

**THE FAISALABAD CHAMBER OF COMMERCE AND INDUSTRY
BALANCE SHEET
AS AT JUNE 30, 2008**

		2008	2007			2008	2007	
	Note	Rupees	Rupees		Note	Rupees	Rupees	
				NON CURRENT ASSETS				
ACCUMULATED FUND		85,986,280	76,921,299					
SPECIFIC FUNDS		3,946,500	-	Property and equipment	6	71,973,355	59,074,556	
		89,932,780	76,921,299	Investment property	7	5,960,757	-	
				Long term deposit	8	100,000	-	
						78,034,112	59,074,556	
				NON-CURRENT LIABILITY				
Long term deposit	3	1,649,868	-					
				CURRENT ASSETS				
CURRENT LIABILITIES				CURRENT ASSETS				
Accrued and other liabilities	4	9,372,415	4,223,055	Advances, deposits and prepayments	9	520,072	451,124	
Provision for taxation		-	49,144	Other receivables		169,674	180,237	
		9,372,415	4,272,199	Tax refund due from Government		83,125	-	
				Income tax		22,148,080	21,487,581	
				Cash and bank balances	10	22,920,951	22,118,942	
CONTINGENCY AND COMMITMENTS	5	-	-					
		100,955,063	81,193,498			100,955,063	81,193,498	

The annexed notes form an integral part of these financial statements

THE FAISALABAD CHAMBER OF COMMERCE AND INDUSTRY
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2008

	Note	2008 Rupees	2007 Rupees
Operating income	11	15,463,645	14,634,412
Expenditure			
Salaries and benefits	12	5,447,312	4,135,740
Printing and stationery		739,161	605,507
Postage and telecommunication		746,237	808,828
Travelling and conveyance		36,334	77,238
Meetings and functions		2,270,428	2,204,259
Entertainment		348,917	317,778
Electricity and fuel		805,747	492,531
Audit fee		25,000	25,000
Advertisement		1,598,482	1,812,872
News papers and periodicals		67,057	66,457
Rent, rates and taxes		-	284,868
Repairs and maintenance		231,842	432,887
Vehicles running and maintenance		77,326	56,686
Legal and professional		184,085	108,715
Prizes and awards		117,650	135,630
Depreciation of property and equipment		934,110	281,149
Depreciation of investment property		50,090	-
Membership fee			
The Federation of Pakistan Chambers of Commerce and Industry		96,000	43,000
Membership card expenses		64,260	103,530
Sewerage charges		-	34,917
Bank charges		13,913	8,202
Loss on disposal of property and equipment		2,442	-
Other		340,019	345,008
		14,196,412	12,380,802
		1,267,233	2,253,610
Other operating income	13	1,305,229	500,788
Income for the year before taxation		2,572,462	2,754,398
Provision for taxation	14	(46,919)	49,144
Income for the year		2,619,381	2,705,254

The annexed notes form an integral part of these financial statements

THE FAISALABAD CHAMBER OF COMMERCE AND INDUSTRY
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

ACCUMULATED FUND	SPECIFIC FUNDS				TOTAL	
	Building fund	Community contribution fund	Earthquake fund	Sub total		
----- R u p e e s -----						
Balance as at June 30, 2006	55,568,145	-	-	2,997,203	2,997,203	58,565,348
Contributions received	-	18,647,900	-	-	18,647,900	18,647,900
Disbursement	-	-	-	(2,997,203)	(2,997,203)	(2,997,203)
Transfer to accumulated fund	18,647,900	(18,647,900)	-	-	(18,647,900)	-
Income for the year	2,705,254	-	-	-	-	2,705,254
Balance as at June 30, 2007	76,921,299	-	-	-	-	76,921,299
Contributions received	-	6,445,600	3,946,500	-	10,392,100	10,392,100
Transfer to accumulated fund	6,445,600	(6,445,600)	-	-	(6,445,600)	-
Income for the year	2,619,381	-	-	-	-	2,619,381
Balance as at June 30, 2008	<u>85,986,280</u>	<u>-</u>	<u>3,946,500</u>	<u>-</u>	<u>3,946,500</u>	<u>89,932,780</u>

