

LODHRAN PILOT PROJECT

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2016

## AUDITORS' REPORT TO THE MANAGEMENT COMMITTEE

We have audited the accompanying financial statements of the **Lodhran Pilot Project** which comprise of the balance sheet as at June 30 2016, the related income and expenditure account, cash flow statement and statement of changes in accumulated fund for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Management Committee is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of the Memorandum of Association and guideline for accounting and financial reporting by Non-Government Organizations (NGOs)/Non-Profit Organizations (NPOs)-("the Guidelines") issued by the Institute of Chartered Accountant of Pakistan (ICAP) and for such internal control as the Management Committee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the approved auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management Committee, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit.

### Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of the **Lodhran Pilot Project** as at June 30, 2016 and its deficit, cash flows and changes in accumulated fund for the year then ended in accordance with requirements of the Memorandum of Association and the Guidelines.

Lahore: 09 DEC 2016

  
Chartered Accountants  
Muhammad Ali Rafique

LODHRAN PILOT PROJECT  
BALANCE SHEET  
AS AT JUNE 30, 2016

Amount in Rupees

	Note	2016			2015
		Unrestricted	Restricted	Total	
<b>ASSETS</b>					
<b>Non current assets</b>					
Property and equipment	5	8,242,243	715,386	8,957,629	12,209,531
Intangible assets	6	242,891	-	242,891	303,614
Security deposits	7	237,200	114,893	352,093	160,000
		8,722,334	830,279	9,552,613	12,673,145
<b>Current assets</b>					
Advances, prepayments and other receivable	8	1,040,338	1,618,320	2,658,658	1,987,746
Receivable from restricted fund		822,666	-	822,666	476,823
Tax refunds due from the Government		6,434,135	-	6,434,135	6,432,101
Cash and bank balances	9	25,351,120	24,055,803	49,406,923	77,970,715
		33,648,259	25,674,123	59,322,382	86,867,385
<b>Total assets</b>		<b>42,370,593</b>	<b>26,504,402</b>	<b>68,874,995</b>	<b>99,540,530</b>
<b>FUNDS AND LIABILITIES</b>					
Fund balances	10	37,850,808	16,495,673	54,346,481	81,269,785
<b>Non-current liabilities</b>					
Deferred capital grants	11	-	715,386	715,386	3,021,038
<b>Current liabilities</b>					
Payable to suppliers		4,130,825	722,921	4,853,746	6,096,635
Payable to unrestricted fund		-	822,666	822,666	476,823
Accrued and other liabilities	12	388,960	7,747,756	8,136,716	8,676,249
		4,519,785	9,293,343	13,813,128	15,249,707
<b>Total funds and liabilities</b>		<b>42,370,593</b>	<b>26,504,402</b>	<b>68,874,995</b>	<b>99,540,530</b>

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

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PRESIDENT

  
FINANCE SECRETARY




LODHAN PILOT PROJECT  
INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2016

Amount in Rupees

	Note	2016			2015
		Unrestricted	Restricted	Total	Total
<b>INCOME</b>					
Grants released	10	-	210,300,172	210,300,172	173,360,063
Grants amortized	11.1	-	458,262	458,262	1,085,802
Other income	13	431,438	70,000	501,438	745,352
Donations	14	60,051,415	-	60,051,415	29,584,002
Exchange loss		-	-	-	(70,673)
		60,482,853	210,828,434	271,311,287	204,704,546
<b>EXPENDITURE</b>					
<b>Program expense</b>					
Program cost	15	-	128,816,209	128,816,209	97,915,406
Operational cost		-	82,012,225	82,012,225	76,748,927
		-	210,828,434	210,828,434	174,664,333
<b>Project expense</b>					
Program cost	16	40,916,443	-	40,916,443	6,805,926
General and administrative expenses		30,189,717	-	30,189,717	20,217,658
		71,106,160	-	71,106,160	27,023,584
Total expenditure		71,106,160	210,828,434	281,934,594	201,687,918
<b>(Deficit)/surplus for the year</b>		<b>(10,623,307)</b>	<b>-</b>	<b>(10,623,307)</b>	<b>3,016,628</b>

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

  
PRESIDENT

  
FINANCE SECRETARY


LODHRAN PILOT PROJECT  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2016

Amount in Rupees

	Note	2016	2015
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
(Deficit)/surplus for the year		(10,623,307)	3,016,628
<b>Adjustment for non cash and other items:</b>			
Grants & donations released	10	(270,351,587)	(202,944,065)
Grants amortized	11.1	(458,262)	(1,085,802)
Gain on disposal of property and equipment	13	(411,931)	(305,340)
Depreciation	5	1,647,063	1,745,483
Amortization	6	60,723	75,904
		(280,137,301)	(199,497,192)
<b>Working capital changes:</b>			
Increase in prepayments and other receivables		(670,912)	(1,496,726)
Decrease in payable to suppliers		(1,242,889)	3,203,312
Decrease in accrued & other liabilities		(539,533)	6,305,505
<b>Cash (used in)/generated from operation</b>		<b>(2,453,334)</b>	<b>8,012,091</b>
Income tax paid		(2,034)	(6,432,101)
<b>Net cash used in operating activities</b>		<b>(282,592,669)</b>	<b>(197,917,202)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Addition in property and equipment - unrestricted		(352,120)	(280,381)
Addition in property and equipment - restricted		-	(7,089,996)
Proceed from disposal of property and equipment		521,500	591,993
(Addition)/refund of security deposits		(192,093)	220,974
<b>Net cash used in investing activities</b>		<b>(22,713)</b>	<b>(6,557,410)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Grants and donations received	18	256,575,866	265,124,208
Grants returned		(2,524,276)	(578,939)
<b>Net cash generated from financing activities</b>		<b>254,051,590</b>	<b>264,545,269</b>
Net (decrease)/increase in cash and cash equivalents		(28,563,792)	60,070,656
Cash and cash equivalents at the beginning of the year		77,970,715	17,900,059
<b>Cash and cash equivalents at the end of the year</b>	9	<b>49,406,923</b>	<b>77,970,715</b>

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

  
PRESIDENT

  
FINANCE SECRETARY