Auditors' Report
of

URBAN SECTOR PLANNING AND MANAGEMENT SERVICE UNIT (PRIVATE) LIMITED

for the year ended
June 30, 2014

H.Naveed

Crowe Horwath™

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URBAN SECTOR PLANNING AND MANAGEMENT SERVICE UNIT (PRIVATE) LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **URBAN SECTOR PLANNING AND MANAGEMENT SERVICE UNIT (PRIVATE) LIMITED** as at June 30, 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity, together with the notes forming part thereof, for the year ended June 30, 2014 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 accounts have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion;

   (i) the balance sheet and profit and loss 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;

   (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;

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(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity 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 June 30, 2014 and of the profit, total comprehensive income, its cash flows and changes in equity for the year ended June 30, 2014; and

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Horwath Hussain Ch. & Co.

HORWATH HUSSAIN CHAUDHURY & CO.
Chartered Accountants

(Engagement Partner: Muhammad Nasir Muneer)

LAHORE
Dated: 03 OCT 2014

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REVIEW REPORT TO THE MEMBERS

ON STATEMENT OF COMPLIANCE WITH THE PUBLIC SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES, 2013

We have reviewed the Statement of Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013 for the year ended June 30, 2014 prepared by the Board of Directors of **Urban Sector Planning and Management Services Unit (Private) Limited (the Company)** to comply with the provisions of the Rules.

a) The Board has neither set criteria nor carried out the performance evaluation of its members, including the Chairman and the Chief Executive during the year.

Based on our review, nothing has come to our attention, except for matters covered in paragraph "a" above, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance in all material aspects with the Public Sector Companies (Corporate Governance) Rules, 2013 as applicable to the Company for the year ended June 30, 2014.

Horwath Hussain Ch. & Co.

Lahore
Dated: 03 OCT 2014

HORWATH HUSSAIN CHAUDHURY & CO.
Chartered Accountants

(Engagement Partner: Muhammad Nasir Muneer)

URBAN SECTOR PLANNING AND MANAGEMENT SERVICES UNIT (PRIVATE) LIMITED

BALANCE SHEET AS AT JUNE 30, 2014

	Note	2014 Rupees	2013 Rupees
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital			
1,000 shares of Rs. 10,000 each		10,000,000	10,000,000
Issued, subscribed and paid up share capital			
1,000 shares of Rs. 10,000 each		10,000,000	10,000,000
Capital reserves		6,037,484	6,037,484
Revenue reserve		45,628,137	36,459,929
		61,665,621	52,497,413
Non Current Liabilities			
Deferred credit	4	81,217,190	23,794,704
Current Liabilities			
Project payables	5	132,318,132	257,059,276
Accrued and other liabilities	6	105,266,137	2,565,049
Provision for taxation		4,469,737	3,393,825
		242,054,006	263,018,150
Contingencies and Commitments	7	-	-
		384,936,817	339,310,267

	Note	2014 Rupees	2013 Rupees
ASSETS			
Non Current Assets			
Property, plant and equipment	8	100,546,642	59,256,465
Current Assets			
Project receivables	9	223,677,510	230,132,546
Advances, deposits, prepayments and other receivables	10	20,674,314	19,412,311
Cash and Bank balances	11	40,038,351	30,508,945
		284,390,175	280,053,802
		384,936,817	339,310,267

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

URBAN SECTOR PLANNING AND MANAGEMENT SERVICES UNIT (PRIVATE) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2014

	Note	For the Year Ended June 30, 2014	For the Period Ended June 18, 2012 To June 30, 2013
		Rupees	Rupees (Restated)
Project revenue	12	446,973,673	569,862,971
Project expenses (Restated)	13	(387,578,470)	(433,003,337)
Gross Profit		59,395,203	136,859,634
Operating Expenses:			
Administrative expenses	14	(74,849,866)	(110,923,874)
Operating (Loss) / Profit		(15,454,663)	25,935,760
Finance cost - Bank charges		(145,512)	(9,271)
Other operating expenses	15	(3,166,195)	(6,641,997)
Other income	16	2,811,668	11,074,151
Amortization of deferred credit (Restated)	4.2	28,519,722	9,495,111
Profit before Taxation		12,565,020	39,853,754
Taxation	17	(3,396,812)	(3,393,825)
Net Profit for the Year/Period		9,168,208	36,459,929