The annexed notes form an integral part of these financial statements

THE FAISALABAD CHAMBER OF COMMERCE AND INDUSTRY
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2008

	2008 Rupees	2007 Rupees
(a) CASH FLOWS FROM OPERATING ACTIVITIES		
Income for the year before taxation	2,572,462	2,754,398
Adjustments for:		
Depreciation of property and equipment	934,110	281,149
Depreciation of investment property	50,090	-
Loss on disposal of property and equipment	2,442	-
	3,559,104	3,035,547
Operating cash flows before working capital changes		
Changes in working capital		
(Increase) / decrease in current assets		
Advances, deposits and prepayments	(154,298)	(260,579)
Other receivables	10,563	312,339
(Decrease) / increase in current liabilities		
Accrued and other liabilities	(184,035)	1,847,698
	3,231,334	4,935,005
Cash generated from operating activities		
(b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in property and equipment	(8,503,356)	(14,890,371)
Addition in investment property	(6,010,847)	-
Long term deposit	(100,000)	-
Proceeds from disposal of property and equipment	1,400	-
Short term investments	-	10,000,000
	(14,612,803)	(4,890,371)
Net cash used in investing activities		
(c) CASH FLOWS FROM FINANCING ACTIVITIES		
Long term deposit	1,649,868	-
Specific funds collections	10,392,100	18,647,900
Specific funds disbursements	-	(2,997,203)
	12,041,968	15,650,697
Net cash from financing activities		
Net increase in cash and cash equivalents (a+b+c)	660,499	15,695,331
Cash and cash equivalents at the beginning of the year	21,487,581	5,792,250
	22,148,080	21,487,581
Cash and cash equivalents at the end of the year		

The annexed notes form an integral part of these financial statements

**THE FAISALABAD CHAMBER OF COMMERCE AND INDUSTRY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

1. STATUS AND ACTIVITIES

The Faisalabad Chamber of Commerce and Industry (the Chamber) is registered as a non profit organization within the meaning of Section 42 of the Companies Ordinance, 1984 and is licensed under the Trade Organisations Ordinance, 2007. The Chamber was incorporated on March 10, 1975. The object of the Chamber is to promote and protect the economic interest of those engaged in trade, commerce and industry in Faisalabad.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of Companies Ordinance, 1984 (the Ordinance) and directives issued by the Securities and Exchange Commission of Pakistan, and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Accounting Standards/International Financial Reporting Standards as notified under the provisions of the Ordinance. Wherever, the requirements of the Ordinance or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Ordinance or the requirements of the said directives take precedence.

Standards and amendments to published approved accounting standards

Amendments to published standards effective in current year

IAS 1 Presentation of Financial Statements - Amendments relating to capital disclosures are mandatory for the Chamber's accounting periods beginning on or after July 01, 2007. It requires the disclosure of Chamber's objectives, policies and processes for managing capital. These amendments only impacts the format and extent of disclosures as presented in note 15 to the financial statements.

Standards and amendments to published standard not yet effective

The following International Accounting Standards have been published that are applicable in Pakistan from the dates mentioned against the respective standards.

IAS	Particulars	Effective for annual periods beginning on or after
IAS 1	Presentation of Financial Statements	January 01, 2009
IAS 7	Statement of Cash Flows - Amendments relating to changes in ownership interests in subsidiaries and other businesses	July 01, 2009
IAS 23	Borrowing Costs (Revised in 2007)	January 01, 2009

2.2 Basis of preparation

The financial statements have been prepared under "historical cost convention".

The principal accounting policies adopted are set out below:

2.3 Employee benefit costs

Defined contribution plan

The Chamber operates approved funded contributory provident fund for all its employees. Equal monthly contributions are made in the provident fund both by the Chamber and the employees at the following rates.

Contribution as a percentage of gross salary	Employees with service of
7.50%	Less than 5 years
10%	5 and above years

2.4 Trade and other payables

Liabilities for trade and other amounts payable are measured at cost which is the fair value of the consideration to be paid in future for goods and services received whether billed to the Chamber or not.

2.5 Provisions

Provisions are recognised when the Chamber has a present, legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

2.6 Provision for taxation

Current

Provision for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits and tax rebates available under the law.

Deferred

Deferred tax is provided using the liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax asset is recognised for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets are realised or the liabilities are settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is charged or credited in the income statement, except in case of items charged or credited to equity in which case it is included in equity.

