

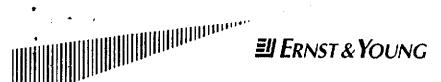
■ ERNST & **Y**OUNG

LAHORE WASTE MANAGEMENT COMPANY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants Mail View Building, 4- Bank Square P.O. Box No. 104, Lahore 54000, Pakistan

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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 2012, 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 conducted 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:

- in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - 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 2012 and of the deficit, its cash flows, comprehensive income and changes in fund for the year then ended; and
- 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: 03 November 2012

LAHORE WASTE MANAGEMENT COMPANY (a Company set up under section 42 of the Companies Ordinance, 1984) BALANCE SHEET AS AT 30 JUNE 2012

ASSETS	Note	2012 Rupees	2011 Rupess
Non-current assets			
Property, plant and equipment	6	332,171,148	40,387,667
Intangible assets	7	532,546	267,470
Long term advances	8	2,548,769,633	-
Long term deposits		2,107,875	1,501,875
		2,883,581,202	42,157,012
Current assets			
Store and spares		50,166,150	-
Advances	9	510,254,142	1,153,989
Short term prepayments		500,625	500,625
Other receivables	10	20,248,078	-
Taxation - net		9,240,909	1,582,055
Cash and bank balances	11	637,694,129	123,359,804
		1,228,104,033	126,596,473
TOTAL ASSETS		4,111,685,235	168,753,485
FUND AND LIABILITIES			
Fund			
General fund		(297,465,258)	(80,824,782)
Non-current liabilities			
Deferred grants	12	1,788,694,130	-
Long term financing	13	2,471,545,870	230,000,000
		4,260,240,000	230,000,000
Current liabilities			
Trade and other payables	14	148,910,493	19,335,801
Interest payable on long term financing		_	242,466
		148,910,493	19,578,267
TOTAL FUND AND LIABILITIES		4,111,685,235	168,753,485
CONTINGENCIES AND COMMITMENTS	15	-	-

The annexed notes from 1 to 28 form an integral part of these financial statements.

(DIRECTOR)

CUTIVE OFFICER)

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 2012

		2012	2011
	Note	Rupees	Rupees
Income from services	16	43,850,000	21,000,000
Amortization of grants	17	2,948,026,131	<u> </u>
		2,991,876,131	21,000,000
Direct expenses	18	(3,117,741,086)	(69,230,803)
Gross deficit		(125,864,955)	(48,230,803)
Administrative expenses	19	118,006,595	41,021,645
\$		(241,871,550)	(89,252,448)
Other operating income	20	45,164,573	9,381,414
		(196,706,977)	(79,891,034)
Finance cost	21	19,933,499	258,603
Excess of expenditure over income before taxation		(216,640,476)	(80,149,637)
Taxation	22		326,665
Excess of expenditure over income		(216,640,476)	(80,476,302)

The annexed notes from 1 to 28 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) CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

