

LODHRAN PILOT PROJECT

AUDITED ACCOUNTS

FOR THE YEAR ENDED

JUNE 30, 2007

RIAZ AHMAD, SAQIB, GOHAR & COMPANY

Chartered Accountants

AUDITORS' REPORT TO THE MEMBERS

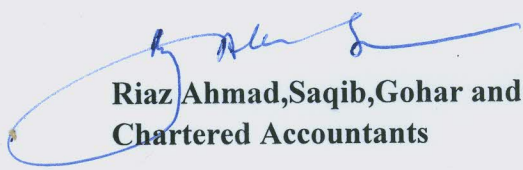
We have audited the annexed balance sheet of the **Lodhran Pilot Project** as at June 30, 2007 and the related income and expenditure account and cash flow statement together with the notes forming part thereof.

It is the responsibility of the management committee to establish and maintain a system of internal control, and prepare and present the financial statement in conformity with the approved accounting standards as applicable in Pakistan. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our 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, 2007 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

**LODHRAN PILOT PROJECT
BALANCE SHEET
AS AT JUNE 30,2007**

FUND AND LIABILITIES	NOTE	2007 RUPEES	2006 RUPEES	ASSETS		2007 RUPEES	2006 RUPEES
Accumulated surplus		6,223,765	6,154,595	Fixed Assets (At cost less accumulated depreciation)	5	1,516,781	1,762,651
Current Liabilities				Current Assets			
Accrued and other liabilities	3	756,855	261,403	Advances, prepayments and other receivables	6	382,588	86,667
Contingencies and commitments	4	-	-	Cash and bank balances	7	5,081,251	4,566,680
		<u>6,980,620</u>	<u>6,415,998</u>			<u>5,463,839</u>	<u>4,653,347</u>
						<u>6,980,620</u>	<u>6,415,998</u>

The annexed notes from 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, 2007**

	NOTE	2007 Rupees	2006 Rupees
INCOME			
Grants	8	19,458,461	18,983,327
Other income	9	45,678	25,993
		19,504,139	19,009,320
LESS: EXPENDITURES			
Salaries and allowances	10	6,385,919	4,989,636
Sewerage schemes costs		7,064,863	8,000,038
Engineers' training		1,030,554	918,475
Vehicle running expenses		689,462	608,556
VSC training expenses		625,000	683,318
Rent, rates and taxes		472,600	266,000
Repair and maintenance vehicle		412,971	200,361
Travelling and conveyance		216,594	93,270
Telephone expenses		201,966	168,399
Entertainment		191,165	172,714
Electricity, gas and water		187,956	138,412
Training of government officials		183,976	253,623
Curriculum module development		151,705	219,311
Subsistence		137,073	99,718
Quarterly news letter		124,369	134,213
Computer expenses		100,075	56,333
Repair and maintenance - building		98,336	72,136
Printing and stationery		94,798	48,249
Research and development expenses		71,875	55,417
Medical expenses		60,790	34,058
Mobility charges		39,182	-
Newspaper expenses		32,444	23,115
Postage, stamps and courier charges		22,200	15,130
Communication expenses		4,600	-
Repair and maintenance - equipment		960	2,160
Auditors' remuneration and other related expenses		269,789	200,979
Depreciation	5	330,289	402,840
Bank charges		53,482	35,636
Miscellaneous		179,977	129,127
		19,434,969	18,021,224
Surplus/(deficit) for the year		69,170	988,096
Accumulated surplus brought forward		6,154,595	5,166,499
Accumulated surplus carry forward		6,223,765	6,154,595

The annexed notes from 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, 2007**

	2007	2006
	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Surplus for the year	69,170	988,096
Adjustment for:		
Depreciation	<u>330,288</u>	<u>402,840</u>
Cash flows from operating activities before working capital changes	399,458	1,390,936
(Increase) / decrease in current assets		
Other receivables	(295,921)	539,428
Increase / (decrease) in current liabilities		
Accrued and other liabilities	<u>495,452</u>	<u>(198,942)</u>
	<u>199,531</u>	<u>340,486</u>
Net cash flows from operating activities	598,988	1,731,422
 CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	<u>(84,416)</u>	<u>(1,294,829)</u>
Net increase in cash and cash equivalents	514,572	436,593
Cash and cash equivalents at the beginning of the year	<u>4,566,680</u>	<u>4,130,087</u>
Cash and cash equivalents at the end of the year	<u><u>5,081,251</u></u>	<u><u>4,566,680</u></u>

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


PRESIDENT


FINANCE SECRETARY

