

BAHAWALPUR WASTE  
MANAGEMENT COMPANY  
Statements of Accounts for The  
Year Ended 30 June 2015



**AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of **BAHAWALPUR WASTE MANAGEMENT COMPANY** as at 30 June 2015 and the related income and expenditure account, statement of comprehensive income, cash flow statement and statement of changes in 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—

- a) in our opinion, proper books of account 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 the changes as stated in note 3.2 to the 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, statement of comprehensive income, cash flow statement and statement of changes in 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 2015 and of the surplus, total comprehensive income, its cash flows 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).

Other Matters:

The financial statements for the year ended 30 June 2014 were audited by another firm of Chartered Accountants who issued report dated 19 January 2016. The aforesaid auditors' report expressed an unqualified opinion.

**Rahman Sarfaraz Rahim Iqbal Rafiq**  
CHARTERED ACCOUNTANTS  
Engagement Partner: A. Rahman Mir  
LAHORE: 04 DEC 2017

**BAHAWALPUR WASTE MANAGEMENT COMPANY**  
**(SET UP UNDER SECTION 42 OF THE COMPANIES ORDINANCE, 1984)**  
**BALANCE SHEET**  
**AS AT 30 JUNE 2015**

	NOTE	2015 Rupees	2014 Rupees
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property & equipment	5	47,213,945	5,111,446
Intangible Asset	6	26,021	-
<b>CURRENT ASSETS</b>			
Stores & spares		2,271,841	1,525,200
Advances and Other receivable	7	114,914,518	395,602
Trade deposit		92,500	-
Accured markup		2,732	100,445
Taxes recoverable/Adjustable		115,630	-
Cash & bank balances	8	245,519,683	82,240,240
		362,916,904	84,261,487
<b>TOTAL ASSETS</b>		<b>410,156,870</b>	<b>89,372,933</b>
<b>FUND AND LIABILITIES</b>			
<b>FUND</b>			
General Fund		423,548	158,142
(As Per statement of changes in fund)			
<b>NON CURRENT LIABILITIES</b>			
Deferred grants	9	402,769,967	82,495,214
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	6,963,355	6,719,577
<b>TOTAL FUND AND LIABILITIES</b>		<b>410,156,870</b>	<b>89,372,933</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			

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The annexed notes 1 to 23 form an integral part of these financial statements.

  
**CHIEF EXECUTIVE OFFICER**



  
**DIRECTOR**

**BAHAWALPUR WASTE MANAGEMENT COMPANY**  
**(SET UP UNDER SECTION 42 OF THE COMPANIES ORDINANCE, 1984)**  
**INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

	NOTE	2015 Rupees	2014 Rupees
Amortization of grants	12	141,367,432	26,084,787
Direct expenses	13	(121,953,682)	(25,331,228)
Gross revenue		19,413,750	753,559
Other income	14	265,406	158,142
		19,679,156	911,701
Administrative expenses	15	(19,405,399)	(752,265)
Finance cost	16	(8,351)	(1,294)
		(19,413,750)	(753,559)
Surplus before taxation		265,406	158,142
Taxation		-	-
Surplus after taxation		265,406	158,142

The annexed notes 1 to 23 form an integral part of these financial statements.

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**





**BAHAWALPUR WASTE MANAGEMENT COMPANY**  
**(SET UP UNDER SECTION 42 OF THE COMPANIES ORDINANCE, 1984)**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2015**

	2015 Rupees	2014 Rupees
Surplus after taxation	265,406	158,142
Other comprehensive income for the year:	-	-
Total comprehensive income for the year	<u>265,406</u>	<u>158,142</u>

The annexed notes 1 to 23 form an integral part of these financial statements.

