

**LODHRAN PILOT PROJECT
AUDITED ACCOUNTS
FOR THE YEAR ENDED
JUNE 30, 2008**

RIAZ AHMAD, SAQIB, GOHAR & COMPANY

Chartered Accountants

AUDITORS' REPORT TO THE MANAGEMENT COMMITTEE**Report on the Financial Statements**

We have audited the annexed balance sheet of the Lodhran Pilot Project as at June 30, 2008 and the related income and expenditure account and cash flow statement together with the notes forming part thereof.

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 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, 2008 and of its deficit and cash flow for the year then ended in accordance with approved accounting standard as applicable in Pakistan.

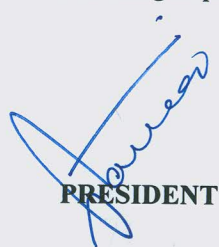
Lahore: 24-10-2008
Riaz Ahmad, Saqib, Gohar and Co.
Chartered Accountants 

**LODHRAN PILOT PROJECT
BALANCE SHEET
AS AT JUNE 30,2008**

FUND AND LIABILITIES	NOTE	2008 RUPEES	2007 RUPEES	ASSETS		2008 RUPEES	2007 RUPEES
Accumulated Surplus		6,251,754	6,223,765	Fixed Assets (At cost less accumulated depreciation)	5	2,931,866	1,516,781
Current Liabilities				Current Assets			
Accrued and Other Liabilities	3	1,322,860	756,855	Advances, Prepayments and	6	269,926	382,588
Contingencies and Commitments	4	-	-	Cash and Bank Balances	7	4,372,822	5,081,251
		<u>7,574,614</u>	<u>6,980,620</u>			<u>4,642,748</u>	<u>5,463,839</u>
		<u>7,574,614</u>	<u>6,980,620</u>			<u>7,574,614</u>	<u>6,980,620</u>

RBS/2008

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, 2008**

	NOTE	2008 Rupees	2007 Rupees
INCOME			
Grants	8	37,373,985	19,458,461
Other Income	9	132,196	45,678
		37,506,181	19,504,139
Less: Expenditure			
Salaries And Allowances	10	9,711,994	6,385,919
Book keeping charges		75,000	-
Communication Expenses		60,129	4,600
Mobility Charges		360,933	39,182
Sewerage Schemes Costs		17,917,480	7,064,863
VSC Training Expenses		2,369,447	625,000
Training of Government Officials		-	183,976
Engineers' Training		-	1,030,554
Quarterly News Letter		163,810	124,369
Curriculum Module Development		-	151,705
Research and Development expenses		1,173,913	71,875
Subsistence		149,096	137,073
Travelling And Conveyance		331,060	216,594
Rent Rates And Taxes		624,054	472,600
Publication of annual report		117,250	-
Printing And Stationery		121,148	94,798
Postage, Stamps And Courier Charges		22,357	22,200
Entertainment		478,768	277,954
Electricity, Gas And Water		250,445	187,956
Repair And Maintenance Building		227,541	98,336
Repair And Maintenance Vehicle		329,767	412,971
Repair and Maintenance Equipment		21,800	960
Vehicle Running Expenses (POL)		1,104,782	689,462
Computer Expenses		92,210	100,075
Newspaper Expenses		51,558	32,444
Telephone Expenses		254,434	201,966
Medical Expenses		123,814	60,790
Auditor's remuneration and other related expenses		320,000	183,000
Depreciation		686,408	330,288
Miscellaneous		289,103	179,977
Bank Charges		49,891	53,482
		37,478,192	19,434,969
Surplus For The Year		27,989	69,170
Accumulated Surplus Brought Forward		6,223,765	6,154,595
Accumulated Surplus Carry Forward		6,251,754	6,223,765

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, 2007**

	2008	2007
	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Surplus for the year	27,989	69,170
Adjustment for:		
Depreciation	686,408	330,288
Cash flows from operating activities before working capital changes	714,397	399,458
(Increase) / decrease in current assets		
Other receivables	112,662	(295,921)
Increase / (decrease) in current liabilities		
Accrued and Other Liabilities	566,005	495,452
	678,667	199,531
Net cash flows from operating activities	1,393,064	598,988
 CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(2,101,494)	(84,416)
Net increase in cash and cash equivalents	(708,430)	514,572
Cash and cash equivalents at the beginning of the year	5,081,251	4,566,680
Cash and cash equivalents at the end of the year	4,372,822	5,081,251

R.S.P.

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


PRESIDENT


FINANCE SECRETARY