2.7 Investment property

Investment property is the property held to earn rentals. Freehold land is stated at cost less impairment in value, if any. Building on freehold land is stated at cost less accumulated depreciation and impairment in value, if any.

Depreciation is charged to income applying the reducing balance method at the rates specified in the investment property note. Depreciation on additions during the year is charged from the month in which an asset is acquired or capitalised, while no depreciation is charged for the month in which the asset is disposed off.

2.8 Property and equipment

Property and equipment, except freehold land and capital work in progress, are stated at cost less accumulated depreciation and impairment in value, if any. Freehold land and capital work in progress are stated at cost less accumulated impairment, if any.

Depreciation is charged to income applying the reducing balance method at the rates specified in the property and equipment note.

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

Normal repairs and maintenance are charged to income as and when incurred. Major renewals and improvements are capitalised.

Gains and losses on disposal of assets are included in current income.

All expenditures connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when these assets are available for use.

2.9 Impairment

The Chamber assesses at each balance sheet date whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in income and expenditure account. The recoverable amount is higher of fair value less costs to sell and value in use of the asset.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in income and expenditure account, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.10 Leases

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased assets and recognised as expense on a straight-line basis over the lease term.

2.11 Other receivables

Other receivables are recognised at nominal amount which is fair value of the consideration to be received in future. Balances considered bad are written off when identified.

2.12 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business.

- Receipts and other contributions from members are recognised as income in the period to which these relate.

- Interest income is recognised on a time proportionate basis.

2.13 Financial instruments

Financial assets and liabilities are recognised when the Chamber becomes a party to the contractual provisions of the instrument and de-recognised when the Chamber loses control of the contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired.

Recognition methods adopted by the Chamber are disclosed in the individual policy statements associated with each item of financial instruments.

2.14 Offsetting of financial asset and financial liability

A financial asset and a financial liability is offset and the net amount reported in the balance sheet, if the Chamber has a legal enforceable right to offset the transactions and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

2.15 Critical accounting estimates and judgments

The preparation of financial statements in conformity with IASs / IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets and provision for doubtful receivables. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

	2008 Rupees	2007 Rupees
3. Long term deposit		
Security deposit against lease of building	1,649,868	-
4. Accrued and other liabilities		
Accrued charges	219,477	559,151
Retention money	731,516	794,888
Advances from members	2,131,975	1,912,200
Capital expenditure payable	6,103,672	770,277
Function collections	-	2,000
Withholding tax	28,318	101,331
Other	157,457	83,208
	<u>9,372,415</u>	<u>4,223,055</u>
5. CONTINGENCY AND COMMITMENTS		
Contingency		
Bank guarantee issued in favour of Sui Northern Gas Pipelines Limited against supply of gas	<u>100,000</u>	<u>-</u>

Commitments

Under contracts for civil work	-	20,231,094
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2008 Rupees	2007 Rupees
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8. Long term deposit	(Note 8.1)	100,000	-
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8.1 This represents interest bearing Term Deposit. The deposit is under lien as margin against letter of guarantee (Refer note 5). Effective profit rate is 8.25% per annum.

2008 Rupees	2007 Rupees
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9. Advances, deposits and prepayments

Considered good

Advances

Employees

Suppliers

Income tax

Security deposits

Prepayments

244,581	171,825
3,000	45,000
123,310	85,350
141,074	143,074
8,107	5,875

<u>520,072</u>	<u>451,124</u>
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10. Cash and bank balances

Cash in hand

Cash at banks in:

- current accounts

- saving accounts (Note 10.1)

- fixed deposit (Note 10.1)

4,275	673,199
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12,595	958,733
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2,131,210	19,855,649
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20,000,000	-
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<u>22,148,080</u>	<u>21,487,581</u>
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10.1 Effective profit rate in respect of saving accounts ranges from 5% to 10 % per annum (2007: 6% to 8.5% per annum) and in respect of deposit account is 10.25% per annum respectively.

