

**Auditors' Report
of**

**URBAN SECTOR
PLANNING AND
MANAGEMENT SERVICES UNIT
(PRIVATE) LIMITED**

**for the year ended
June 30, 2015**

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, 2015 prepared by the Board of Directors of **M/S URBAN SECTOR PLANNING AND MANAGEMENT SERVICES UNIT (PRIVATE) LIMITED** to comply with the provisions of the Rules.

Based on our review, nothing has come to our attention, except the following, 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, 2015.

- a. The board has not carried out performance evaluation of its members, including chairman and the chief executive, on the basis of a process, based on specified criteria, developed by it. The board has also not monitored and assessed the performance of senior management on annual basis.

LAHORE

Dated: 14 OCT 2015



HORWATH HUSSAIN CHAUDHURY & CO.

Chartered Accountants

(Engagement Partner: Amin Ali)

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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, 2015 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, 2015 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;

- (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, 2015 and of the profit, total comprehensive income, its cash flows and changes in equity for the year ended June 30, 2015; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

LAHORE

Dated: 14 OCT 2015


HORWATH HUSSAIN CHAUDHURY & CO.
Chartered Accountants

(Engagement Partner: Amin Ali)

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**URBAN SECTOR PLANNING AND MANAGEMENT SERVICES
UNIT (PRIVATE) LIMITED**

BALANCE SHEET AS AT JUNE 30, 2015

		2015	2014		2015	2014
	Note	Rupees	Rupees		Note	Rupees
EQUITY AND LIABILITIES				ASSETS		
Share Capital and Reserves				Non Current Assets		
Authorized share capital				Property, plant and equipment	8	135,476,197
1,000 (2014: 1,000) shares of Rs. 10,000 each		<u>10,000,000</u>	<u>10,000,000</u>	Intangible assets	9	7,761,296
						-
Issued, subscribed and paid up share capital						143,237,493
1,000 (2014: 1,000) shares of Rs. 10,000 each		10,000,000	10,000,000			100,546,642
Capital reserves		6,037,484	6,037,484	Current Assets		
Revenue reserve		<u>82,669,003</u>	<u>45,628,137</u>	Project receivables	10	313,719,725
		98,706,487	61,665,621	Advances, deposits, prepayments and other receivables	11	33,348,953
				Cash and bank balances	12	77,049,639
Non Current Liabilities						424,118,317
Deferred credit	4	79,944,092	81,217,190			284,390,175
Current Liabilities						
Project payables	5	205,073,969	172,116,088			
Accrued and other liabilities	6	179,221,747	65,468,181			
Provision for taxation		<u>4,409,515</u>	<u>4,469,737</u>			
		388,705,231	242,054,006			
Contingencies and Commitments	7	-	-			
		<u>567,355,810</u>	<u>384,936,817</u>			
						<u>567,355,810</u>
						<u>384,936,817</u>

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, 2015**

	Note	2015 Rupees	2014 Rupees
Project revenue	13	430,051,351	446,973,673
Project expenses	14	<u>(330,286,289)</u>	<u>(387,578,470)</u>
Gross Profit		99,765,062	59,395,203
Operating Expenses			
Administrative expenses	15	<u>(82,262,516)</u>	<u>(74,849,866)</u>
Operating Profit / (Loss)		17,502,546	(15,454,663)
Finance cost - Bank charges		(138,616)	(145,512)
Other operating expenses	16	(137,500)	(3,166,195)
Other income	17	2,925,386	2,811,668
Amortization of deferred credit	4.3	<u>20,038,228</u>	<u>28,519,722</u>
Profit before Taxation		40,190,044	12,565,020
Taxation	18	(3,149,178)	(3,396,812)
Net Profit for the Year		<u><u>37,040,866</u></u>	<u><u>9,168,208</u></u>

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

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CHIEF EXECUTIVE OFFICER


DIRECTOR

**URBAN SECTOR PLANNING AND MANAGEMENT SERVICES
UNIT (PRIVATE) LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2015**

	2015	2014
	Rupees	Rupees
Net Profit for the Year	37,040,866	9,168,208
Other comprehensive income	-	-
Total Comprehensive Income for the Year	<u>37,040,866</u>	<u>9,168,208</u>

