------------

## 28.3 Capital risk management

The Company's objectives when managing capital are to be safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

## 29. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

### (i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

# GOC (PAK) LIMITED

## ANNUAL REPORT 2018

Recurring fair value measurements At 30 June 2018	Level 1	Level 2	Level 3	Total
	.....Rupees.....			

### Financial assets

Available for sale financial asset	425,410	-	-	425,410
<b>Total financial assets</b>	<b>425,410</b>	<b>-</b>	<b>-</b>	<b>425,410</b>

Recurring fair value measurements At 30 June 2017	Level 1	Level 2	Level 3	Total
	.....Rupees.....			

### Financial assets

Available for sale financial asset	513,536	-	-	513,536
<b>Total financial assets</b>	<b>513,536</b>	<b>-</b>	<b>-</b>	<b>513,536</b>

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further, there was no transfer in and out of level 3 measurements.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

**Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

### (ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include the use of quoted market prices.

### 30. PROVIDENT FUND RELATED DISCLOSURES

The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

### 31. NUMBER OF EMPLOYEES

	2018	2017
<b>Number of employees as on 30 June</b>		
Permanent	133	186
Contractual	31	46
<b>Average number of employees during the year</b>		
Permanent	137	188
Contractual	31	39

31.1 These include 135 (2017: 202) number of factory employees.

### 32. PLANT CAPACITY AND ACTUAL PRODUCTION

As the Company is engaged in manufacturing of man made sports goods and its production is dependent upon the efficiency of the person engaged, hence the capacity of the unit could not be determined.

### 33. DIVIDENDS

The Board of Directors of the Company at their meeting held on has proposed cash dividend of Rupees .... per ordinary share (2017: Rupees 0.65 per ordinary share) in respect of the year ended 30 June 2018. However, this event has been considered as non-adjusting events under IAS 10 'Events after the Reporting Period' and has not been recognized in these financial statements.

## GOC (PAK) LIMITED

### ANNUAL REPORT 2018

Under Section 5A of the Income Tax Ordinance, 2001, a tax shall be imposed at the rate of 5% of accounting profit before tax of the Company if it does not distribute at least 20% of its after tax profit for the year within six months of the end of the year ended 30 June 2018 through cash. The requisite cash dividend has been proposed by the Board of Directors of the Company in their meeting held on 27 September 2018 and will be distributed within the prescribed time limit. Therefore, the recognition of any income tax liability in this respect is not considered necessary.

**34. DATE OF AUTHORIZATION**

These financial statements were authorized for issue on 27 September 2018 by the Board of Directors of the Company.

**35. CORRESPONDING FIGURES**

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant rearrangements have been made except for the unclaimed dividend which has been reclassified from trade and other payables and presented on the face of statement of financial position in order to comply with the requirements of the Companies Act, 2017.



**KHAWAR ANWAR KHAWAJA**  
CHIEF EXECUTIVE



**MUHAMMAD ASHRAF BUTT**  
COMPANY SECRETARY



**MUHAMMAD TAHIR BUTT**  
DIRECTOR

# GOC (PAK) LIMITED

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# GOC (PAK) LIMITED

## ANNUAL REPORT 2018

### Pattern of Shareholding

Name of the Company

GOC (Pak) Limited

Pattern of Holding of the Shares held by the Shareholders as at June 30, 2018

No. of Shareholders	Shareholding		Total Shares held
	From	To	
94	1	100	2,942
80	101	500	31,159
94	501	1,000	85,665
59	1,001	5,000	155,580
14	5,001	10,000	111,918
4	10,001	15,000	48,282
5	15,001	20,000	88,568
3	20,001	25,000	69,556
2	25,001	30,000	56,882
1	30,001	35,000	31,001
2	40,001	45,000	87,793
2	100,001	105,000	204,232
2	145,001	150,000	296,143
1	160,001	165,000	160,985
1	225,001	230,000	225,072
1	295,001	300,000	296,424
1	315,001	320,000	315,909
2	865,001	870,000	1,732,344
1	3,345,001	3,350,000	3,348,886
<b>369</b>			<b>7,349,341</b>

# GOC (PAK) LIMITED

## ANNUAL REPORT 2018

**GOC (Pak) Limited**

**As On: June 30, 2018**

Categories of Shareholder	Physical	CDC	Total	% age
<b>Directors, Chief Executive Officer, Their Spouses and Minor Children</b>				
<b>Directors</b>				
Mrs. Nuzhat Khawar Khawaja	24,606	-	24,606	-
Mr. Muhammad Tahir Butt	9,841	-	9,841	-
Mr. Khurram Anwar Khawaja	867,297	-	867,297	12
Mr. Khawar Anwar Khawaja	865,047	-	865,047	12
Mr. Aamir Matin	-	500	500	-
Mr. Omer Khawar Khawaja	1,372	-	1,372	-
Mr. Ameer Khawar Khawaja	2,250	-	2,250	-
<b>Director's Spouses and Their Minor Children</b>				
Mrs. Khadeeja Khurram Khawaja	24,606	-	24,606	-
Mrs. Farough Tahir Butt	102,116	-	102,116	1
	<b>1,897,135</b>	<b>500</b>	<b>1,897,635</b>	<b>26</b>
<b>Associated Companies, Undertakings &amp; Related Parties</b>				
M/s. Anwar Khawaja Industries (Pvt) Limited	3,348,886	148,435	3,497,321	48
	<b>3,348,886</b>	<b>148,435</b>	<b>3,497,321</b>	<b>48</b>
<b>NIT &amp; ICP (Name Wise Detail)</b>				
CDC - Trustee National Investment (Unit) Trust	-	315,909	315,909	4
	-	<b>315,909</b>	<b>315,909</b>	<b>4</b>
<b>Banks, NBFCs, DFIs, Takaful, Pension Funds</b>				
Banks	-	161,469	161,469	2
Pension Funds	-	28,882	28,882	-
	-	<b>190,351</b>	<b>190,351</b>	<b>3</b>
<b>Other Companies, Corporate Bodies, Trust etc.</b>	-	<b>57,140</b>	<b>57,140</b>	<b>1</b>
<b>General Public</b>	<b>987,277</b>	<b>403,708</b>	<b>1,390,985</b>	<b>19</b>
	<b>6,233,298</b>	<b>1,116,043</b>	<b>7,349,341</b>	<b>100</b>
<b>Shareholders More than 5.00%</b>				
Anwar Khawaja Industries (Pvt) Limited			3,497,321	48
Khurram Anwar Khawaja			867,297	12
Khawar Anwar Khawaja			865,047	12