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

CHIEF EXECUTIVE OFFICER **DIRECTOR**

URBAN SECTOR PLANNING AND MANAGEMENT SERVICES UNIT (PRIVATE) LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2014

	For the Year Ended June 30, 2014	For the Period Ended June 12, 2012 to June 30, 2013
	Rupees	Rupees
Net Profit for the Year / Period	9,168,208	36,459,929
Other comprehensive income	-	-
Total Comprehensive Income for the Year / Period	9,168,208	36,459,929

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

URBAN SECTOR PLANNING AND MANAGEMENT SERVICES UNIT (PRIVATE) LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014

	For the Year Ended June 30, 2014	For the Period Ended June 18, 2012 To June 30, 2013
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the year/period before taxation	12,565,020	39,853,754
Adjustments for:		
- Depreciation of property, plant and equipment	27,152,998	13,467,701
- Amortization of intangible assets	-	232,553
- Property, plant and equipment written-off	3,041,195	6,546,997
- Amortization of deferred credit	(170,816,012)	(101,125,041)
- Gain on disposal of property, plant and equipment	(106,880)	(486,950)
- Finance cost - bank charges	145,512	9,271
	(140,583,187)	(81,355,469)
Cash used in operating activities before working capital changes	(128,018,167)	(41,501,715)
(Increase) / decrease in current assets:		
- Project receivables	6,455,036	(230,132,546)
- Advances, deposits, prepayments and other receivables	(1,635)	18,883,870
Increase / (decrease) in current liabilities:		
- Project payables	(124,741,144)	257,059,276
- Accrued and other liabilities	102,696,966	2,561,449
	(15,590,777)	48,372,049
Cash used in Operations	(143,608,944)	(58,224,884)
Finance cost - bank charges paid	(145,512)	(9,271)
Income tax paid	(3,577,146)	-
Net Cash used in Operating Activities	(147,331,602)	(58,234,155)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(71,544,490)	(47,042,245)
Proceeds from disposal of property, plant and equipment	167,000	865,600
Net Cash used in Investing Activities	(71,377,490)	(46,176,645)
CASH FLOWS FROM FINANCING ACTIVITIES		
Funds received during the year / period	228,273,000	108,198,000
Lapse of funds	(34,502)	(5,440,533)
Issue of share capital	-	10,000,000
Funds transferred from Urban Sector Planning and Management Unit	-	22,162,278
Net Cash generated from Financing Activities	228,238,498	134,919,745
Net Increase in Cash and Cash Equivalents	9,529,406	30,508,945
Cash and cash equivalents at the beginning of the year / period	30,508,945	-
Cash and Cash Equivalents at the End of the Year / Period	40,038,351	30,508,945

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

CHIEF EXECUTIVE OFFICER **DIRECTOR**

URBAN SECTOR PLANNING AND MANAGEMENT SERVICES UNIT (PRIVATE) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2014

	Share Capital	Capital Reserves	Accumulated Profits	Total Equity
	Rupees	Rupees	Rupees	Rupees
Reserves transferred from Urban Sector Planning and Management Unit	-	6,037,484	-	6,037,484
Shares issued during the period	10,000,000	-	-	10,000,000
Total comprehensive income for the period	-	-	36,459,929	36,459,929
Balance as at June 30, 2013	10,000,000	6,037,484	36,459,929	52,497,413
Total comprehensive income for the year	-	-	9,168,208	9,168,208
Balance as at June 30, 2014	10,000,000	6,037,484	45,628,137	61,665,621

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

URBAN SECTOR PLANNING AND MANAGEMENT SERVICES UNIT (PRIVATE) LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Note 1
The Company and its Operations

Urban Sector Planning and Management Services Unit (Private) Limited (the Company) was incorporated on June 18, 2012 as a Private Limited Company under the Companies Ordinance, 1984. The registered office of the Company is situated at 503-Shaheen Complex, Egerton Road, Lahore. The principal activity of the Company is to implement projects in the field of Urban Planning, Urban Transport, Solid Waste Management, Urban Water and Sanitation, Geographic Information Systems, Urban Property Tax and Land Records and Municipal Finance.