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, 2015**

	2015	2014
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the year before taxation	40,190,044	12,565,020
Adjustments for:		
- Depreciation of property, plant and equipment	40,205,541	27,152,998
- Amortization of intangible assets	527,681	-
- Property, plant and equipment written-off	-	3,041,195
- Amortization of deferred credit	(236,290,145)	(170,816,012)
- Gain on disposal of property, plant and equipment	(812,000)	(106,880)
- Finance cost - Bank charges	138,616	145,512
	<u>(196,230,307)</u>	<u>(140,583,187)</u>
Cash used in operating activities before working capital changes	(156,040,263)	(128,018,167)
(Increase) / decrease in current assets:		
- Project receivables	(90,042,215)	6,455,036
- Advances, deposits, prepayments and other receivables	(1,111,102)	(1,635)
Increase / (decrease) in current liabilities:		
- Project payables	32,957,881	(124,741,144)
- Accrued and other liabilities	113,753,566	102,696,966
	<u>55,558,130</u>	<u>(15,590,777)</u>
Cash used in operations	(100,482,133)	(143,608,944)
Finance cost - Bank charges paid	(138,616)	(145,512)
Income tax paid	(14,772,937)	(3,577,146)
Net Cash used in Operating Activities	(115,393,686)	(147,331,602)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(75,135,096)	(71,544,490)
Purchase of intangible assets	(8,288,977)	-
Proceeds from disposal of property, plant and equipment	812,000	167,000
Net Cash used in Investing Activities	(82,612,073)	(71,377,490)
CASH FLOWS FROM FINANCING ACTIVITIES		
Funds received during the year - net	235,048,000	228,273,000
Lapse of funds	(30,953)	(34,502)
Net Cash generated from Financing Activities	235,017,047	228,238,498
Net Increase in Cash and Cash Equivalents	37,011,288	9,529,406
Cash and cash equivalents at the beginning of the year	40,038,351	30,508,945
Cash and Cash Equivalents at the End of the Year	<u>77,049,639</u>	<u>40,038,351</u>

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

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CHIEF EXECUTIVE OFFICER


DIRECTOR

**URBAN SECTOR PLANNING AND MANAGEMENT SERVICES
UNIT (PRIVATE) LIMITED**

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2015**

	Share Capital	Capital Reserves	Accumulated Profits	Total Equity
	Rupees	Rupees	Rupees	Rupees
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
Total comprehensive income for the year	-	-	37,040,866	37,040,866
Balance as at June 30, 2015	<u>10,000,000</u>	<u>6,037,484</u>	<u>82,669,003</u>	<u>98,706,487</u>

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

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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, 2015

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 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. These 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.

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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

The following key amendments to standards are relevant that became effective during the year. These amendments are not likely to have any impact on the Company's financial statement.

i) Amendments to IAS 32 – that address inconsistencies in applying the offsetting criteria in IAS 32 (Financial Instruments: Presentation). These amendments clarify the meaning of "currently has a legally enforceable right of set-off" and certain gross settlement systems that may be considered equivalent to net settlement.

ii) Amendments to IAS - 36 "Impairment of Assets" address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal and require the disclosure of additional information about the fair value measurement and discount rates used in present value technique.

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

There were certain amendments to the approved accounting standards which became effective during the year but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

2.5.3 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 are relevant and will be effective for accounting periods beginning on or after July 01, 2015. These amendments are not likely to have any impact on the Company's financial statements:

i) Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introducing severe restrictions on the use of revenue-based amortization for intangible assets. This amendment explicitly states that revenue-based methods of depreciation cannot be used for property, plant and equipment. These amendments have no impact on Company's financial statements as the Company has the policy of depreciating / amortizing its property, plant and equipment and intangible assets based on the assessed useful lives.

ii) Amendments to IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after 1 January 2015) aim to improve consistency and reduce complexity by providing a precise definition of fair value. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The adoption of this standard is not likely to have an impact on the Company's financial statements.

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Note 2, Basis of Preparation - Continued...

2.5.4 Standards, interpretations and amendments to approved accounting standards that are neither relevant and nor yet effective

Revision / improvements / amendments to IFRS and interpretations	Effective Date (Period beginning on or after)
- IFRS 10 'Consolidated Financial Statements'	January 1, 2016
- IFRS 11 'Joint Arrangements'	January 1, 2016
- IFRS 12 'Disclosure of Interest in Other Entities'	January 1, 2016
- IFRS 14 'Regulatory Deferral Accounts'	January 1, 2016
- IAS 27 'Separate Financial Statement'	January 1, 2016
- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41]	January 1, 2016
- Investment entities applying the consolidation exception (amendments to IFRS 10, IFRS 12, and IAS-28)	January 1, 2016
- IFRS 15 'Revenue from Contracts with Customers'	January 1, 2018

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.

