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**LAHORE WASTE MANAGEMENT COMPANY
(LWMC)**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Mall View Building, 4 Bank Square
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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of LAHORE WASTE MANAGEMENT COMPANY (the Company) as at 30 June 2013, the related income and expenditure account, cash flow statement, statement of comprehensive income and statement of fund together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conduct our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and income and expenditure account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for changes as stated in note 4.1 of these financial statements, with which we concur;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, income and expenditure account, cash flow statement, statement of comprehensive income and statement of fund together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2013 and of the deficit, its cash flows, comprehensive income and changes in fund for the year then ended; and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).


Chartered Accountants

Engagement Partner: Naseem Akbar

Lahore: 29 October 2013

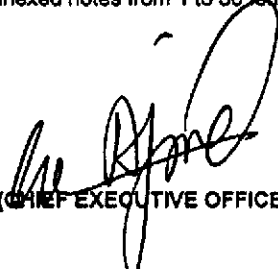
LAHORE WASTE MANAGEMENT COMPANY

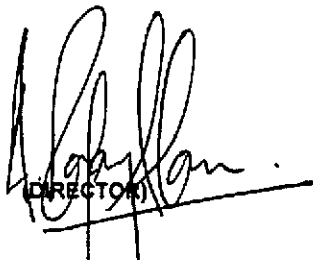
(A Company set up under section 42 of the Companies Ordinance, 1984)

BALANCE SHEET AS AT 30 JUNE 2013

ASSETS	Note	2013 Rupees	2012 Rupees
Non-current assets			
Property, plant and equipment	5	442,583,653	332,171,148
Intangible assets	6	262,573	532,546
Long term advances	7	1,281,849,158	2,548,769,633
Long term deposits		<u>2,777,875</u>	<u>2,107,875</u>
		<u>1,707,473,257</u>	<u>2,883,581,202</u>
Current assets			
Store and spares		<u>17,768,116</u>	<u>50,166,150</u>
Advances	8	1,538,537,394	510,254,142
Short term prepayments		2,238,648	500,625
Other receivables	9	75,594,663	20,248,078
Taxation		19,931,772	9,240,909
Cash and bank balances	10	<u>1,427,166,725</u>	<u>637,694,129</u>
		<u>3,082,237,316</u>	<u>1,228,104,033</u>
TOTAL ASSETS		<u>4,789,710,573</u>	<u>4,111,685,235</u>
FUND AND LIABILITIES			
Fund			
General fund		(2,620,046,878)	(297,465,258)
Non-current liabilities			
Deferred grants	11	<u>2,639,842,360</u>	<u>1,788,694,130</u>
Long term financing	12	<u>4,528,524,180</u>	<u>2,471,545,870</u>
		7,168,366,520	4,260,240,000
Current liabilities			
Trade and other payables	13	<u>239,028,663</u>	<u>148,910,493</u>
Accrued interest		<u>2,362,268</u>	-
		<u>241,390,931</u>	<u>148,910,493</u>
TOTAL FUND AND LIABILITIES		<u>4,789,710,573</u>	<u>4,111,685,235</u>
CONTINGENCIES AND COMMITMENTS	14	-	-

The annexed notes from 1 to 30 form an integral part of these financial statements.


 (CHIEF EXECUTIVE OFFICER)


 (DIRECTOR)

LAHORE WASTE MANAGEMENT COMPANY

(A Company set up under section 42 of the Companies Ordinance, 1984)

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 Rupees	2012 Rupees
Income from services	15	148,631,280	43,850,000
Amortization of grants	16	3,478,075,880	2,948,026,131
		<u>3,626,707,160</u>	<u>2,991,876,131</u>
Direct expenses	17	5,620,559,363	3,117,741,086
Gross deficit		(1,993,852,203)	(125,864,955)
Administrative expenses	18	148,611,270	116,006,595
Finance cost	19	373,104,673	19,933,499
Other operating expenses	20	4,589,768	-
		<u>(2,520,137,914)</u>	<u>(261,805,049)</u>
Other Income	21	197,556,294	45,164,573
Excess of expenditure over income before taxation		<u>(2,322,581,620)</u>	<u>(216,640,476)</u>
Taxation	22	-	-
Excess of expenditure over income		<u>(2,322,581,620)</u>	<u>(216,640,476)</u>

The annexed notes from 1 to 30 form an integral part of these financial statements.