Note 2
Basis of Preparation

2.1 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 (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984 and provisions and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention.

2.3 Functional and presentation currency

These financial statements are prepared and presented in Pak Rupees which is the Company's functional and presentation currency. All the figures have been rounded off to the nearest rupee, unless stated otherwise.

2.4 Use of estimates and judgments

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

Areas where various assumptions and estimates are significant to the Company's financial statements or where judgments are exercised in the application of accounting policies are as follows:

2.4.1 *Useful lives, patterns of economic benefits and impairments*

Estimates with respect to residual values, useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the management reviews the value of assets for possible impairment.

Note 2, Basis of Preparation - Continued...

2.4.2 *Doubtful project receivables*

The management records its project receivables after deducting appropriate provisioning using its prudence and experience. This estimate is subjective in nature. Recoveries of amounts already provided and / or the need of further provisioning cannot be determined with precision.

2.4.3 *Taxation*

The management takes into account the current income tax laws and decisions taken by appellate authorities. Instances where the management's view differs from the view taken by the tax department at the assessment stage and the management considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

2.5 Changes in accounting standards, interpretations and pronouncements

2.5.1 *Standards, interpretations and amendments to approved accounting standards which became effective during the year but are not relevant*

The new standards, amendments and interpretations that are mandatory for the accounting period beginning on or after January 01, 2014 and are considered not to be relevant for the Company's financial statements are not detailed here.

2.5.2 *Standards, interpretations and amendments to approved accounting standards that are relevant but not yet effective*

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2014 and relevant. These amendments are not likely to have an impact on the Company's financial statements:

i) Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS-32. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off, and that some gross settlement systems that may be considered equivalent to net settlement.

ii) Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These amendments to IAS 36 address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. These amendments require the disclosure of additional information about the fair value measurement. The amendment also requires the disclosure of discount rates that have been used in current and previous measurement if recoverable amount based on fair value less cost of disposal was measured using present value technique.

Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following

i) Amendments to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.

ii) IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.

Note 2, Basis of Preparation - Continued...

2.5.3 *Standards, interpretations and amendments to approved accounting standards that are relevant but not yet effective*

Revision / improvements / amendments to IFRS and interpretations	**Effective Date** (Period beginning on or after)
- IAS 32 (Amendment), 'Financial instruments: Presentation' on offsetting financialassets and financial liabilities	January 1, 2014
- IAS 36 (Amendment), 'Impairment of assets'	January 1, 2014
- IAS 16, 'Property, plant and equipment'.	July 1, 2014
- IAS 24 (Amendment), 'Related parties'	July 1, 2014

2.5.4 *Standards, interpretations and amendments to approved accounting standards that are not relevant and not yet effective*

Revision / improvements / amendments to IFRS and interpretations	**Effective Date** (Period beginning on or after)
- IFRIC 21- Levies 'an Interpretation on the accounting for *levies imposed by governments'*	January 1, 2014
- IAS 39 "Financial Instruments: Recognition and Measurement" *Continuing hedge accounting after derivative novation*	January 1, 2014
- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41]	January 1, 2016
- Annual Improvements 2010-2012 and 2011-2013 Cycle	July 1, 2014
- Amendments to IAS 19 "Employee Benefits" Employee contributions	July 1, 2014
- Amendments to IAS 38 Intangible Assets	January 1, 2016

Note 3
Significant Accounting Policies

The principal accounting policies applied in preparation of these financial statements are set out below. These policies have been applied consistently, unless otherwise stated.

3.1 Deferred credit

Deferred credit represents funds received from government departments and local and foreign donor agencies for a period of twelve months or more allocated to project expenses, administrative expenses and purchase of fixed assets based on actual basis as mentioned in Note 4.1.

These funds are recognized at their fair value where there is a reasonable assurance that the funds will be received and the Company will comply with all the attached conditions. Fair value signifies the amount received or receivable in cash. Funds relating to expenses are deferred and recognized in the profit and loss account over the period necessary to match them with the expenses that they are intended to compensate.