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.

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Note 3, Significant Accounting Policies - Continued...

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. 11.46 million.

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 ten years. Amortization charge commences from the month in which the asset is available for use and continues upto the month of disposal.

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.

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Note 3, Significant Accounting Policies - Continued...

3.8 Project receivable

Project receivables are recognised initially at original invoice amount less provision for doubtful receivables. A provision for doubtful receivables is established when there is objective evidence that the Company will not be able to collect all the amount due according to the original terms of the receivable. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the Project receivable is impaired. The provision is recognised in the profit and loss account. When a Project receivable is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the profit and loss account.

3.9 Cash and cash equivalents

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

3.10 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. Revenue is recognised based on the stage of completion. The stage of completion is calculated on the basis of deliverables completed and in some cases costs incurred to date as a percentage of total costs expected to be incurred. 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.

3.11 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.

3.12 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.

3.13 Financial instruments

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 profit and loss account currently.

3.14 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.

Note 3, Significant Accounting Policies - Continued...

3.15 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.

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Note 4

Deferred Credit

	Utilization of Grants				Total Rupees
	Project expenses Rupees	Administrative expenses Rupees	Purchase of fixed assets Rupees	Unallocated grant Rupees	
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
Funds received during the year	216,390,646	-	12,572,544	13,084,810	242,048,000
Funds surrendered as at June 30, 2015	-	-	-	(7,000,000)	(7,000,000)
Funds lapsed as at June 30, 2015	-	-	-	(30,953)	(30,953)
Amortization for the year	(216,251,917)	-	(20,038,228)	-	(236,290,145)
Balance as on June 30, 2015	5,660,420	-	44,161,464	30,122,208	79,944,092

4.1 During the year, the Company received Rs. 242.048 million (2014: Rs. 288.773 million) from the World Bank through Government of Punjab for Punjab Cities Governance Improvement Project (PCGIP). Amortization for the year of project expenses comprise Rs. 238.329 million (2014: Rs. 170.816 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.

4.3 Net amortized income

	2015 Rupees	2014 Rupees
- Amortization of deferred credit during the year	236,290,145	170,816,012
- Less: Expenses related to grant	(216,251,917)	(142,296,290)
	<u>20,038,228</u>	<u>28,519,722</u>

Note 5

Project Payables

	2015 Rupees	2014 Rupees
Bus Rapid Transit System (BRTS)	18,724,689	52,572,695
Urban Immoveable Property Tax (UIPT)	6,721,305	7,671,694
Punjab Cities Governance Improvement Project (PCGIP)	2,673,266	2,330,631
Sales tax payable	108,174,287	61,501,518
Project salaries payable	63,614,305	39,797,956
Other project payables	5,166,117	8,241,594
	<u>205,073,969</u>	<u>172,116,088</u>

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Note 6

Accrued and Other Liabilities

	2015	2014
	Rupees	Rupees
Accrued liabilities	34,521,999	7,855,323
Payable to suppliers	20,958,358	-
Salaries, benefits and other allowances payable	19,707,035	8,802,001
Advance for restoration of Murree GPO	24,606,878	45,182,500
Advance for development of Eco-Tourism in Soon Valley	76,880,455	-
Audit fee	137,500	125,000
Tax deducted at source	2,409,522	7,722
Other payables	-	3,495,635
	<u>179,221,747</u>	<u>65,468,181</u>

Note 7

Contingencies and Commitments

There were no outstanding contingencies and commitments as at the balance sheet date (2014: Nil).

