

LODHRAN PILOT PROJECT

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2019

INDEPENDENT AUDITORS' REPORT TO THE GENERAL BODY

Opinion

We have audited the financial statements of **Lodhran Pilot Project** (herein after referred to as "the Society"), which comprises the statement of financial position as at June 30, 2019, and the statement of income and expenditure, statement of comprehensive income, statement of changes in net assets and statement of cash flows 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, 2019, 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:

- 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.

(Chartered Accountants)

Lahore: 06 DEC 2019

Name of engagement partner: Muhammad Ali Rafique

Mr

**LODHAN PILOT PROJECT
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019**

	Note	2019 Rupees	2018 Rupees
<u>ASSETS</u>			
Non-current assets			
Property and equipment	5	10,576,571	8,006,466
Intangible assets	6	422,987	293,465
Long term security deposits	7	220,000	320,000
		11,219,558	8,619,932
Current assets			
Advances, prepayments and other receivables	8	15,652,562	982,076
Income tax refunds due from Government		40,830	31,708
Bank balances	9	25,145,753	11,682,430
		40,839,145	12,696,214
Total assets		52,058,703	21,316,146
<u>LIABILITIES</u>			
Non-current liabilities			
Deferred contributions related to capital assets	10	1,813,985	-
Deferred contributions related to expenses of future periods	11	13,416,089	5,708,552
		15,230,074	5,708,552
Current liabilities			
Payable to suppliers	12	4,225,012	3,965,540
Accrued and other liabilities	13	6,621,632	3,634,047
		10,846,644	7,599,587
Total liabilities		26,076,718	13,308,139
<u>NET ASSETS</u>		25,981,985	8,008,007
REPRESENTED BY:			
Un-restricted fund		25,981,985	8,008,007

CONTINGENCIES & COMMITMENTS

14

The annexed notes from 1 to 22 form an integral part of these financial statements.



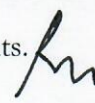

PRESIDENT

maimantawell
FINANCE SECRETARY

LODHAN PILOT PROJECT
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
INCOME			
Amortization of deferred contributions:			
-related to capital contributions	10	215,100	-
-related to revenue contributions	11	88,125,226	64,382,195
Other income	15	21,712,650	33,062
Donations	16	74,029,974	47,100,000
		184,082,950	111,515,257
EXPENDITURE			
Project expense:	17		
Project cost		(93,091,291)	(60,364,893)
Operational cost		(4,316,430)	(4,017,302)
		(97,407,721)	(64,382,195)
Program expense:	18		
Program cost		(58,944,993)	(49,822,462)
General and administrative expenses		(7,894,134)	(6,457,847)
		(66,839,127)	(56,280,309)
Total expenditure		(164,246,848)	(120,662,504)
Excess of income / (expenditure) over (expenditure) / income before taxation		19,836,103	(9,147,247)
Income tax expense	19	-	783,154
Excess of income / (expenditure) over (expenditure) / income for the year		19,836,103	(8,364,094)

The annexed notes from 1 to 22 form an integral part of these financial statements.




PRESIDENT

Manam Taveen
FINANCE SECRETARY

**LODHRAN PILOT PROJECT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019**

	Note	2019 Rupees	2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of income / (expenditure) over (expenditure) / income before taxation		19,836,103	(9,147,247)
Adjustments for non-cash income and expenses:			
Amortization of deferred contributions	11	(88,340,326)	(64,382,195)
Donation recognized during the year	16	(74,029,974)	(47,100,000)
(Gain) / loss on disposal of property and equipment	15	(888,362)	3,742
Depreciation of property and equipment	5	1,088,611	1,227,447
Amortization of intangible assets	6	65,563	70,348
		<u>(142,268,386)</u>	<u>(119,327,906)</u>
Changes in working capital:			
Advances, prepayments and other receivables		(13,518,711)	578,897
Payable to suppliers		259,472	22,451
Accrued and other liabilities		2,987,585	3,006,955
Cash used in operations		<u>(152,540,040)</u>	<u>(115,719,602)</u>
Taxes paid		(1,160,897)	6,433,533
Grant / donations received during the year		169,935,006	98,389,072
Net cash generated from / (used in) operating activities		<u>16,234,069</u>	<u>(10,896,997)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of property and equipment		(4,025,060)	(982,344)
Payments for acquisition of intangible asset		(195,085)	(169,500)
Proceed from disposal of property and equipment		1,349,400	14,623
Refund / (addition) of / in security deposits		100,000	(82,800)
Net cash used in investing activities		<u>(2,770,745)</u>	<u>(1,389,521)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Net increase / (decrease) in cash and cash equivalents		<u>13,463,323</u>	<u>(12,286,517)</u>
Cash and cash equivalents at the beginning of the year		<u>11,682,430</u>	<u>23,799,448</u>
Cash and cash equivalents at the end of the year	9	<u><u>25,145,753</u></u>	<u><u>11,682,430</u></u>

The annexed notes from 1 to 22 form an integral part of these financial statements.


PRESIDENT


Mania ul Taveeh
FINANCE SECRETARY