



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, 2020, 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, 2020 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. 8,997.26 million during the year ended June 30, 2020 and, as of that date the accumulated losses of the company are Rs. 39,243.65 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, 2020**

LAHORE WASTE MANAGEMENT COMPANY
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

| | Note | 2020 Rupees | 2019 Rupees |
|--|------|-----------------------|-----------------------|
| ASSETS | | | |
| Non Current Assets | | | |
| Property, plant and equipment | 6 | 1,241,248,740 | 1,370,900,107 |
| Intangible assets | 7 | 476,891 | 1,652,673 |
| Long-term deposits | | 3,471,919 | 3,471,919 |
| | | 1,245,197,550 | 1,376,024,699 |
| Current Assets | | | |
| Stores and spares | | 8,071,617 | 11,823,885 |
| Receivables against services | 8 | 593,604,307 | 410,097,835 |
| Advances | 9 | 2,363,944 | 1,652,632 |
| Short term prepayments | | 2,753,847 | 4,068,158 |
| Accrued interest on bank deposits | | 9,585,427 | 7,097,039 |
| Other receivables | 10 | 129,416,964 | 129,413,964 |
| Due from the Government | 11 | 229,031,693 | 156,113,674 |
| Advance tax | | 95,434,220 | 72,918,018 |
| Cash and bank balances | 12 | 1,348,314,930 | 1,547,882,377 |
| | | 2,418,576,949 | 2,341,067,582 |
| Total Assets | | 3,663,774,499 | 3,717,092,281 |
| FUND AND LIABILITIES | | | |
| Funds | | | |
| General funds | | (39,243,657,328) | (30,246,395,506) |
| Non Current Liabilities | | | |
| Deferred income | 13 | 327,900,573 | 339,842,879 |
| Deferred Grants | 14 | 8,009,831,089 | 6,908,615,754 |
| Long-term financing | 15 | 28,724,984,729 | 23,719,953,390 |
| | | 37,062,716,391 | 30,968,412,023 |
| Current Liabilities | | | |
| Trade and other payables | 16 | 2,371,397,121 | 1,646,259,834 |
| Accrued interest on financing | | 107,193,154 | 86,579,633 |
| Provision for taxation | | 11,023,789 | - |
| Current portion of deferred grant | 14 | 1,853,099,205 | 1,262,236,297 |
| Current portion of long-term financing | 15 | 1,502,002,167 | - |
| | | 5,844,715,436 | 2,995,075,764 |
| Total Fund And Liabilities | | 3,663,774,499 | 3,717,092,281 |
| Contingencies And Commitments | | | |
| | 17 | | |

The annexed notes, from 1 to 33, 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, 2020

| | Note | 2020 Rupees | 2019 Rupees |
|-------------------------|------|------------------------|------------------------|
| Income | | | |
| Income from services | 18 | 734,919,228 | 759,149,524 |
| Amortization of grants | 19 | 4,968,001,511 | 4,408,892,533 |
| | | <u>5,702,920,739</u> | <u>5,168,042,057</u> |
| Expenditures | | | |
| Direct expenses | 20 | (11,863,621,008) | (12,018,577,205) |
| | | <u>(6,160,700,269)</u> | <u>(6,850,535,148)</u> |
| Administrative expenses | 21 | (375,961,791) | (386,426,886) |
| | | <u>(6,536,662,059)</u> | <u>(7,236,962,034)</u> |
| Operating deficit | 22 | 142,125,532 | 55,422,572 |
| Other income | 23 | (2,591,701,506) | (1,747,655,342) |
| Finance cost | | <u>(8,986,238,033)</u> | <u>(8,929,194,804)</u> |
| Deficit before taxation | 24 | (11,023,788) | - |
| Taxation | | <u>(8,997,261,822)</u> | <u>(8,929,194,804)</u> |
| Deficit for the year | | | |

The annexed notes, from 1 to 33, 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, 2020

| | 2020 Rupees | 2019 Rupees |
|--|------------------------|------------------------|
| Deficit for the year | (8,997,261,822) | (8,929,194,804) |
| 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 | (8,997,261,822) | (8,929,194,804) |

The annexed notes, from 1 to 33, 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, 2020**

| | Note | General Fund Rupees |
|-------------------------------------|------|------------------------|
| Balance as at July 01, 2018 | | (21,317,200,702) |
| Deficit for the year | | (8,929,194,804) |
| Other comprehensive income / (loss) | | (8,929,194,804) |
| Balance as at June 30, 2019 | | (30,246,395,506) |
| Balance as at July 01, 2019 | | (30,246,395,506) |
| Deficit for the year | | (8,997,261,822) |
| Other comprehensive income / (loss) | | (8,997,261,822) |
| Balance as at June 30, 2020 | | (39,243,657,328) |

The annexed notes, from 1 to 33, form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR



LAHORE WASTE MANAGEMENT COMPANY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

| | Note | 2020 Rupees | 2019 Rupees |
|---|------|------------------------|------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Deficit for the year | | (8,986,238,033) | (8,929,194,804) |
| Adjustments for non cash and other items: | | | |
| Interest on saving accounts | 22 | (136,090,307) | (50,879,842) |
| Depreciation of property, plant and equipment | 6.1 | 129,963,577 | 141,812,412 |
| Amortization of intangible assets | 7 | 1,175,782 | 1,482,796 |
| Amortization of deferred grant | 19 | (1,853,099,205) | (1,262,236,297) |
| Amortization of deferred Income | | (11,942,306) | (43,696,236) |
| Unrealised exchange loss / (gain) | | 1,936 | (9,749) |
| Bad debts | | 20,083,840 | 14,712,455 |
| Finance cost | 23 | 2,591,701,505 | 1,747,655,342 |
| | | 741,794,822 | 548,840,881 |
| Changes in working capital: | | | |
| <i>(Increase) in current assets:</i> | | | |
| Stores and spares | | 3,752,268 | (4,765,405) |
| Receivables against services | | (203,590,312) | (210,390,169) |
| Advances | | (711,312) | 57,392 |
| Short term prepayments | | 1,314,311 | 1,528,874 |
| Other receivables | | (3,000) | 77,798 |
| | | (199,238,045) | (213,491,510) |
| <i>Increase / (Decrease) in current liabilities:</i> | | | |
| Trade, accrued and other payables | | 725,137,287 | (22,121,153) |
| Cash used in operations | | (7,718,543,970) | (8,615,966,586) |
| Interest income received | | 133,601,919 | 47,670,643 |
| Interest cost paid | | (88,235,553) | (69,236,092) |
| Income tax paid | | (95,434,220) | (72,918,018) |
| Net cash used in operating activities | | (7,768,611,824) | (8,710,450,053) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payment for acquisition of property, plant and equipment | | (312,210) | (4,344,236) |
| Long-term deposits | | - | (295,294) |
| Net cash used in investing activities | | (312,210) | (4,639,530) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Grant received from health department GoP | | - | 400,000,000 |
| Loan received from the Government | 15 | 7,569,358,522 | 9,600,000,000 |
| Net cash generated from financing activities | | 7,569,358,522 | 10,000,000,000 |
| Net (decrease) / increase in cash and cash equivalents | | (199,565,512) | 1,284,910,417 |
| Cash and cash equivalents at the beginning of the year | | 1,547,882,377 | 262,962,211 |
| Effect of exchange gain on cash and cash equivalents | | (1,936) | 9,749 |
| Cash and cash equivalents at the end of the year | 12 | 1,348,314,930 | 1,547,882,377 |

The annexed notes, from 1 to 33, form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