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR



**BAHAWALPUR WASTE MANAGEMENT COMPANY**  
**(SET UP UNDER SECTION 42 OF THE COMPANIES ORDINANCE, 1984)**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2015**

	2015 RUPEES	2014 RUPEES
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Excess of income over expenditure before taxation	265,406	158,142
Adjustments for:		
Depreciation & amortization	4,794,736	114,453
Amortization of grants	(141,367,432)	(26,084,787)
Finance cost	8,351	1,294
Interest income	(5,906)	(158,142)
	(136,570,251)	(26,127,182)
Operating cash flows before working capital changes	(136,304,845)	(25,969,040)
<b>CHANGES IN WORKING CAPITAL</b>		
(Increase) / decrease in current assets:		
Stores & spares	(746,641)	(1,525,200)
Advances & other receivable	(114,518,916)	(395,602)
Trade deposit	(92,500)	
Taxes refundable	(115,630)	
(Decrease) / increase in current liabilities:		
Trade and other payables	243,778	6,719,577
	(115,229,909)	4,798,775
Cash used in operation	(251,534,754)	(21,170,265)
Interest received	103,619	57,697
Finance cost paid	(8,351)	(1,294)
Net cash (used in) from operating activities	<b>(251,439,486)</b>	<b>(21,113,862)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed Capital Expenditure	(46,923,256)	(5,225,899)
Net cash used in investing activities	<b>(46,923,256)</b>	<b>(5,225,899)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Grants	461,642,185	108,580,001
Net cash generated from financing activities	<b>461,642,185</b>	<b>108,580,001</b>
Net increase in cash and cash equivalents during the year	163,279,443	82,240,240
Cash and cash equivalents at the beginning of the year	82,240,240	-
Cash and cash equivalents at the end of the year	<b>245,519,683</b>	<b>82,240,240</b>

The annexed notes 1 to 23 form an integral part of these financial statements.

  
**CHIEF EXECUTIVE OFFICER**

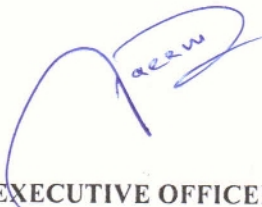


  
**DIRECTOR**

**BAHAWALPUR WASTE MANAGEMENT COMPANY**  
**(SET UP UNDER SECTION 42 OF THE COMPANIES ORDINANCE, 1984)**  
**STATEMENT OF CHANGES IN FUND**  
**FOR THE YEAR ENDED 30 JUNE 2015**

	<b>General Fund</b> Rupees
Balance as at July 13, 2013	-
Total comprehensive income for the period	158,142
Balance as at June 30, 2014	<u>158,142</u>
Total comprehensive income for the year	265,406
Balance as at June 30, 2015	<u><u>423,548</u></u>

The annexed notes 1 to 23 form an integral part of these financial statements.

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**





**BAHAWALPUR WASTE MANAGEMENT COMPANY**  
**(SET UP UNDER SECTION 42 OF THE COMPANIES ORDINANCE, 1984)**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015**

**1 COMPANY AND ITS OPERATIONS**

- 1.1** Bahawalpur Waste Management Company (BWMC) ("the company") was incorporated in Pakistan as a limited by guarantee company under section 42 of the Companies Ordinance, 1984 on July 13, 2013 and is registered as a non profit organization. The principal activity of the company is to administer, co-ordinate, supervise and provide guideline for smooth functioning of solid waste management. The registered office of the company is located at TMA Bahawalpur city, Pakistan.
- 1.2** Subsequent to incorporation the company entered into Service and Asset Management Agreement (SAMA) with Tehsil Municipal Administration (TMA) for a period of 20 years to enable the company to carry out its objects. In accordance with the terms of agreement TMA had transferred its certain assets, employees, operations and all movable and immovable property against lease money of Rs 100,000/- for the period of currency of operating lease. No other charge in respect of these assets is payable however if an asset is scraped and is sold, the amount realized is payable to the TMA.

**2 STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by International Accounting Standards Board (IASB) as are notified under Companies Ordinance, 1984, provisions and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 shall prevail.

**3 BASIS OF PREPARATION**

**3.1 Accounting convention**

These financial statements have been prepared under the "Historical Cost Convention" except for certain financial instruments which are stated at fair value and amortized cost. The financial statements, except for cash flow information, have been prepared under the accrual basis of accounting.