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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 year is as follows:

	Leasehold Improvements	Office Furniture	Library Books	Vehicles	Office Equipment	Computers and Accessories	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
As at June 30, 2015							
Opening net book value	30,216,850	10,197,540	365,444	5,562,619	9,685,819	44,518,370	100,546,642
Additions	10,755,601	6,289,923	37,960	1,045,200	32,242,848	24,763,564	75,135,096
Depreciation for the year	(4,041,079)	(1,590,555)	(41,585)	(1,379,534)	(7,949,761)	(25,203,027)	(40,205,541)
Disposals	-	-	-	-	-	-	-
Closing net book value	<u>36,931,372</u>	<u>14,896,908</u>	<u>361,819</u>	<u>5,228,285</u>	<u>33,978,906</u>	<u>44,078,907</u>	<u>135,476,197</u>
As at June 30, 2015							
Cost	44,238,939	20,092,337	415,829	9,948,059	51,889,250	117,647,339	244,231,753
Disposal	-	-	-	(1,231,000)	-	-	(1,231,000)
Accumulated depreciation	(7,307,567)	(5,195,429)	(54,010)	(3,488,774)	(17,910,344)	(73,568,432)	(107,524,556)
Net book value	<u>36,931,372</u>	<u>14,896,908</u>	<u>361,819</u>	<u>5,228,285</u>	<u>33,978,906</u>	<u>44,078,907</u>	<u>135,476,197</u>
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	<u>30,216,850</u>	<u>10,197,540</u>	<u>365,444</u>	<u>5,562,619</u>	<u>9,685,819</u>	<u>44,518,370</u>	<u>100,546,642</u>
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	<u>30,216,850</u>	<u>10,197,540</u>	<u>365,444</u>	<u>5,562,619</u>	<u>9,685,819</u>	<u>44,518,370</u>	<u>100,546,642</u>
Depreciation rate	<u>10%</u>	<u>10%</u>	<u>10%</u>	<u>20%</u>	<u>20%</u>	<u>33.33%</u>	

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

	2015 Rupees	2014 Rupees
Computers and accessories	549,053	81,857
Office equipment	20,593,028	124,277
Vehicles	992,940	-
Office furniture and fixtures	8,607,474	2,513,674
	<u>30,742,495</u>	<u>2,719,808</u>

8.1.2 The total depreciation charge for the year has been allocated to project expenses and administrative expenses as per follows:

Project expenses	33,722,952	21,238,670
Administrative expenses	6,482,589	5,914,328
	<u>40,205,541</u>	<u>27,152,998</u>

8.1.3 The cost of assets includes fully depreciated assets amounting of Rs. 26,939,781 (2014: Rs. 24,679,675).

8.2 Disposal of property, plant and equipment

Detail of property, plant and equipment disposed off during the year is as follows:

Particulars	Cost	Accumulated Depreciation	Written Down Value	Sale Proceeds	Gain on Disposal	Buyer Name	Mode of Sale
Assets with book value below Rs. 50,000	1,231,000	(1,231,000)	-	812,000	812,000	Mr. Muhammad Awais	Public auction
Total 2015	<u>1,231,000</u>	<u>(1,231,000)</u>	<u>-</u>	<u>812,000</u>	<u>812,000</u>		
Total 2014	<u>1,644,825</u>	<u>(1,601,169)</u>	<u>43,656</u>	<u>167,000</u>	<u>123,344</u>		

Note 9

Intangible Assets

	2015	2014
	Rupees	Rupees
Net book value of intangible assets is calculated as follows:		
<i>Net Carrying Value</i>		
Net carrying value - opening balance	-	-
Additions during the year	8,288,977	-
	<u>8,288,977</u>	<u>-</u>
Amortization during the year	(527,681)	-
Net carrying value - closing balance	<u>7,761,296</u>	<u>-</u>
<i>Gross Carrying Value</i>		
Cost	15,651,770	7,362,793
Accumulated amortization	(7,890,474)	(7,362,793)
Net book value	<u>7,761,296</u>	<u>-</u>

Note 10

Project Receivables

		2015	2014
	Note	Rupees	Rupees
Balance receivable from the Government of Punjab against Urban Immovable Property Tax (UIPT) Project		259,524,000	202,286,000
Other receivables	10.1	54,195,725	21,391,510
		<u>313,719,725</u>	<u>223,677,510</u>

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

Note 11

Advances, Deposits, Prepayments and Other Receivables

		2015	2014
	Note	Rupees	Rupees
Project and other advances (unsecured - considered good)	11.1	1,984,997	3,097,443
Security deposits		8,582,250	5,695,100
Prepayments:			
- Rent		9,414,360	10,092,962
- Others		15,000	-
Income tax deducted at source		13,352,346	1,788,809
		<u>33,348,953</u>	<u>20,674,314</u>

11.1 This includes Rs. 377,082 (2014: Rs. 819,366) imprest advance given to District Managers of Multan, Faisalabad, Gujranwala, Rawalpindi and Lahore for the UIPT Project.