Excess of expenditure over income before taxation			2012	2011
Adjustment for: Amortisation of Grant Depreciation and amortization Liability written back Finance cost 19,933,499 258,603 (3,108,453,843) Effect on cash flow due to working capital changes (Increase) / decrease in current assets: Store and spares Advances (50,166,150) Advances (50,166,150) Citer receivables (50,166,150) Citer receivables (50,166,150) Citer receivables (579,514,381) (1,153,989) Short term prepayments (579,514,381) (1,153,989) Citer receivables (79,544,381) (1,654,614) Increase in trade and other payables (3558,393,532) Finance cost paid (79,368) (258,603) Income tax paid (79,368) (258,603) Income tax paid (7,658,854) (1,908,720) Net cash used in operating activities CASH FLOWS FROM INVESTING ACTIVITIES Capital expenditure incurred (308,570,288) (45,704,573) Increase in long term advances (2,548,799,633) Increase in long term advances (2,548,799,633) Increase in long term advances (2,587,945,921) (47,206,448) CASH FLOWS FROM FINANCING ACTIVITIES Grant received from City District Government Lahore Receipts from long term financing - net (4,030,240,000) Net cash from financing activities (514,334,325 (23,559,804 (25,804 (23,559,804 (23,559,804 (23,559,804 (23,559,804 (23,559,804 (23,559,804 (23,559,804 (23,559,804 (23,559,804 (23,559,804	CASH FLOWS FROM OPERATING ACTIVITIES	Note	Rupees	Rup ees
Adjustment for: Amortisation of Grant Depreciation and amortization Liability written back Finance cost Finance cost In 16,521,731 Finance cost In 19,933,499 Finance cost In 19,933,499 Finance cost Increase) / decrease in current assets: Store and spares Advances Short term prepayments Chief receivables Cher receivables Finance cost paid Increase in trade and other payables Finance cost paid Increase in trade and other payables Finance cost paid Increase in trade and other payables CASH FLOWS FROM INVESTING ACTIVITIES Capital expenditure incurred CASH FLOWS FROM FINANCING ACTIVITIES Grant received from City District Government Lahore Receipts from long term deposits Grant received from City District Government Lahore Receipts from long term financing - net Net cash used in cash and cash equivalents Set increase in cash and cash equivalents at beginning of the year 123,359,804 123,359,804 123,359,804 123,359,804 123,359,804 123,359,804	Excess of expenditure over income before taxation		(216,640,476)	(80,149,637)
Depreciation and amortization	Adjustment for:		•	• • • •
Liability written back 242,466 3	Amortisation of Grant		(2,928,026,131)	-
Finance cost 19,933,499 258,603 (3,108,453,843) (74,841,598) Effect on cash flow due to working capital changes (10,728,843) (74,841,598) (Increase) / decrease in current assets: (50,166,150) - Store and spares (509,100,153) (1,153,989) Advances (509,100,153) (1,153,989) Short term prepayments - (500,625) Other receivables (20,248,078) - (579,514,381) (1,654,614) Increase in trade and other payables 129,574,692 19,229,787 Finance cost paid (79,368) (57,269,452) Income tax paid (7,658,854) (1,908,720) Net cash used in operating activities (3,566,131,754) (59,433,748) CASH FLOWS FROM INVESTING ACTIVITIES (2,648,769,633) - Capital expenditure incurred (308,570,288) (45,704,673) increase in long term advances (2,648,769,633) - increase in long term deposits (606,000) (1,501,875) Net cash used in investing activities (2,857,945,921)	Depreciation and amortization		16,521,731	5,049,436
Effect on cash flow due to working capital changes (Increase) / decrease in current assets: Store and spares Advances (So,166,150) Advances (So,166,150) Citer receivables (So,166,150) Citer receivables (So,166,150) Citer receivables (So,166,107) Citer receivables (So,166,107	Liability written back		(242,466)	-
Effect on cash flow due to working capital changes (Increase) / decrease in current assets: Store and spares	Finance cost		19,933,499	258,603
Classification Comment			(3,108,453,843)	(74,841,598)
Store and spares (50,166,150) -	Effect on cash flow due to working capital changes			
Advances (509,100,153) (1,153,989) Short term prepayments (500,625) Other receivables (20,248,078) (1,654,614) Increase in trade and other payables (27,546,92) (1,654,614) Increase in trade and other payables (258,603) (3,558,393,532) (57,266,425) Finance cost paid (79,368) (258,603) Income tax paid (7,658,854) (1,908,720) Net cash used in operating activities (3,566,131,754) (59,433,748) CASH FLOWS FROM INVESTING ACTIVITIES Capital expenditure incurred (308,570,288) (45,704,573) Increase in long term advances (2,548,769,633) (606,000) (1,501,875) Net cash used in investing activities (2,857,945,921) (47,206,448) CASH FLOWS FROM FINANCING ACTIVITIES Grant received from City District Government Lahore (2,908,172,000 230,000,000) Net cash from financing - net (4,030,240,000 230,000,000) Net cash from financing activities (514,334,325 123,359,804) Cash and cash equivalents at beginning of the year 123,359,804	(Increase) / decrease in current assets:			