Note 3, Significant Accounting Policies - Continued...

Funds relating to fixed assets are included in non-current liabilities as deferred credit and credited to the profit and loss account over the expected lives of the related assets.

The unamortized portion of deferred credit is recognized as a long-term liability in the balance sheet and comprises balance funds available with the Company, prepayments not recognized as expenses following the time proportion basis, unutilized short term advances and written-down values of fixed assets purchased from these funds.

3.2 Accrued and other liabilities

Liabilities for accrued and other amounts payable are recorded at their transaction cost.

3.3 Taxation

The tax expense consists of current and deferred income tax and is recognized in the profit and loss account, except to the extent that it relates to items recognized in other comprehensive income or directly in the equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively. Keeping in view the nature of its operation, the company, being prudent, has not recognized its deferred tax asset only to Rs. 22.49 million.

Grants from government and donor agencies are treated under Clause-59 of the Second Schedule to the Income Tax Ordinance, 2001.

3.4 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

3.5 Property, plant and equipment

Property, plant and equipment except capital work-in-progress are stated at cost less accumulated depreciation and impairment losses, if any. Capital work-in-progress is stated at cost less any identified impairment loss.

Subsequent costs are included in the property, plant and equipment carrying amount or recognized as a separate asset, based on the Company's Capitalization Policy, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to income during the period in which they are incurred.

Depreciation is charged to income using the straight line method so as to write off the cost of an asset over its estimated useful life at the rates given in Note 8. Depreciation charge commences from the month in which the asset is available for use and continues until the month of disposal.

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 disposal of the property, plant and equipment (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the profit and loss account in the period the property, plant and equipment is disposed off.

3.6 Intangible assets

Amortization is charged on intangible assets using the straight line method so as to write off the cost of the asset over its estimated useful life of five years. Amortization charge commences from the month in which the asset is available for use and continues up to the month of disposal.

Note 3, Significant Accounting Policies - Continued...

3.7 Impairment of assets

Carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of such asset is estimated and impairment loss is recognized if the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in the profit and loss 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 cannot 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 the profit and loss account.

3.8 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and cash at banks on current and deposit accounts.

3.9 Revenue recognition

Revenue is recognized when it is probable that the economic benefits associated with a transaction or activity will flow to the Company and the amount of receipt and associated cost can be measured reliably. In addition, revenue for the following activities is recognized when the specified criteria as mentioned below have been met:

Profit on bank deposits is recognized on time proportion basis taking into account principal outstanding and rates of profit applicable thereon.

Amortization income on funds relating to expenses and purchase of fixed assets is recognized in the period in which the relevant expense is incurred and depreciation on the fixed asset is charged.

3.10 Government grant

Government grant is recognized in the profit and loss account to the extent of activities performed / services rendered in a given period. Such grants are recognized in the period in which the Company recognizes related expenses for which the grant was intended to compensate.

3.11 Foreign currency transaction

A foreign currency transaction is recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Exchange differences arising on the settlement of monetary items are recognized in the profit and loss account.

Note 3, Significant Accounting Policies - Continued...

3.12 Financial instruments

Financial instruments comprise of security deposits, project advances, advances to employees, project receivables, other receivables, accrued interest, cash and bank balances, accrued liabilities, project payables and other payables. Financial assets and liabilities are initially recognized at fair value at the time the Company becomes a party to the contractual provisions of the instruments. Financial assets 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. Any gain or loss on subsequent measurement and de-recognition is charged to the income and expenditure account currently.

3.13 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are set off in the balance sheet, only when the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

3.14 Related party transactions

Transaction with related parties are based on the transfer pricing policy that all transactions between the Company and the related party are at arm's length prices using the comparable uncontrolled price method except in circumstances where it is not in the interest of the Company to do so.