**3.2 Initial Application of a Standard, Amendment or an Interpretation to an Existing Standard and Forthcoming Requirements**

- a)** The company has adopted IAS/IFRS as applicable in Pakistan during the current year. The adoption has no financial impact except for increased disclosure in certain cases.
- b) Standards and interpretations that became effective but are not relevant to the company:**

The following standards (revised or amended) and interpretations became effective for the current financial year but are either not relevant or do not have any material effect on the financial statements of the company:

- IFRS 2 - Share Based Payments (Amended)
- IFRS 3 - Business Combinations (Amended)
- IFRS 8 - Operating Segments (Amended)





- IAS 16 - Property, Plant and Equipment (Amended)
- IAS 19 - Employee Benefits (Amended)
- IAS 24 - Related Party Disclosures (Amended)
- IAS 36 - Impairment of Assets (Amended)
- IAS 38 - Intangible Assets (Amended)
- IAS 39 - Financial Instruments: Recognition and Measurement (Amended)
- IAS 40 - Investment Property (Amended)
- IFRIC 21 - Levies

**b) Forthcoming requirements not effective in current year and not considered relevant:**

The following standards (revised or amended) and interpretations of approved accounting standards are only effective for accounting periods beginning from the dates specified below. These standards are either not relevant to the company's operations or are not expected to have significant impact on the company's financial statements other than increased disclosures in certain cases:

- IFRS 1 - First time adoption of International Financial Reporting Standards - (Amendments applicable from annual periods beginning on or after 1 January 2013) - Not notified by SECP.
- IFRS 5 - Non Current Assets Held for Sale and Discontinued Operations (Amendments applicable from annual periods beginning on or after 1 January 2016)
- IFRS 7 - Financial Instruments: Disclosures (Amendments applicable from annual periods beginning on or after 1 January 2015 & 1 January 2016)
- IFRS 9 - Financial Instruments: Classification and Measurement (Amendments applicable from annual periods beginning on or after 1 January 2018) - Not notified by SECP.
- IFRS 10 - Consolidated Financial Statements (Amendments applicable from annual periods beginning on or after 1 January 2015)
- IFRS 11 - Joint Arrangements (Amendments applicable from annual periods beginning on or after 1 January 2015)
- IFRS 12 - Disclosure of Interests in Other Entities (Amendments applicable from annual periods beginning on or after 1 January 2015)
- IFRS 13 - Fair Value Measurement (Amendments applicable from annual periods beginning on or after 1 January 2015)
- IFRS 14 - Regulatory Deferral Accounts - (Applicable for annual periods beginning on or after 1 January 2016) - Not notified by SECP.



- IFRS 15 - Revenue from Contracts with Customers - (Applicable for annual periods beginning on or after 1 January 2017) - Not notified by SECP.
- IAS 1 - Presentation of Financial Statements (Amendments applicable from annual periods beginning on or after 1 January 2016).
- IAS 16- Property, Plant and Equipment (Amendments applicable annual periods beginning on or after 1 January 2016).
- IAS 19- Employee Benefits (Amendments applicable for annual periods beginning on or after 1 January 2016).
- IAS 27 - Separate Financial Statements (Amendments applicable for annual periods beginning on or after 1 January 2015 & 1 January 2016).
- IAS 28 - Investment in Associates (Amendments applicable for annual periods beginning on or after 1 January 2016).
- IAS 38 - Intangible Assets (Amendments applicable from annual periods beginning on or after 1 January 2016).
- IAS 39 - Financial Instruments: Recognition and Measurement (Amendments applicable from annual periods beginning on or after 1 January 2018).
- IAS 41 - Agriculture - (Amended) - (effective for annual periods beginning on or after 1 January 2016).

### 3.3 Judgments, estimates and assumptions

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgments are continuously evaluated and are based on historical experience and various other factors, including expectations of future events that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is reversed if revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Significant areas requiring the use of management estimates in these financial statements relate to the residual values, useful life of depreciable assets & intangible assets (refer note 4.1, 4.2, 5 & 6), provision for doubtful receivables (refer note 4.3), taxation (refer note 4.8) and slow moving inventory (refer note 4.6). However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.





#### **4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The company has adopted following significant policies

##### **4.1 Property and equipment**

###### **4.1.1 Cost**

Property plant and equipment except for freehold land are stated at cost less accumulated depreciation and accumulated impairment, if any. Freehold land is stated at cost.

Subsequent costs are included in the asset's carrying amount or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the asset can be measured reliably. Major renewals and improvements are capitalized. All repair and maintenance costs are charged to income and expenditure account during the period in which these are incurred.

###### **4.1.2 Depreciation**

Depreciation is charged to income and expenditure account applying the reducing balance method at the rates specified in the property and equipment note 5.