(CHIEF EXECUTIVE OFFICER)

Ju.

(DIRECTOR)

LAHORE WASTE MANAGEMENT COMPANY

(A Company set up under section 42 of the Companies Ordinance, 1984)

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2013

CASH FLOWS FROM OPERATING ACTIVITIES	Note	2013 Rupees	2012 Rupees
Excess of expenditure over income before taxation		(2,322,581,620)	(216,640,476)
Adjustment for:			
Amortization of grants		(3,453,075,880)	(2,928,026,131)
Depreciation and amortization		20,673,548	16,521,731
Liability written back		-	(242,466)
Loss on disposal of property, plant and equipment		4,569,768	-
Finance cost		373,104,673	19,933,499
		<u>(5,377,309,511)</u>	<u>(3,108,453,843)</u>
Effect on cash flow due to working capital changes			
(increase) / decrease in current assets:			
Store and spares		32,398,034	(50,168,150)
Advances		(1,029,283,252)	(509,100,153)
Short term prepayments		(1,738,021)	-
Other receivables		(55,346,585)	(20,248,078)
(Decrease) / increase in trade and other payables		90,118,170	129,574,692
		<u>(6,341,161,165)</u>	<u>(3,558,393,532)</u>
Finance cost paid		(10,525)	(79,368)
Income tax paid		(10,690,863)	(7,658,854)
Net cash used in operating activities		<u>(6,351,862,553)</u>	<u>(3,566,131,754)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(135,385,848)	(308,570,268)
Decrease / (increase) in long term advances		1,286,920,477	(2,548,769,633)
Increase in long term deposits		(670,000)	(606,000)
Net cash used in investing activities		<u>1,150,864,629</u>	<u>(2,857,945,921)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Grants received during the year		3,082,344,000	2,908,172,000
Receipts from long term financing - net		2,908,128,520	4,030,240,000
Net cash from financing activities		<u>5,990,472,520</u>	<u>6,938,412,000</u>
Net increase in cash and cash equivalents		<u>789,472,596</u>	<u>514,334,325</u>
Cash and cash equivalents at beginning of the year		637,694,129	123,359,804
Cash and cash equivalents at the end of the year	(10)	<u>1,427,166,725</u>	<u>637,694,129</u>

The annexed notes from 1 to 30 form an integral part of these financial statements.


(CHIEF EXECUTIVE OFFICER)


(DIRECTOR)

LAHORE WASTE MANAGEMENT COMPANY

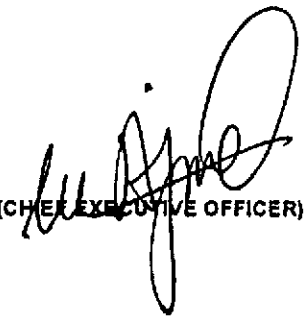
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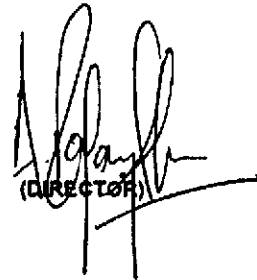
STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2013

	2013 Rupees	2012 Rupees
Excess of expenditure over income	(2,322,581,620)	(216,640,476)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(2,322,581,620)</u>	<u>(216,640,476)</u>

The annexed notes from 1 to 30 form an integral part of these financial statements.


(CHIEF EXECUTIVE OFFICER)

J.W.

(DIRECTOR)

LAHORE WASTE MANAGEMENT COMPANY

(A Company set up under section 42 of the Companies Ordinance, 1984)

STATEMENT OF CHANGES IN FUND

FOR THE YEAR ENDED 30 JUNE 2013

	General Fund
	Rupees
Balance as at 01 July 2011	(80,824,782)
Total comprehensive income for the year ended 30 June 2012	(218,840,476)
Balance as at 30 June 2012	<u>(297,465,258)</u>
Total comprehensive income for the year ended 30 June 2013	(2,322,581,820)
Balance as at 30 June 2013	<u><u>(2,620,046,878)</u></u>

The annexed notes from 1 to 30 form an integral part of these financial statements.


(CHIEF EXECUTIVE OFFICER)


(DIRECTOR)