Note 4
Deferred Credit

	Utilization of Grants				Total
	Project expenses	Administrative expenses	Purchase of fixed assets	Unallocated grant	
	-Rupees-				
Grants transferred from Urban Sector Planning and Management Unit	7,602,826	7,220,279	1,898,640	5,440,533	22,162,278
Funds received during the period	18,759,068	58,701,307	22,848,467	7,889,158	108,198,000
Lapse of funds as at June 30, 2012	-	-	-	(5,440,533)	(5,440,533)
Amortization for the period	(25,708,344)	(65,921,586)	(9,495,111)	-	(101,125,041)
Balance as on June 30, 2013	653,550	-	15,251,996	7,889,158	23,794,704
Funds received during the year	147,164,431	-	57,014,980	84,593,589	288,773,000
Funds Surrendered as at June 30, 2014	-	-	-	(60,534,502)	(60,534,502)
Amortization for the year	(142,296,290)	-	(20,639,828)	(7,879,894)	(170,816,012)
Balance as on June 30, 2014	5,521,691	-	51,627,148	24,068,351	81,217,190

4.1 During the year, the Company received funds amounting to Rs. 100 million from the Government of Punjab and Rs. 188.773 million from the World Bank through Government of Punjab for Punjab Cities Governance Improvement Project (PCGIP). Amortization for the year of project expenses comprise of Rs. 71.30 million incurred on UIPT Project and Rs. 70.39 million incurred on PCGIP.

4.2 Basis of allocation

Amortization of deferred credit with respect to administrative and project expenses is made on actual basis after adjusting prepayments which are amortized when the expense is recognized. Funds utilized for purchase of fixed assets are amortized over the useful life of the asset when the related depreciation expense is recognized or on de-recognition due to disposal / write-off.

4.2 Net Amortized Income

	2014	2013
- Amortization of deferred credit during the year	170,816,012	101,125,041
- Less: Expenses related to grant	(142,296,290)	(91,629,930)
	28,519,722	9,495,111

Note 5
Project Payables

	2014	2013
	Rupees	Rupees
Bus Rapid Transit System (BRTS)	52,572,695	240,116,934
Urban Immoveable Property Tax (UIPT)	7,671,694	11,413,197
Punjab Cities Governance Improvement Project (PCGIP)	2,330,631	4,659,722
Sales tax payable	61,501,518	-
Other project payables	8,241,594	869,423
	132,318,132	257,059,276

Note 6
Accrued and Other Liabilities

	2014	2013
	Rupees	Rupees
Accrued liabilities	7,855,323	1,103,568
Salaries, benefits and other allowances payable	48,599,957	162,248
Advance for restoration of Murree GPO	45,182,500	-
Audit fee	125,000	95,000
Income tax deducted at source	7,722	3,600
Other payables	3,495,635	1,153,546
	105,266,137	2,565,049

Note 7
Contingencies and Commitments

There were no outstanding contingencies and commitments as at the balance sheet date (2013: Nil).

URBAN SECTOR PLANNING AND MANAGEMENT SERVICES UNIT (PRIVATE) LIMITED

Notes to and forming part of the Financial Statements

Note 8

Property, Plant and Equipment

8.1 Reconciliation of carrying amounts of property, plant and equipment at the beginning and at end of the period is as follows:

	Leasehold Improvements	Office Furniture	Library Books	Vehicles	Office Equipment	Computers and Accessories	Total
	-Rupees-						
As at June 30, 2013							
Assets transferred on June 18, 2012	7,276,333	3,080,115	-	8,415	5,848,620	16,394,085	32,607,568
Additions	22,154,863	1,437,960	-	3,052,593	6,819,606	13,577,223	47,042,245
Depreciation for the period	(1,355,698)	(553,639)	-	(292,466)	(2,347,265)	(8,918,633)	(13,467,701)
Disposals	-	-	-	-	(378,650)	-	(378,650)
Written-off during the period	(6,546,997)	-	-	-	-	-	(6,546,997)
Closing net book value	21,528,501	3,964,436	-	2,768,542	9,942,311	21,052,675	59,256,465
As at June 30, 2013							
Cost	22,154,863	6,599,464	-	5,373,073	17,194,923	51,386,128	102,708,451
Accumulated depreciation	(626,362)	(2,635,028)	-	(2,604,531)	(7,252,612)	(30,333,453)	(43,451,986)
Net book value	21,528,501	3,964,436	-	2,768,542	9,942,311	21,052,675	59,256,465
As at June 30, 2014							
Opening net book value	21,528,501	3,964,436	-	2,768,542	9,942,311	21,052,675	59,256,465
Additions	14,785,934	7,302,310	377,869	3,583,786	2,686,979	42,807,612	71,544,490
Depreciation for the year	(3,056,390)	(1,037,742)	(12,425)	(789,709)	(2,920,941)	(19,335,791)	(27,152,998)
Disposals	-	(31,464)	-	-	(22,530)	(6,126)	(60,120)
Written-off during the year	(3,041,195)	-	-	-	-	-	(3,041,195)
Closing net book value	30,216,850	10,197,540	365,444	5,562,619	9,685,819	44,518,370	100,546,642
As at June 30, 2014							
Cost	33,483,338	13,802,414	377,869	8,902,859	19,646,402	92,883,775	169,096,657
Accumulated depreciation	(3,266,488)	(3,604,874)	(12,425)	(3,340,240)	(9,960,583)	(48,365,405)	(68,550,015)
Net book value	30,216,850	10,197,540	365,444	5,562,619	9,685,819	44,518,370	100,546,642
Depreciation rate	10%	10%	10%	20%	20%	33.33%	