Depreciation on additions is charged from the month in which assets are put to use and on deletions up to the month in which assets are disposed. Where the carrying amount of an asset is greater than its estimated recoverable amount it is written down immediately to its recoverable amount. Impairment loss or its reversal, if any is also charged to surplus. Where an impairment loss is recognized, depreciation charge is adjusted to allocate the asset's revised carrying amount over its estimated useful life.

###### **4.1.3 Derecognition**

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of asset (calculated as the difference between net disposal proceeds and carrying amount of asset) is included in income and expenditure account in the year the asset is derecognized.

###### **4.1.4 Impairment**

The carrying amount of company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of asset exceeds recoverable amount. Impairment losses are recognized in income and expenditure account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount can not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in income and expenditure account.

###### **4.1.5 Capital work in progress**

Capital work in progress is stated at cost less identified impairment losses, if any, and includes the expenditure on material, labor and appropriate overheads directly relating to the project. These cost are transferred to operating fixed assets when assets are available for intended use.



## **4.2 Intangible assets**

Intangible assets, which are non-monetary assets without physical substance, are recognized at cost, which comprises purchase price, non-refundable purchase taxes and other directly attributable expenditure relating to their implementation and customization. After initial recognition, an intangible asset is carried at cost less accumulated amortization and accumulated impairment losses, if any intangible assets are amortized from the month, in which these assets are available for use, using the straight line method, whereby the cost of intangible asset is amortized over its useful life. The useful life and amortization method are reviewed and adjusted, if appropriate at each balance sheet date.

## **4.3 Receivables**

Receivables are carried at original invoice amount less an estimate for doubtful receivable balances based on review of outstanding amounts at the year end.

## **4.4 Trade and other payables**

Liabilities for trade and other amounts payable are carried at cost which is the fair value of consideration to be paid in the future for goods and services.

## **4.5 Grants**

Grants are recognized when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as revenue over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, it is recognized as deferred revenue and transferred to revenue in amounts equal to depreciation over the expected useful life of related asset. When loans or similar assistance are provided by Government or related institutions with an interest free or interest rate below the current applicable market rate, the effect of this favorable interest is recorded as additional government grant.

## **4.6 Stores, spares and loose tools**

These are measured at lower of net realizable value and cost except items in transit which are valued at cost comprising invoice value plus other charges incurred up to balance sheet date. Cost of an item is determined on weighted average. Provision is made for slow moving and obsolete items.

Stores and spares in the previous period have been measured at weighted average cost but in the policy note it was inadvertently stated that FIFO basis of measurement was used; position is here by clarified. There is no financial impact of this correction.

## **4.7 Provisions**

Provisions are recognized in balance sheet when the company has legal or constructive obligation as a result of past events, and it is probable that outflow of economic benefits will be required to settle the obligation and a reliable estimate of an amount can be made. However provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

## **4.8 Taxation**

The Company has been established as a non-profit organization under section 42 of the Companies' Ordinance, 1984 and is in the process of obtaining the status of Non Profit Organization under the section 2 (36) of the Income Tax Ordinance 2001. Hence according to section 100C of Income Tax Ordinance 2001, the Company would be allowed a tax credit equal to one hundred per cent of the tax payable, including minimum tax and final tax payable under any of the provisions of this Ordinance.

## **4.9 Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, cash at bank in current and saving/deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.





#### **4.10 Loan and borrowings**

After initial recognition, non interest bearing and interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

#### **4.11 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time the assets are substantially ready for their intended use or sale.

#### **4.12 Foreign currencies**

The financial statements are presented in Pak rupees, which is the company's functional currency. Transactions in foreign currency during the year are initially recorded in the functional currency at the rates prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at functional currency rate of exchange prevailing at the balance sheet date. All differences are taken to income and expenditure account.

#### **4.13 Financial instruments**

##### **Recognition**

Financial assets and liabilities are recognized at the time the company becomes a party to contractual provisions of the instrument.

The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

##### **Derecognition**

Financial assets and liabilities are derecognized when the company loses control of the contractual rights that comprise the financial asset. The company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the company surrenders those rights. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

##### **Off setting**

Financial assets and liabilities are offset when the company has a legally enforceable right to offset and intends to settle either on a net basis and to realize the asset or settle the liability simultaneously.

##### **Impairment**

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an "incurred loss" event) and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.