Companyments Comp	Store and spares		(50,166,150)	•
Other receivables (20,248,078) - (579,514,381) (1,654,614) Increase in trade and other payables 129,574,692 19,229,787 (3,558,393,532) (57,266,425) Finance cost paid (79,368) (258,603) Income tax paid (7,658,854) (1,908,720) Net cash used in operating activities (3,566,131,754) (59,433,748) CASH FLOWS FROM INVESTING ACTIVITIES (2,548,769,633) - Capital expenditure incurred (308,570,288) (45,704,573) increase in long term advances (2,548,769,633) - increase in long term deposits (606,000) (1,501,875) Net cash used in investing activities (2,857,945,921) (47,206,448) CASH FLOWS FROM FINANCING ACTIVITIES (2,908,172,000 - Grant received from City District Government Lahore 2,908,172,000 - Receipts from long term financing - net 4,030,240,000 230,000,000 Net cash from financing activities 6,938,412,000 230,000,000 Net increase in cash and cash equivalents 514,334,325 123,359,804	Advances		(509,100,153)	(1,153,989)
Cash Flows From Investing activities Cash Flows From Labore Cash Flows From Financing - net Cash Flows From Labore Cash Flows From Labor	Short term prepayments		- 1	(500,625)
Increase in trade and other payables	Other receivables		(20,248,078)	
Finance cost paid (7,9368) (57,266,425) Income tax paid (7,9368) (258,603) Income tax paid (7,658,854) (1,908,720) Net cash used in operating activities (3,566,131,754) (59,433,748) CASH FLOWS FROM INVESTING ACTIVITIES Capital expenditure incurred (308,570,288) (45,704,573) Increase in long term advances (2,548,769,633) - Increase in long term deposits (606,000) (1,501,875) Net cash used in investing activities (2,857,945,921) (47,206,448) CASH FLOWS FROM FINANCING ACTIVITIES Grant received from City District Government Lahore 2,908,172,000 - Receipts from long term financing - net 4,030,240,000 230,000,000 Net cash from financing activities 6,938,412,000 230,000,000 Net increase in cash and cash equivalents 514,334,325 123,359,804 Cash and cash equivalents at beginning of the year 123,359,804 -			(579,514,381)	(1,654,614)
CASH FLOWS FROM INVESTING ACTIVITIES Capital expenditure incurred Cash used in investing activities Cash FLOWS FROM INVESTING ACTIVITIES	Increase in trade and other payables		129,574,692	19,229,787
Income tax paid			(3,558,393,532)	(57,266,425)
Net cash used in operating activities (3,566,131,754) (59,433,748) CASH FLOWS FROM INVESTING ACTIVITIES Capital expenditure incurred (308,570,288) (45,704,573) increase in long term advances (2,548,769,633) - increase in long term deposits (606,000) (1,501,875) Net cash used in investing activities (2,857,945,921) CASH FLOWS FROM FINANCING ACTIVITIES Grant received from City District Government Lahore Receipts from long term financing - net 4,030,240,000 230,000,000 Net cash from financing activities 6,938,412,000 230,000,000 Net increase in cash and cash equivalents 514,334,325 123,359,804 Cash and cash equivalents at beginning of the year			(79,368)	(258,603)
CASH FLOWS FROM INVESTING ACTIVITIES Capital expenditure incurred (308,570,288) (45,704,573) increase in long term advances (2,548,769,633) - increase in long term deposits (606,000) (1,501,875) Net cash used in investing activities (2,857,945,921) (47,206,448) CASH FLOWS FROM FINANCING ACTIVITIES Grant received from City District Government Lahore 2,908,172,000 - Receipts from long term financing - net 4,030,240,000 230,000,000 Net cash from financing activities 6,938,412,000 230,000,000 Net increase in cash and cash equivalents 514,334,325 123,359,804 - activities 123,359,804 - activiti	Income tax paid		(7,658,854)	(1,908,720)
Capital expenditure incurred (308,570,288) (45,704,573) Increase In long term advances (2,548,769,633) - Increase In long term deposits (606,000) (1,501,875) Net cash used in investing activities (2,857,945,921) (47,206,448) CASH FLOWS FROM FINANCING ACTIVITIES 2,908,172,000 - Grant received from City District Government Lahore 2,908,172,000 - Receipts from long term financing - net 4,030,240,000 230,000,000 Net cash from financing activities 6,938,412,000 230,000,000 Net increase in cash and cash equivalents 514,334,325 123,359,804 Cash and cash equivalents at beginning of the year 123,359,804 -	Net cash used in operating activities		(3,566,131,754)	(59,433,748)
