

LODHRAN PILOT PROJECT

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2017

INDEPENDENT AUDITORS' REPORT TO THE GENERAL BODY

Opinion

We have audited the financial statements of **Lodhran Pilot Project** (herein after referred as the Society), which comprises the statement of financial position as at June 30, 2017, and the statement of income and expenditure, statement of cash flow, statement of comprehensive income and statement of changes in net assets for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at June 30, 2017, and of its financial performance and its cash flows for the year then ended in accordance with approved accounting and reporting standards as applicable in Pakistan.

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 Society 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.

Responsibilities of management and Those Charged with Governance for the Financial Statements

The Management Committee is responsible for the preparation and fair presentation of the financial statements in accordance with approved accounting and reporting standards as applicable in Pakistan, and for such internal control as the Management Committee 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 Committee is responsible for assessing the Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditors' 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:

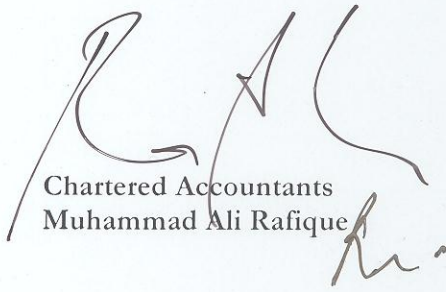
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- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide 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 override of internal control.
- 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 Society's internal control.
- 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 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 Society'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 Society to cease to continue as a going concern.
- 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 those charged with governance 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.

09 DEC 2017

Lahore: _____



Chartered Accountants
Muhammad Ali Rafique

LODHHRAN PILOT PROJECT
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2017

	Note	2017	2016
		-----Rupees-----	
ASSETS			
Non current assets			
Property and equipment	5	8,269,934	8,957,629
Intangible assets	6	194,313	242,891
Long term security deposits	7	237,200	352,093
		8,701,447	9,552,613
Current assets			
Advances, prepayments and other receivables	8	8,026,215	9,092,793
Cash and bank balances	9	23,799,448	49,406,923
		31,825,663	58,499,716
Total assets		40,527,110	68,052,329
LIABILITIES			
Non-current liabilities			
Deferred contribution related to capital assets	10	209,573	715,386
Current liabilities			
Payable to suppliers		3,943,089	4,853,746
Accrued and other liabilities	11	627,092	8,136,716
Provision for taxation		783,154	-
		5,353,335	12,990,462
Total liabilities		5,562,908	13,705,848
NET ASSETS		34,964,202	54,346,481
REPRESENTED BY:			
Accumulated fund:			
Restricted funds	12	13,111,251	37,028,142
Un-restricted funds		21,852,951	17,318,339
		34,964,202	54,346,481
CONTINGENCIES & COMMITMENTS	13		<i>Ku</i>

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


PRESIDENT

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FINANCE SECRETARY

**LODHRAN PILOT PROJECT
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2017**

	Note	2017 -----Rupees-----	2016
INCOME			
Grants amortized	10	65,891	458,262
Grants recognised	12.2	103,851,872	210,300,172
Other income	14	204,657	501,438
Donations	15	45,960,228	60,051,415
		150,082,648	271,311,287
EXPENDITURE			
Project expense			
Project cost	16	96,013,735	164,870,865
Operational cost		7,838,137	45,957,569
		103,851,872	210,828,434
Program expense			
Program cost	17	58,952,609	59,263,989
General and administrative expenses		9,847,761	11,842,171
		68,800,370	71,106,160
Total expenditure		172,652,242	281,934,594
Deficit before taxation		(22,569,594)	(10,623,307)
Taxation		(783,154)	-
Deficit after taxation		(23,352,748)	(10,623,307)

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


PRESIDENT

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FINANCE SECRETARY

**LODHRAN PILOT PROJECT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017**

	<i>Note</i>	2017 -----Rupees-----	2016
CASH FLOW FROM OPERATING ACTIVITIES			
Deficit before taxation		(22,569,594)	(10,623,307)
Adjustment for non cash and other items:			
Grants/donations recognised during the year	12	(149,812,100)	(270,351,587)
Grants amortized	10	(65,891)	(458,262)
Gain on disposal of property and equipment	14	(92,343)	(411,931)
Depreciation	5	1,221,950	1,647,063
Amortization	6	48,578	60,723
Cash flows before working capital changes		(171,269,400)	(280,137,301)
Effect of cash flows due to working capital changes:			
Decrease / (increase) in current assets			
Advances, prepayments and other receivables		1,098,286	(670,912)
Decrease in current liabilities			
Payable to suppliers		(910,657)	(1,242,889)
Accrued and other liabilities		(7,509,624)	(539,533)
Net cash used in operations		(178,591,395)	(282,590,635)
Income tax paid		(31,708)	(2,034)
Grant/donations received during the year		153,469,240	256,575,866
Unused grants return		(91,883)	(2,524,276)
Net cash used in operating activities		(25,245,746)	(28,541,079)
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(525,491)	(352,120)
Deferred contribution related to capital assets		(150,000)	-
Proceed from disposal of property and equipment		198,870	521,500
Refund/(addition) of / in security deposits		114,893	(192,093)
Net cash used in investing activities		(361,728)	(22,713)
CASH FLOW FROM FINANCING ACTIVITIES			
Net decrease in cash and cash equivalents		(25,607,474)	(28,563,792)
Cash and cash equivalents at the beginning of the year		49,406,923	77,970,715
Cash and cash equivalents at the end of the year	9	23,799,448	49,406,923

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


PRESIDENT


FINANCE SECRETARY