



## INDEPENDENT AUDITOR'S REPORT

To the members of Lahore Waste management Company

Report on the Audit of the Financial Statements

### Opinion

We have audited the annexed financial statements of **Lahore Waste Management Company** (the Company), which comprise the statement of financial position as at June 30, 2019, and the statement of income and expenditure, the statement of comprehensive income, the statement of changes in fund, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of income and expenditure, the statement of comprehensive income, the statement of changes in fund and the statement of cash flows together with the notes forming part thereof confirm with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the loss, the other comprehensive income, the changes in fund and its cash flows for the year then ended.

### 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 Company 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.

### Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the company incurred a net deficit of Rs. 8,929.19 million during the year ended June 30, 2019 and, as of that date the accumulated losses of the company are Rs. 30,246.395 million. These events or conditions, along with other matters set forth in note 2 indicates that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for other information. The other information comprises the information included in the Directors' Report, but does not include the financial statements and our auditor's report thereon.

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Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of Management and Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 and for such internal control as management 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 is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors is responsible for overseeing the Company's financial reporting process.

#### **Auditor's 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 scepticism 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.

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- 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 Company'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's 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 Company'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 Company 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 the board of directors 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.

#### **Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017;
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Arqum Naveed.

*Muniff Ziauddin & Co.*  
Chartered Accountants  
Lahore  
Date:

14 SEP 2024

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Lahore Waste Management Company

Audited Financial Statements  
For the year ended  
June 30, 2019

**LAHORE WASTE MANAGEMENT COMPANY**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2019**

	Note	2019 Rupees	2018 Rupees
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, plant and equipment	6	1,370,900,107	1,508,368,283
Intangible assets	7	1,652,673	3,135,469
Long-term deposits		3,471,919	3,176,625
		1,376,024,699	1,514,680,377
<b>Current Assets</b>			
Stores and spares		11,823,885	7,058,480
Receivables against services	8	410,097,835	230,881,006
Advances	9	1,652,632	1,710,024
Short term prepayments		4,068,158	5,597,032
Accrued interest on bank deposits		7,097,039	3,887,840
Other receivables	10	129,413,964	129,491,762
Due from Government	11	156,113,674	115,584,338
Advance tax		72,918,018	40,529,336
Cash and bank balances	12	1,547,882,377	262,962,211
		2,341,067,582	797,702,029
<b>Total Assets</b>		<b>3,717,092,281</b>	<b>2,312,382,406</b>
<b>FUND AND LIABILITIES</b>			
<b>Funds</b>			
General funds		(30,246,395,507)	(21,317,200,702)
<b>Non Current Liabilities</b>			
Deferred income	13	339,842,879	-
Deferred grants	14	6,908,615,754	4,952,853,003
Long-term financing	15	23,719,953,390	16,323,088,127
		30,968,412,023	21,275,941,130
<b>Current Liabilities</b>			
Trade and other payables	16	1,646,259,835	1,668,380,987
Accrued interest on financing		86,579,633	66,624,504
Current portion of deferred grant	14	1,262,236,297	618,636,487
		2,995,075,765	2,353,641,978
<b>Total Fund And Liabilities</b>		<b>3,717,092,281</b>	<b>2,312,382,406</b>
<b>Contingencies And Commitments</b>	17	-	-

The annexed notes, from 1 to 32, form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR



**LAHORE WASTE MANAGEMENT COMPANY**  
**STATEMENT OF INCOME AND EXPENDITURE**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Note	2019 Rupees	2018 Rupees
<b>Income</b>			
Income from services	18	759,149,524	688,332,988
Amortization of grants	19	4,408,892,533	3,738,057,372
		<u>5,168,042,057</u>	<u>4,426,390,360</u>
<b>Expenditures</b>			
Direct expenses	20	(12,018,577,206)	(11,670,793,234)
		<u>(6,850,535,149)</u>	<u>(7,244,402,874)</u>
Administrative expenses	21	(386,426,886)	(471,699,961)
		<u>(7,236,962,035)</u>	<u>(7,716,102,835)</u>
Operating deficit	22	55,422,572	296,687,494
Other income	23	(1,747,655,342)	(1,127,575,589)
Finance cost		<u>(8,929,194,805)</u>	<u>(8,546,990,930)</u>
Deficit before taxation	24	-	-
Taxation		<u>(8,929,194,805)</u>	<u>(8,546,990,930)</u>
Deficit for the year			