8.1.1 Net book value of property, plant and equipment not in possession of the Company is as follows:

	2014	2013
	Rupees	Rupees
Computers and accessories	81,857	193,862
Office equipment	124,277	38,231
Office furniture	2,513,674	33,458
	2,719,808	265,551

8.1.1 The total depreciation charge for the year has been allocated to project expenses and administrative expenses.

8.1.2 The cost of assets as on June 30, 2014 includes fully depreciated assets amounting to Rs. 24,679,675 (2013: Rs. 27,067,594).

Note 9
Project Receivables

	Note	2014	2013
			Rupees
Receivable from the Government of Punjab against UIPT Project		202,286,000	
Receivable from the Government of Punjab against BRTS Project		-	223,765,925
Other receivables	9.1	21,391,510	6,366,621
		223,677,510	230,132,546

9.1 This includes receivables from third parties for various consultancies, smaller projects and training activities conducted by the Company during the year.

Note 10
Advances, Deposits, Prepayments and Other Receivables

	Note	2014 Rupees	2013 Rupees
Project and other advances	10.1	3,097,443	895,000
Security deposits		5,695,100	5,213,650
Prepayments:			
- Rent		10,092,962	12,685,220
- Legal and professional fee		-	90,000
Income tax deducted at source		1,788,809	528,441
		20,674,314	19,412,311

10.1 This includes Rs. 819,366 (2013: Rs. 750,000) imprest advance given to District Managers of Multan, Faisalabad, Gujranwala, Rawalpindi and Lahore for the UIPT Project.

Note 11
Bank Balances

	Note	2014 Rupees	2013 Rupees
Cash in hand		22,581	-
Cash at banks:			
- Deposit accounts	11.1	40,038,103	30,499,681
- Current accounts		248	9,264
		40,038,351	30,508,945

11.1 The deposit account yields mark-up 6% (2013: 6%) p.a; approximately.

Note 12
Project Revenue

	For the Year Ended June 30, 2014	For the Period Ended June 18, 2012 To June 30, 2013
	Rupees	
Bus Rapid Transit System	9,439,075	551,826,000
Urban Immovable Property Tax	384,384,482	-
Other Projects	53,150,116	18,036,971
	446,973,673	569,862,971