#### **4.14 Revenue recognition**

Revenue from cleaning and environmental services is recognized when such services are rendered. Markup on bank deposit is recognized using effective interest rate method.

Grants are recognized in income and expenditure account on systematic basis over the periods in which entity recognizes the related costs as expenses for which the grants are intended to compensate.

#### **4.15 Related parties transactions**

Transactions with related parties are carried out at arm's length and priced at comparable uncontrolled market price.

Parties are said to be related if they are generally considered to be able to influence the operating and financial decisions of the company and vice versa.

#### **4.16 Employees' retirement benefits**

##### **4.16.1 Government employees'**

Pension, gratuity, G.P. Fund and other similar payments to TMA employees' transferred to BWMC is the liability of TMA as per the SAMA agreement. Therefore, liability for retirement benefits of TMA employees' is not made in the financial statements. Services records of these TMA employees are maintained by accounts office of the TMA Bahawalpur.

##### **4.16.2 Employees' on contract**

Company operates an employees provident fund scheme for its eligible employees, who opted for the scheme. Equal monthly contribution at the rate of 10% of basic pay are made both by the company and employees to the fund.

#### **4.17 Presentation**

**4.17.1** The corresponding figures of 2014 are for the period from 13 July 2013 to 30 June 2014.

**4.17.2** The corresponding figures are rearranged wherever necessary to facilitate the comparison and are rounded off to nearest rupee. Appropriate disclosure is given in relevant note in case of material rearrangements.





5 Property and equipment

PARTICULARS	COMPUTER & ACCESSORIES	WASTE EQUIPMENT	FURNITURE & FIXTURES	VEHICLES	OFFICE EQUIPMENT	TOTAL
<b>Cost</b>						
As on 13 July 2013	-	-	-	-	-	-
Additions	-	3,248,745	46,098	1,795,148	135,908	5,225,899
Deletions	-	-	-	-	-	-
As on 30 June 2014	-	3,248,745	46,098	1,795,148	135,908	5,225,899
Additions	2,010,528	7,281,599	2,403,425	33,099,135	2,096,043	46,890,730
Deletions	-	-	-	-	-	-
As on 30 June 2015	2,010,528	10,530,344	2,449,523	34,894,283	2,231,951	52,116,629
<b>Depreciation</b>						
As on 13 July 2013	-	-	-	-	-	-
For the year	-	40,609	1,537	67,318	4,989	114,453
On disposal	-	-	-	-	-	-
As on 30 June 2014	-	40,609	1,537	67,318	4,989	114,453
For the year	598,671	784,652	394,938	2,651,551	358,419	4,788,231
On disposal	-	-	-	-	-	-
As on 30 June 2015	598,671	825,261	396,475	2,718,869	363,408	4,902,684
<b>Carrying amount 2015</b>	<b>1,411,857</b>	<b>9,705,083</b>	<b>2,053,048</b>	<b>32,175,414</b>	<b>1,868,543</b>	<b>47,213,945</b>
<b>Carrying amount 2014</b>	<b>-</b>	<b>3,208,136</b>	<b>44,561</b>	<b>1,727,830</b>	<b>130,919</b>	<b>5,111,446</b>
Depreciation Rate (%)	30*	15	20	15	20	

5.1 Depreciation charge for the year has been allocated as follows:

	2015 Rupees	2014 Rupees
Direct Expenses	3,436,203	107,927
Administrative Expenses	1,352,028	6,526
	<b>4,788,231</b>	<b>114,453</b>