The annexed notes, from 1 to 32, form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR



LAHORE WASTE MANAGEMENT COMPANY  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2019

	2019 Rupees	2018 Rupees
Deficit for the year	(8,929,194,805)	(8,546,990,930)
Items that may be subsequently reclassified to income and expenditure	-	-
Items that will not be subsequently reclassified to income and expenditure	-	-
Total comprehensive deficit for the year	<u>(8,929,194,805)</u>	<u>(8,546,990,930)</u>

The annexed notes, from 1 to 32, form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR





**LAHORE WASTE MANAGEMENT COMPANY  
STATEMENT OF CHANGES IN FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Note</b>	<b>General Funds Rupees</b>
<b>Balance as at July 01, 2017</b>		(12,770,209,772)
Deficit for the year		(8,546,990,930)
Other comprehensive income / (loss)		-
		(8,546,990,930)
<b>Balance as at June 30, 2018</b>		(21,317,200,702)
<b>Balance as at July 01, 2018</b>		(21,317,200,702)
Deficit for the year		(8,929,194,805)
Other comprehensive income / (loss)		-
		(8,929,194,805)
<b>Balance as at June 30, 2019</b>		(30,246,395,507)

The annexed notes, from 1 to 32, form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER

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CHIEF FINANCIAL OFFICER

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DIRECTOR





**LAHORE WASTE MANAGEMENT COMPANY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Note	2019 Rupees	2018 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Deficit before taxation		(8,929,194,805)	(8,546,990,930)
<b>Adjustments for non cash and other items:</b>			
Interest on saving accounts	22	(50,879,842)	(60,049,003)
Depreciation of property, plant and equipment	6.1	141,812,412	144,230,373
Amortization of intangible assets	7	1,482,796	1,081,214
Amortization of deferred grant	19	(1,262,236,297)	(618,636,487)
Amortization of deferred income	13	(43,696,236)	-
Unrealised exchange gain		(9,749)	(1,555)
Bad debts		14,712,455	54,437,985
Finance cost	23	1,747,655,342	1,122,165,723
Loss on disposal of property, plant and equipment	22	-	1,247,000
		<b>548,840,881</b>	<b>644,475,250</b>
<b>Changes in working capital:</b>			
<i>(Increase) / Decrease in current assets:</i>			
Stores and spares		(4,765,405)	6,687,744
Receivables against services		(210,390,169)	(62,009,699)
Advances		57,392	(574,056)
Short term prepayments		1,528,874	(2,405,351)
Other receivables		77,798	(40,576,461)
		<b>(213,491,510)</b>	<b>(98,877,823)</b>
<i>(Decrease) / Increase in current liabilities:</i>			
Trade, accrued and other payables		(22,121,152)	395,786,675
Cash used in operations		<b>(8,615,966,586)</b>	<b>(7,605,606,828)</b>
Interest income received		47,670,643	56,683,989
Interest cost paid		(69,236,092)	(132,490,534)
Income tax paid		(72,918,018)	(40,529,336)
Net cash used in operating activities		<b>(8,710,450,053)</b>	<b>(7,721,942,709)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for acquisition of property, plant and equipment		(4,344,236)	(31,975,492)
Payment for acquisition of intangible assets		-	(1,809,986)
Long-term deposits		(295,294)	760,000
Net cash used in investing activities		<b>(4,639,530)</b>	<b>(33,025,478)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Deferred Income received		400,000,000	-
Loan received from the Government	15	9,600,000,000	5,731,321,777
Net cash generated from financing activities		<b>10,000,000,000</b>	<b>5,731,321,777</b>
Net increase / (decrease) in cash and cash equivalents		<b>1,284,910,417</b>	<b>(2,023,646,410)</b>
Cash and cash equivalents at the beginning of the year		<b>262,962,211</b>	<b>2,286,607,066</b>
Effect of exchange gain on cash and cash equivalents		9,749	1,555
Cash and cash equivalents at the end of the year	12	<b>1,547,882,377</b>	<b>262,962,211</b>

The annexed notes, from 1 to 32, form an integral part of these financial statements.

  
**CHIEF EXECUTIVE OFFICER**

  
**CHIEF FINANCIAL OFFICER**

  
**DIRECTOR**