2008 Rupees	2007 Rupees
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11. Operating income

Annual subscriptions

Visa recommendation fee

Attestation fee and other

Admission fee

Library fund

Annual contributions

Membership card fee

Advertisement

Research and development

2,973,025	2,663,000
4,101,000	3,947,000
5,280,490	5,616,660
1,066,750	1,011,500
2,430	14,220
1,038,750	732,100
383,000	291,600
295,650	202,032
322,550	156,300

<u>15,463,645</u>	<u>14,634,412</u>
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	2008 Rupees	2007 Rupees
12. Salaries and benefits		
Staff salaries and allowances	4,485,389	3,337,564
Staff retirement benefits	240,380	183,526
Bonus	257,919	245,906
Leave encashment	99,421	80,524
Overtime	203,140	124,922
Group Insurance	50,864	53,605
Employees old age benefits	73,452	64,020
Social security	25,008	25,938
Uniform	11,739	19,735
	<u>5,447,312</u>	<u>4,135,740</u>
13. Other operating income		
Scrap sale	149,250	-
Profit on investment / deposits	1,145,979	491,440
Other	10,000	9,348
	<u>1,305,229</u>	<u>500,788</u>
14. Provision for taxation		
Current	-	49,144
For the year	<u>(46,919)</u>	<u>-</u>
For Prior year	<u>(46,919)</u>	<u>49,144</u>

14.1 The Chamber has claimed exemption from levy of tax under Section 2(36) of the Income Tax Ordinance, 2001, hence no provision for taxation is made.

15.2 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. Out of total financial assets of Rs. 22.703 million (2007 - Rs. 21.982 million), the assets which are subject to credit risk are Rs. 0.555 million (2007 - Rs.0.495 million). The Chamber is not exposed to any concentration of credit risk.

15.3 Liquidity risk

Liquidity risk reflects the Chamber's inability in raising funds to meet commitments. The Chamber's management closely monitors the Chamber's liquidity and cash flow position. The Chamber is not exposed to any liquidity risk.

15.4 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. The Chamber is not exposed to any foreign exchange risk.

15.5 Fair values of financial assets and liabilities

The carrying value of all the financial assets and liabilities reflected in the financial statements approximates their fair value.

Fair value is the amount at which an asset could be exchanged or liability settled between knowledgeable and willing parties in an arm's length transaction.

15.6 Capital Management

The Chamber's objectives when managing capital are to safeguard the Chamber's ability to continue as a going concern, so that it can continue to provide return for benefits of stakeholders. The Chamber maintains / adjusts capital by receiving more / less contributions from members.

16. DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorised for issue on _____ by the Executive Committee of the Chamber.

17. GENERAL

17.1 Nomenclature of the following accounts have been changed:

Previous nomenclature	Current nomenclature
Fixed assets	Property and equipment
Creditors accrued and other liabilities	Accrued and other liabilities
Electricity, fuel and power	Electricity and fuel
Other income	Other operating income

17.2 Figures have been rounded off to the nearest Rupee.

15. FINANCIAL INSTRUMENTS

15.1 Interest/mark-up rate risk management

Interest / mark-up rate risk arises from the possibility that changes in interest / mark-up rates will affect the value of financial instruments. The effective interest / mark up rates for the monetary financial assets are mentioned in respective notes to the financial statements.

	Interest/ mark-up bearing		Non interest/ mark-up bearing		2008	2007
	Maturity up to one year	Maturity after one year	Maturity up to one year	Maturity after one year		
	< ----- Rupees ----- >					
Financial assets:						
Long term deposit	-	100,000	-	-	100,000	-
Advances and deposits	-	-	385,655	-	385,655	314,899
Other receivables	-	-	169,674	-	169,674	180,237
Cash and bank balances	22,131,210	-	16,870	-	22,148,080	21,487,581
Total	22,131,210	100,000	572,199	-	22,803,409	21,982,717
Financial liabilities:						
Long term deposit	-	-	-	1,649,868	1,649,868	-
Accrued and other liabilities	-	-	7,212,122	-	7,212,122	2,207,524
	-	-	7,212,122	1,649,868	8,861,990	2,207,524
Off balance sheet items:						
Contingency	-	-	100,000	-	100,000	-
Commitments	-	-	-	-	-	20,231,094
Total	-	-	7,312,122	1,649,868	8,961,990	22,438,618
On balance sheet gap	22,131,210	100,000	(6,639,923)	(1,649,868)	13,941,419	19,775,193
Off balance sheet gap	-	-	(100,000)	-	(100,000)	(20,231,094)