	Notes	2015 Rupees	2014 Rupees
<b>6 Intangible asset</b>			
<b>Computer Software:</b>			
Opening Balance		-	-
Additions		32,526	-
Closing Balance - 30 June		32,526	-
<b>Accumulated amortization</b>			
Opening Balance		-	-
Amortization for the year		6,505	-
Closing Balance - 30 June		6,505	-
<b>Net book value as at 30 June</b>		<u>26,021</u>	<u>-</u>
Amortization rate		20%	
<b>7 ADVANCES AND OTHER RECEIVABLES - Unsecured and Considered Good</b>			
Advance to Employees		1,204,980	-
Receivable against issuance of bid documents		259,500	-
Grant Receivable	7.1	113,450,038	395,602
		<u>114,914,518</u>	<u>395,602</u>
<b>7.1 Grant Receivable</b>			
Opening balance		395,602	-
Accrued during the year		461,642,185	108,580,001
Received during the year		(348,587,749)	(108,184,399)
Closing balance as at 30 June		<u>113,450,038</u>	<u>395,602</u>
Grant amounting to Rs. 95,382,000/- and Rs. 18,068,038/- is receivable from Government of Punjab and TMA - Bahawalpur, respectively.			
<b>8 Cash &amp; bank balances</b>			
Cash in hand		20,630	-
Cash with banks:			
- Current accounts		245,395,434	82,240,240
- Saving account		103,619	-
		<u>245,519,683</u>	<u>82,240,240</u>
<b>9 Deferred Grants</b>			
Opening balance as at 01 July		82,495,214	-
Add: Accrued during the year	9.1	461,642,185	108,580,001
Less: Amortized during the year	12	(141,367,432)	(26,084,787)
		<u>402,769,967</u>	<u>82,495,214</u>
<b>9.1 Accrued during the year</b>			
Grant From Government of Punjab		381,528,000	87,410,000
Grant From TMA Bahawalpur	9.1.1	80,114,185	21,170,001
		<u>461,642,185</u>	<u>108,580,001</u>
<b>9.1.1</b>	This grant is received from TMA for meeting the specific expenses of the company as per agreement with TMA Bahawalpur.		





	Notes	2015 Rupees	2014 Rupees
<b>10 Trade and other payables</b>			
Creditors		1,418,072	3,906,132
Securities payable		1,546,326	95,456
Accrued Liabilities		514,060	115,809
Salary payable-outsourced		3,022,951	2,178,696
Staff payable		451,946	129,822
Lease payable (operating)	10.1	10,000	5,000
Withhold tax payable		-	288,662
		<u>6,963,355</u>	<u>6,719,577</u>

**10.1** The amount is payable to TMA, Bahawalpur in respect of asset transferred under operating lease. (Refer note 1.2 and 11.2)

## **11 Contingencies and Commitments**

**11.1** The company is not exposed to any contingent liability at the balance sheet date (2014:Nil).

**11.2** As referred in note 1.2, the company has entered into operating lease agreement amounting to Rs. 100,000 for the period of 20 years with TMA Bahawalpur, which falls due as under:

Within 1 year	5,000	5,000
Later than 1 year but less than 5 years	20,000	20,000
Above 5 years	65,000	70,000
	<u>90,000</u>	<u>95,000</u>

**12 Amortization of grants** 12.1 141,367,432 80,128,757

**12.1** Grants from the Government of Punjab and Tehsil Municipal Administration, Bahawalpur have been amortized as follows:

Government of Punjab	61,253,247	4,914,786
Tehsil Municipal Authority, Bawalpur	80,114,185	21,170,001
	<u>141,367,432</u>	<u>26,084,787</u>

### **12.1.1 Amortization of grants covers the following:**

Direct expenses	13	121,953,682	25,331,228
Administrative expenses	15	19,405,399	752,265
Finance cost	16	8,351	1,294
		<u>141,367,432</u>	<u>26,084,787</u>



## 17 REMUNERATION OF DIRECTORS AND CHIEF EXECUTIVE

The aggregate amount charged in the accounts for the period in respect of remuneration including certain benefits to Chief Executive and Directors of the Company is as follows:

	30 June 2015		30 June 2014	
	M.D/Chief Executive	Directors	M.D/Chief Executive	Directors
	(Rupees)		(Rupees)	
Managerial remuneration	2,980,800	-	977,574	-
Contribution paid to provident fund	209,360	-	-	-
Number of Persons	1	-	1	-

The Managing director had also been provided with the facility of company maintained vehicle.

## 18 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise Government of Punjab (GOP), GOP owned entities, directors, associated companies and key management personnel. The company in the normal course of business carries out transactions with various related parties. Significant transactions with related parties are as follows:

Relationship with the company	Nature of transactions	2015	2014
		Rupees	Rupees
Associated undertaking	Grant received	348,587,749	108,184,399
Associated undertaking	Consultancy Charges	2,835,000	2,500,000
Staff Retirement Benefits	Contributions made to provident fund	488,341	-

All transactions with the GOP and its owned entities are not disclosed as the management is of the view that it is impracticable to disclose such transactions due to the nature of Company's operations

Transactions with key management personnel under the terms of employment are disclosed in the note 17. Amounts receivable from related parties have been disclosed in note 7.1 and 10.