Note 12

Cash and Bank Balances

		2015	2014
	Note	Rupees	Rupees
Cash in hand		29,304	22,581
Cash at banks:			
- Saving accounts	12.1	73,431,692	40,038,103
- Current accounts		3,588,643	248
		<u>77,049,639</u>	<u>40,038,351</u>

12.1 The saving accounts yield mark-up of 6% (2014: 6%) per annum approximately.

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Note 13

Project Revenue

		2015	2014
		Rupees	Rupees
Gross revenue	13.1	477,900,663	510,577,452
Less: Sales tax		<u>(47,849,312)</u>	<u>(63,603,779)</u>
		<u>430,051,351</u>	<u>446,973,673</u>

13.1 Project revenue includes Rs. 58.348 million (2014: Rs. 4.818 million) recognized on the basis of actual expenditure incurred on certain projects.

Note 14

Project Expenses

	Note	2015	2014
		Rupees	Rupees
Bus Rapid Transit System (BRTS)		-	1,245,438
Urban Immoveable Property Tax (UIPT)			
- Salaries and other benefits		128,861,976	301,858,963
- Rent		2,821,585	12,557,153
- Fees and subscription		1,200	2,380,000
- Travelling and conveyance		5,501,761	9,463,154
- Utilities		722,686	2,584,929
- Communication		5,291,039	5,224,721
- Repairs and maintenance		598,058	14,180,583
- Printing, stationery and office supplies		1,175,218	1,852,005
- Advertisement		819,403	1,107,448
- Vehicle rental		574,545	4,238,006
- Other expenses		<u>1,377,389</u>	<u>2,494,080</u>
		147,744,860	357,941,042
Punjab Cities Governance Improvement Project (PCGIP)			
- Salaries and other benefits		153,838,734	45,530,755
- Rent		8,746,042	4,054,734
- Fees and subscription		10,313,370	12,167,530
- Travelling and conveyance		15,146,229	2,164,077
- Utilities		4,792,398	3,055,127
- Communication		5,466,973	495,798
- Repairs and maintenance		1,215,945	1,420,728
- Printing, stationery and office supplies		2,179,424	788,541
- Advertisement		809,109	726,494
- Vehicle rental		4,774,715	353,885
- Training and development		3,121,570	149,207
- Other expenses		<u>2,693,066</u>	<u>2,650,437</u>
		213,097,575	73,557,313
Other project expenses		151,445,138	75,892,297
Depreciation and amortization on project assets	14.1	<u>34,250,633</u>	<u>21,238,670</u>
Subtotal: Project expenses		546,538,206	529,874,760
Less: Expenses related to grant - PCGIP and UIPT		<u>(216,251,917)</u>	<u>(142,296,290)</u>
		<u>330,286,289</u>	<u>387,578,470</u>

14.1 This expenditures include Rs. 14.75 million (2014: Rs. 33.4 million) incurred on various projects, tasks assigned by the Government and promotional activities etc. against which no revenue is generated by the Company.

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Note 15

Administrative Expenses

	Note	2015 Rupees	2014 Rupees
Salaries and other benefits	15.1	37,612,587	32,250,936
Rent		14,873,359	11,953,779
Travelling and conveyance		2,761,480	5,157,455
Fee and subscription		610,116	1,908,020
Communication		1,712,044	2,158,116
Electricity		4,500,091	4,048,861
Repairs and maintenance		6,273,517	5,099,300
Printing, stationery and office supplies		1,879,092	1,272,227
Advertisement		1,154,418	386,019
Legal and professional charges		593,794	531,595
Training and development expense		70,750	252,800
Miscellaneous		3,738,679	3,916,430
Depreciation	8	6,482,589	5,914,328
		<u>82,262,516</u>	<u>74,849,866</u>

Note 16

Other Operating Expense

	2015 Rupees	2014 Rupees
Auditors' remuneration	137,500	125,000
Property, plant and equipment written off	-	3,041,195
	<u>137,500</u>	<u>3,166,195</u>

Note 17

Other Income

	2015 Rupees	2014 Rupees
Profit on saving accounts	1,373,773	1,550,358
Others	1,551,613	1,261,310
	<u>2,925,386</u>	<u>2,811,668</u>