Note 13
Project Expenses

	Note	For the Year Ended June 30, 2014	For the Period Ended June 18, 2012 To June 30, 2013
		Rupees	
Bus Rapid Transit System		1,245,438	446,627,738
Urban Immoveable Property Tax (UIPT)			
- Salaries and other benefits		301,858,963	12,870,714
- Rent		12,557,153	3,075,450
- Fee and subscription		2,380,000	4,390,000
- Travelling and conveyance		9,463,154	156,135
- Utilities		2,584,929	522,363
- Communication		5,224,721	130,930
- Repairs and maintenance		14,180,583	4,106,258
- Printing, stationery and office supplies		1,852,005	799,775
- Advertisement		1,107,448	208,916
- Vehicle rental		4,238,006	-
- Other expenses		2,494,080	1,158,533
		357,941,042	27,419,074
Punjab Cities Governance Improvement Project (PCGIP)			
- Salaries and other benefits		45,530,755	20,983,681
- Rent		4,054,734	1,691,675
- Fee and subscription		12,167,530	2,886,100
- Travelling and conveyance		2,164,077	-
- Utilities		3,055,127	608,390
- Communication		495,798	-
- Repairs and maintenance		1,420,728	794,820
- Printing, stationery and office supplies		788,541	173,200
- Advertisement		726,494	667,221
- Vehicle rental		353,885	-
- Training and development		149,207	594,023
- Other expenses		2,650,437	117,885
		73,557,313	28,516,995
Other projects	13.1	75,892,297	14,316,745
Depreciation and amortization on project assets		21,238,670	7,752,715
Subtotal: Project expenses		529,874,760	524,633,267
Less: Expenses related to grant		(142,296,290)	(91,629,930)
		387,578,470	433,003,337

13.1 This expenditures include Rs. 33.4 million (2013: Nil) incurred on various projects, tasks assigned by the Government and promotional activities etc. against which no revenue is generated by the Company.

Note 14
Administrative Expenses

	Note	For the Year Ended June 30, 2014	For the Period Ended June 18, 2012 To June 30, 2013
			Rupees
Salaries and other benefits	14.1	32,250,936	63,891,288
Rent		11,953,779	10,066,650
Travelling and conveyance		5,157,455	5,569,076
Fee and subscription		1,908,020	5,430,900
Communication		2,158,116	2,801,578
Electricity		4,048,861	3,228,635
Repairs and maintenance		5,099,300	6,634,773
Printing, stationery and office supplies		1,272,227	2,236,565
Advertisement		386,019	814,524
Legal and professional charges		531,595	216,274
Depreciation	8	5,914,328	5,947,539
Training and development expense		252,800	144,150
Miscellaneous		3,916,430	3,941,922
		74,849,866	110,923,874

14.1 On average approximately 100 employees were deputed on the projects during the year and consequently their salaries are charged to project expenses.

Note 15
Other Operating Expense

	For the Year Ended June 30, 2014	For the Period Ended June 18, 2012 To June 30, 2013
		Rupees
Auditors' remuneration	125,000	95,000
Property, plant and equipment written off	3,041,195	6,546,997
	3,166,195	6,641,997

Note 16
Other Income

	For the Year Ended June 30, 2014	For the Period Ended June 18, 2012 To June 30, 2013
		Rupees
Profit on bank deposit	1,550,358	474,993
Others	1,261,310	10,599,158
	2,811,668	11,074,151

Note 17
Taxation

	For the Year Ended June 30, 2014	For the Period Ended June 18, 2012 To June 30, 2013
		Rupees
Tax expense for the year	4,469,737	474,993
Prior year adjustment	(1,072,925)	-
	3,396,812	474,993

Note 18
Chief Executive Officer's and Directors' Remuneration

The aggregate amounts charged in the financial statements for the year as remuneration and benefits to the Chief Executive Officer of the Company are as follows:

	For the Year Ended June 30, 2014	For the Period Ended June 18, 2012 To June 30, 2013
	Rupees	Rupees
Managerial remuneration	4,942,903	2,693,000
Project and other allowances	75,000	1,330,877
	5,017,903	4,023,877
Number of persons	1	1

Note 19
Transactions with Related Parties

There are no transactions with related parties during the year.

Note 20
Financial Risk Management

20.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

20.1.1 Market risk

(i) Currency risk

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

The Company is not exposed to currency risk arising in respect of grant receivable from international donors against donor funded projects.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all similar financial instrument traded in the market. The Company is not exposed to equity and commodity price risks.

Note 20, Financial Risk Management - Continued...

(ii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no interest bearing borrowings. The Company's interest rate risk arises from balance with the Bank of Punjab on deposit accounts. These deposits are at variable interest rates and expose the Company to cash flow interest rate risk.