## 19 Provident Fund Disclosure

The following information is based on the last unaudited financial statements of the fund:

	(Un-audited)	
	2015	2014
	Rupees	Rupees
Size of the fund - total assets	683,511	-
Cost of Investments made	683,511	-
Percentage of investments made	100%	-
Fair Value of investments	683,511	-

The break-up of cost of investments is:

	30-Jun-15	30-Jun-14	2015	2014
	----- % age -----		Rupees	Rupees
Bank Deposit (saving account)	100%	-	683,511	-
	100%	-	683,511	-

The investments out of provident fund have been made in accordance with section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.





## 20 Financial risk management

Financial instruments comprise advances and other receivables, cash and bank balances and trade and

The company has exposure to the following risks from its use of financial instruments.

- credit risk
- liquidity risk
- market risk

The board of directors have the overall responsibility for the establishment and oversight of company's risk management framework. The board is also responsible for developing and monitoring the company's risk management policies.

This note presents information about the company's exposure to each of the above risks, the company's objectives policies and processes for measuring and managing risk, and the company's management of funds.

The company's risk management policies are established to identify and analyze the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to react to changes in market conditions and the company's activities.

### 20.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. Out of total financial assets of Rs. 360,529,433/- (2014:82,736,287/-) the financial assets which are subject to credit risk amounts to Rs 360,508,803/- (2014: 82,736,287/-)The company is not exposed to major concentration of credit risk.

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. To manage exposure to credit risk in respect of trade receivables, management reviews credit worthiness and references.

Outstanding receivables are regularly monitored. The requirement for an impairment is analyzed at each reporting date on an individual basis for major parties.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements.

The maximum exposure to credit risk at the reporting date is:

	2015 Rupees	2014 Rupees
Advances and Other recievable	114,914,518	395,602
Trade deposit	92,500	
Accured markup	2,732	100,445
Bank Balances	245,499,053	82,240,240
	360,508,803	82,736,287

The credit quality of Company's bank balances can be assessed with reference to external credit rating as follows :

Bank	Rating			2015 (Rupees)	2014 (Rupees)
	Short Term	Long Term	Agency		
The Bank of Punjab	A1+	AA-	PACRA	245,499,053	82,240,240



## 20.2 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligation as they fall due. The company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. For this purpose, the company obtains grant from Government of Punjab.

The following are the contractual maturities of the financial liabilities:

### 30 June 2015

	Carrying amount	Contractual Cash flows	Six Months or Less	Six to twelve months	One to two years
	Rupees				
Trade and other payables	6,963,355	6,963,355	6,963,355	-	-
	<b>6,963,355</b>	<b>6,963,355</b>	<b>6,963,355</b>	-	-

### 30 June 2014

	Carrying amount	Contractual Cash flows	Six Months or Less	Six to twelve months	One to two years
	Rupees				
Trade and other payables	6,430,915	6,430,915	6,430,915	-	-
	<b>6,430,915</b>	<b>6,430,915</b>	<b>6,430,915</b>	-	-

## 20.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

### a) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of change in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

Monetary items, including financial assets and financial liabilities, denominated in currency other than functional currency of the Company are periodically restated to Pak rupee equivalent and the associated gain or loss is taken to income and expenditure account.

The Company is not exposed to any currency risk as it does not hold any foreign currency receivables and payables.

### b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. Sensitivity to interest/mark up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period.

The Company has no significant interest-bearing assets and liabilities.





- b) **Financial Liabilities**

Trade and other payables

Financial liabilities at amortized cost	
2015 Rupees	2014 Rupees
6,963,355	6,430,915
6,963,355	6,430,915

**21 NUMBER OF EMPLOYEES**

Number of employees as at 30 June 2015 were 549 (2014: 557).

Average number of employees during the year were 553.

**22 EVENTS AFTER BALANCE SHEET DATE**

There are no significant activities since 30 June 2015 causing any adjustment or disclosure in the financial statements.

**23 DATE OF AUTHORIZATION**

These financial statements were authorized for issue on 04 DEC 2017 by the Board of Directors.

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**