increase in long term advances increase in long term deposits (606,000) (1,501,875) (2,857,945,921) (47,206,448) CASH FLOWS FROM FINANCING ACTIVITIES Grant received from City District Government Lahore Receipts from long term financing - net 4,030,240,000 230,000,000 Net cash from financing activities 6,938,412,000 230,000,000 Net increase in cash and cash equivalents 514,334,325 123,359,804 -	CASH FLOWS FROM INVESTING ACTIVITIES			
increase in long term advances tncrease in long term deposits (606,000) (1,501,875) Net cash used in investing activities (2,857,945,921) (47,206,448) CASH FLOWS FROM FINANCING ACTIVITIES Grant received from City District Government Lahore Receipts from long term financing - net 4,030,240,000 230,000,000 Net cash from financing activities 6,938,412,000 230,000,000 Net increase in cash and cash equivalents Cash and cash equivalents at beginning of the year 123,359,804	Capital expenditure incurred		(308,570,288)	(45,704,573)
Net cash used in investing activities (2,857,945,921) (47,206,448) CASH FLOWS FROM FINANCING ACTIVITIES Grant received from City District Government Lahore 2,908,172,000 230,000,000 Receipts from long term financing - net 4,030,240,000 230,000,000 Net cash from financing activities 6,938,412,000 230,000,000 Net increase in cash and cash equivalents 514,334,325 123,359,804 Cash and cash equivalents at beginning of the year 123,359,804	Increase in long term advances		(2,548,769,633)	-
CASH FLOWS FROM FINANCING ACTIVITIES Grant received from City District Government Lahore 2,908,172,000 - Receipts from long term financing - net 4,030,240,000 230,000,000 Net cash from financing activities 6,938,412,000 230,000,000 Net increase in cash and cash equivalents 514,334,325 123,359,804 Cash and cash equivalents at beginning of the year 123,359,804 -	Increase in long term deposits		(606,000)	(1,501,875)
Grant received from City District Government Lahore 2,908,172,000 - Receipts from long term financing - net 4,030,240,000 230,000,000 Net cash from financing activities 6,938,412,000 230,000,000 Net increase in cash and cash equivalents 514,334,325 123,359,804 Cash and cash equivalents at beginning of the year 123,359,804 -	Net cash used in investing activities		(2,857,945,921)	(47,206,448)
Receipts from long term financing - net 4,030,240,000 230,000,000 Net cash from financing activities 6,938,412,000 230,000,000 Net increase in cash and cash equivalents 514,334,325 123,359,804 Cash and cash equivalents at beginning of the year 123,359,804 -	CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash from financing activities6,938,412,000230,000,000Net increase in cash and cash equivalents514,334,325123,359,804Cash and cash equivalents at beginning of the year123,359,804-	Grant received from City District Government Lahore		2,908,172,000	_
Net cash from financing activities6,938,412,000230,000,000Net increase in cash and cash equivalents514,334,325123,359,804Cash and cash equivalents at beginning of the year123,359,804-	Receipts from long term financing - net			230,000,000
Net increase in cash and cash equivalents 514,334,325 123,359,804 Cash and cash equivalents at beginning of the year 123,359,804	Net cash from financing activities			
Cash and cash equivalents at beginning of the year 123,359,804 -	Net increase in cash and cash equivalents			
Cash and cash equivalents at the end of the year (11) 637,694,129 123,359,804	*		• •	-
	Cash and cash equivalents at the end of the year	(11)	637,694,129	123,359,804

DIRECTOR)

The annexed notes from 1 to 28 form an integral part of these financial statements.

OHEF EXECUTIVE OFFICER)

LAHORE WASTE MANAGEMENT COMPANY
(a Company set up under section 42 of the Companies Ordinance, 1984)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012

2012

2011

Rupees

Rupees

Excess of expenditure over income

(216,640,476)

(80,476,302)

Other comprehensive income

Total comprehensive income for the year

(216,640,476)

(80,476,302)

The annexed notes from 1 to 28 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER

(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 2012

General Fund

Rupees

Balance as at 01 July 2010

(348,480)

Total comprehensive income for the year ended 30 June 2011

(80,476,302)

Balance as at 30 June 2011

(80,824,782)

Total comprehensive income for the year ended 30 June 2012

(216,640,476)

Balance as at 30 June 2012

(297,465,258)

The annexed notes from 1 to 28 form an integral part of these financial statements.

(CHIEF EXECUTIVE OFFICER)

(DIRECTOR)