At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments was:

	2014	2013
Financial assets	Rupees	Rupees
Bank balances - deposit accounts	40,015,770	30,499,681

Cash flow sensitivity analysis for variable rate instruments

The following analysis demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit before tax. This analysis is prepared assuming the amounts of floating rate instruments outstanding at balance sheet dates were outstanding for the whole year.

	Changes in interest rates	Effects on Profit Before Tax
	%	Rupees
Bank balances - deposit accounts	1.00	400,158

20.1.2 Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2014	2013
	Rupees	Rupees
Project receivables	223,677,510	230,132,546
Advances, deposits and other receivables	7,483,909	12,475,271
Bank balances	40,015,770	30,508,945

The credit quality of financial assets that are neither past due nor impaired can be assessed with reference to external credit ratings (If available) or to historical information about counterparty default rate:

	Rating			2014	2013
	Short Term	Long term	Agency	Rupees	Rupees
Bank of Punjab	A1+	AA-	PACRA	40,038,103	30,499,681

After giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly the credit risk is minimal.

Note 20, Financial Risk Management - Continued...

20.1.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company intends to manage liquidity risk by maintaining sufficient cash and the availability of funding through grants received from the Government of Punjab and various donor agencies. The management believes that its liquidity risk is low subject to proper cash flow management and contingent planning for delays in release of grants. Following are the contractual maturities of financial liabilities. The amount disclosed in the table are undiscounted cash flows.

Contractual maturities of financial liabilities as at June 30, 2014:

	Carrying Amount	Contractual cash flows	6 months or less	6-12 months	1-2 Years	More than 2 years
	Rupees					
Non-derivative financial liabilities:						
Project payables	132,318,132	132,318,132	132,318,132	-	-	-
Accrued and other liabilities	60,083,637	60,083,637	60,083,637	-	-	-
	192,401,769	192,401,769	192,401,769	-	-	-

Contractual maturities of financial liabilities as at June 30, 2013:

	Carrying Amount	Contractual cash flows	6 months or less	6-12 months	1-2 Years	More than 2 years
	Rupees					
Non-derivative financial liabilities:						
Project payables	257,059,276	257,059,276	257,059,276	-	-	-
Accrued and other liabilities	2,565,049	2,565,049	2,565,049	-	-	-
	259,624,325	259,624,325	259,624,325	-	-	-

20.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

20.3 Financial instruments by categories

Financial assets as at June 30, 2014

	Cash and Cash Equivalents	Loans and advances	Fair value through profit or loss	Total
	Rupees			
- Project receivables	-	223,677,510	-	223,677,510
- Advances, deposits and other receivables	-	5,695,100	-	5,695,100
- Bank balances	40,015,770	-	-	40,015,770
	40,015,770	229,372,610	-	269,388,380

Financial assets as at June 30, 2013

	Cash and Cash Equivalents	Loans and advances	Fair value through profit or loss	Total
	Rupees			
- Project receivables	-	230,132,546	-	230,132,546
- Advances, deposits and other receivables	-	5,213,650	-	5,213,650
- Bank balances	30,508,945	-	-	30,508,945
	30,508,945	235,346,196	-	265,855,141

Note 20, Financial Risk Management - Continued...

Financial liabilities at amortized cost as at June 30, 2013	**2014**	**2013**
	Rupees	Rupees
- Project payables	132,318,132	257,059,276
- Accrued liabilities	105,266,137	2,565,049
	237,584,269	259,624,325

Note 21
Number of Employees

	Note	**2014** Number	**2013** Number
Number of employees as at June 30, 2014	21.1	820	273
Average number of employees during the year		683	273

21.1 This includes 579 employees (2013: 120 employees) hired on temporary basis for specific projects.

Note 22
Authorization of Financial Statements

These financial statements were authorized for issue on 03 OCT 2014 by the Board of Directors of the Company.

Note 23
General

Corresponding figures have been re-arranged / reclassified, wherever necessary, to facilitate comparison. Following rearrangements have been made in these financial statements for better presentation of the financial statements.

From	**Amount** (Rupees)
Project expenses	91,629,930
To	
Amortization of deferred credit	91,629,930

- Comparative financial statements were prepared for a period of more than 12 months; therefore, the company figures are not fully comparable.

CHIEF EXECUTIVE OFFICER

DIRECTOR