

LODHRAN PILOT PROJECT

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

RIAZ AHMAD, SAQIB, GOHAR & COMPANY

Chartered Accountants

AUDITORS' REPORT TO THE MANAGEMENT COMMITTEE

Report on the Financial Statements

We have audited the accompanying financial statements of Lodhran Pilot Project, which comprise of the balance sheet as at June 30, 2010 and the related income and expenditure account and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the approved accounting standards as applicable in Pakistan. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the financial statements present fairly in all material respects the financial position of the Lodhran Pilot Project as at June 30, 2010 and of its surplus and cash flow for the year then ended in accordance with approved accounting standard as applicable in Pakistan.

Lahore: _____

Riaz Ahmad, Saqib, Gohar and Co. 
Chartered Accountants
Muhammad Ali Rafique

A Member of AGN International Ltd. Accountants Global Network an International Association

**LODHRAN PILOT PROJECT
BALANCE SHEET
AS AT JUNE 30, 2010**

FUND AND LIABILITIES	NOTE	2010 RUPEES	(Restated) 2009 RUPEES	ASSETS	NOTE	2010 RUPEES	(Restated) 2009 RUPEES
Accumulated Surplus		7,608,830	5,620,382	Fixed Assets (At cost less accumulated depreciation)	7	2,171,203	2,472,707
Current Liabilities				Current Assets			
Accrued and Other Liabilities	3	1,120,756	1,267,265	Advances, Prepayments and other receivables -	5	282,111	240,550
Contingencies and Commitments	4	-	-	Cash and Bank Balances	6	6,276,272	4,174,390
		<u>8,729,586</u>	<u>6,887,647</u>			<u>6,558,383</u>	<u>4,414,940</u>
		<u>8,729,586</u>	<u>6,887,647</u>			<u>8,729,586</u>	<u>6,887,647</u>

The annexed notes 1 to 14 form an integral part of these financial statements.

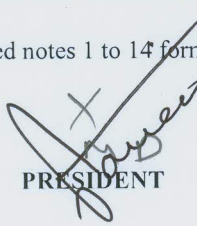

PRESIDENT


FINANCE SECRETARY

**LODHRAN PILOT PROJECT
INCOME & EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2010**

	NOTE	2010 Rupees	(Restated) 2009 Rupees
INCOME			
Grants	8	29,237,471	26,499,457
Other Income	9	45,223	-
Exchange Gain/(Loss)	10	(27,481)	172,347
		29,255,213	26,671,804
Less: Expenditure			
	11		
Audit Remuneration and other related expenses		94,731	106,809
Bank charges		63,914	49,437
Behavioral development campaign expenses		2,771,728	-
Communication expenses		56,331	44,421
Computer expenses		116,892	51,335
Depreciation		495,956	568,879
Electricity, gas and water		316,016	276,825
Entertainment		286,063	494,040
Fees and subscriptions		330,778	-
Medical expenses		65,883	159,753
Miscellaneous Expenses		236,399	308,311
Mobility charges		222,285	248,701
Newspaper expenses		45,408	58,556
Postage ,stamps and courier charges		27,371	40,150
Printing and stationary		200,290	486,588
Rent, rate and taxes		910,969	848,660
Repair and maintenance -Building		126,375	138,229
Repair and maintenance -Equipment		19,222	18,740
Repair and maintenance- Vehicles		419,201	415,190
Research and development expenses		765,469	833,620
Salaries and allowances		10,877,284	10,157,203
Sewerage Scheme Cost		5,852,217	8,596,348
Subsistence		-	124,703
Telephone expenses		246,209	329,426
Training expense		1,576,097	364,645
Travelling and conveyance		180,867	1,149,289
Vehicle running expenses		962,810	1,433,318
		27,266,765	27,303,176
Surplus / (Deficit) For The Year		1,988,448	(631,372)
Accumulated Surplus Brought Forward		5,620,382	6,251,754
Accumulated Surplus Carry Forward		7,608,830	5,620,382

The annexed notes 1 to 14 form an integral part of these financial statements.


PRESIDENT


FINANCE SECRETARY

**LODHRAN PILOT PROJECT
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2010**

	2010 Rupees	(Restated) 2009 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Surplus/(Deficit) for the year	1,988,448	(631,372)
Adjustment for:		
Depreciation	<u>495,956</u>	<u>568,879</u>
Cash flows from operating activities before working capital changes	2,484,404	(62,493)
(Increase)/Decrease in advances, prepayments and other receivables	(41,561)	29,376
(Decrease) in accrued and other liabilities	(146,509)	(55,595)
	<u>(188,070)</u>	<u>(26,219)</u>
Net cash flows from operating activities	2,296,334	(88,712)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	<u>(194,452)</u>	<u>(109,720)</u>
Net increase /(Decrease) in cash and cash equivalents	2,101,882	(198,432)
Cash and cash equivalents at the beginning of the year	<u>4,174,390</u>	<u>4,372,822</u>
Cash and cash equivalents at the end of the year	<u><u>6,276,272</u></u>	<u><u>4,174,390</u></u>

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The annexed notes 1 to 14 form an integral part of these financial statements.


PRESIDENT


FINANCE SECRETARY

**LODHRAN PILOT PROJECT
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2010**

1 NATURE AND STATUS

The Lodhran Pilot Project was established as registered society in February 1999. The main objective of the project is rural development by undertaking various sanitation, basic health and nutrition projects with the help and collaboration of local bodies and NGOs.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan.

2.2 Basis of measurement

These accounts have been prepared on the basis of historical cost convention.

2.3 FIXED ASSETS AND DEPRECIATION

These are stated at cost less accumulated depreciation and impairment, if any.

Depreciation is charged to income applying the reducing balance method over the estimated useful lives of related assets, at the rates specified in note 7 to the accounts. Full year's depreciation on fixed assets is charged in the year of acquisition, whereas no depreciation is charged in the year of disposal.

Normal repairs and maintenance are charged to income as and when incurred. Major renewals and improvements are capitalised.

Gains and losses on disposal of fixed assets are included in income currently.

2.4 REVENUE RECOGNITION

Income from committed grants and subscription is recognised on accrual bases while other on receipt basis. RASH