**GOC (PAK) LIMITED**  
**55<sup>th</sup> ANNUAL GENERAL MEETING**  
**Proxy Form**

Folio No	CDC account Number		Number of shares held
	Participants I.D.	Account No.	

(Signature should agree with the specimen signature registered with the Company)

i. Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_

Date: \_\_\_\_\_

ii. Signature \_\_\_\_\_  
 Name \_\_\_\_\_  
 Address \_\_\_\_\_

Date: \_\_\_\_\_

- I. The proxy form must be signed across Rupees Five revenue stamp and it should be deposited in the Company's registered office not less than 48 hours before the time of holding the meeting.
- II. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
- III. A member entitled to attend may appoint another member as his / her proxy or may by power of attorney authorize any other person as his / her agent to attend, speak and vote at the meeting. A corporation or a company, as the case may be, being a member of the Company, may appoint any of its officials or any other person to act as its representative and the person so authorized shall be entitled to the same powers as if he were an individual share holder.

In addition to the above the following requirements have to be met:

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**GOC (PAK) LIMITED**  
**ANNUAL REPORT 2018**

## جی او سی (پاک) لمیٹڈ

### پراکسی فارم (مختار نامہ)

حصہ دار (شیئر ہولڈنگ)	کمپیوٹرائزڈ قومی شناختی کارڈ نمبر	سب اکاؤنٹ (ذیلی کھاتہ) نمبر	سی ڈی سی شرکت آئی ڈی نمبر
-----------------------	-----------------------------------	-----------------------------	---------------------------

میں/ہم  
ساکن  
بحیثیت رکن جی او سی (پاک) لمیٹڈ، محترم/محترمہ۔  
اس کی غیر موجودگی میں

(بحیثیت کمپنی کے رکن) کو اپنے/ہمارے ایماء پر مورخہ 26 اکتوبر، 2018 بروز جمعہ صبح 11:00 بجے ہونے والے جی او سی (پاک) لمیٹڈ کے 55 ویں سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے، تقرر یا اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا/ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں/کرتے ہیں۔  
آج بروز \_\_\_\_\_ بتاریخ \_\_\_\_\_ 2018ء کو میرے/ہمارے دستخط سے گواہوں کی تصدیق سے جاری ہوا۔

#### گواہان

5/- روپے کارسیدی گٹ یہاں چسپاں کریں

1:  
دستخط:  
نام:  
پتہ:  
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر:

2:  
دستخط:  
نام:  
پتہ:  
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر:

#### نوٹ:

- 1: اجلاس عام میں شرکت اور رائے دہی کا مستحق رکن، پراکسی مقرر کر سکتا ہے۔
- 2: پراکسی اور مختار نامہ یا دیگر اختیاری (اگر کوئی ہوں) تقرری کے آلات، جس کے تحت یہ دستخط شدہ ہو یا اس مختار نامہ کی نوٹریلی مصدقہ کاپی، کمپنی کے میں اجلاس منعقد ہونے سے کم از کم 48 (اڑتالیس) گھنٹے قبل جمع کروائے جانے چاہئیں۔
- 3: سی ڈی سی اکاؤنٹ ہولڈرز کو پراکسی تقرری کے لئے سیکورٹیز اینڈ ایکسچینج کمیشن پاکستان کے مورخہ 26 جنوری 2000 کو جاری کردہ سرکل نمبر 1 میں دی گئی مندرجہ ذیل گائیڈ لائنز کی پیروی کرنا ہوگی۔
  - (i) بصورت افراد، اکاؤنٹ ہولڈر اور/یا سب اکاؤنٹ ہولڈر جن کی سیکورٹیز اینڈ ایکسچینج کمیشن تفصیلات قواعد و ضوابط کے مطابق اپ اوڈ ہوں، انہیں درج بالا شرائط کے مطابق پراکسی فارم (مختار نامہ) جمع کرانا ہوئے۔
  - (ii) پراکسی فارم پر بطور گواہان دو افراد کے دستخط ہونے چاہئیں اور ان کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبرز فارم پر درج ہوں۔
  - (iii) بینیفیشل اوٹرز اور پراکسی کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول، پراکسی فارم (مختار نامہ) کے ہمراہ جمع کرانا ہوگی۔
  - (iv) پراکسی، اجلاس کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ مہیا کرے گا/گی۔
  - (v) بصورت کارپوریٹ ایجنسی، بورڈ کی قرارداد/مختار نامہ مع پراکسی ہولڈر کے دستخط (اگر پہلے فراہم نہ کئے گئے ہوں) پراکسی فارم (مختار نامہ) کے ہمراہ کمپنی میں جمع کرانا ہوگا۔