Note 18

Taxation

	2015 Rupees	2014 Rupees
Tax expense for the year	4,409,515	4,469,737
Prior year adjustment - reversal of excess provision	(1,260,337)	(1,072,925)
	<u>3,149,178</u>	<u>3,396,812</u>

Note 19

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:

	2015	2014
	Rupees	Rupees
Managerial remuneration	6,493,347	4,942,903
Project and other allowances	165,662	75,000
	<u>6,659,009</u>	<u>5,017,903</u>
Number of persons	<u>1</u>	<u>1</u>

Note 20

Transactions with Related Parties

There are no transactions with related parties during the year.

Note 21

Financial Risk Management

21.1 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.

21.1.1 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.

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Note 21, 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 saving accounts. These saving accounts 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:

	2015	2014
Financial assets	Rupees	Rupees
Bank balances - saving accounts	73,431,692	40,015,770

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
<u>Financial liabilities at amortized cost as at June 30, 2015</u>		
Bank balances - saving accounts	1.00	734,317
<u>Financial liabilities at amortized cost as at June 30, 2014</u>		
Bank balances - saving accounts	1.00	400,158

21.1.2 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:

	2015	2014
	Rupees	Rupees
Project receivables	313,719,725	223,677,510
Advances, deposits and other receivables	10,567,247	8,792,543
Bank balances	77,020,335	40,038,351

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			2015	2014
	Short Term	Long term	Agency		
Bank of Punjab	A1+	AA-	PACRA	77,020,335	40,038,351

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

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Note 21, Financial Risk Management - Continued...

21.1.3 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, 2015:

	Carrying Amount	Contractual cash flows	6 months or less	6-12 months	1-2 Years	More than 2 years
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Non-derivative financial liabilities:						
Project payables	96,899,682	96,899,682	96,899,682	-	-	-
Accrued and other liabilities	75,324,892	75,324,892	75,324,892	-	-	-
	<u>172,224,574</u>	<u>172,224,574</u>	<u>172,224,574</u>	<u>-</u>	<u>-</u>	<u>-</u>

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	Rupees	Rupees	Rupees	Rupees	Rupees
Non-derivative financial liabilities:						
Project payables	110,614,570	110,614,570	110,614,570	-	-	-
Accrued and other liabilities	20,277,959	20,277,959	20,277,959	-	-	-
	<u>130,892,529</u>	<u>130,892,529</u>	<u>130,892,529</u>	<u>-</u>	<u>-</u>	<u>-</u>

21.2 Fair values of financial assets and liabilities

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

21.3 Financial instruments by categories

Financial assets as at June 30, 2015

	Cash and Cash Equivalents	Loans and advances	Fair value through profit or loss	Total
	Rupees	Rupees	Rupees	Rupees
- Project receivables	-	313,719,725	-	313,719,725
- Advances, deposits and other receivables	-	10,567,247	-	10,567,247
- Bank balances	77,049,639	-	-	77,049,639
	<u>77,049,639</u>	<u>324,286,972</u>	<u>-</u>	<u>401,336,611</u>

Financial assets as at June 30, 2014

	Cash and Cash Equivalents	Loans and advances	Fair value through profit or loss	Total
	Rupees	Rupees	Rupees	Rupees
- Project receivables	-	223,677,510	-	223,677,510
- Advances, deposits and other receivables	-	8,792,543	-	8,792,543
- Bank balances	40,015,770	-	-	40,015,770
	<u>40,015,770</u>	<u>232,470,053</u>	<u>-</u>	<u>272,485,823</u>

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Note 21, Financial Risk Management - Continued...

	2015	2014
	Rupees	Rupees
Financial liabilities at amortized cost as at June 30,		
- Project payables	96,899,682	110,614,570
- Accrued liabilities	75,324,892	20,277,959
	<u>172,224,574</u>	<u>130,892,529</u>

Note 22

Number of Employees

		2015	2014
	Note	Number	Number
Number of employees as at June 30,	22.1	1,049	820
Average number of employees during the year		935	683

22.1 This includes 701 employees (2014: 579 employees) hired on temporary basis for specific projects.

Note 23

Authorization of Financial Statements

These financial statements were authorized for issue on 14 OCT 2015 by the Board of Directors of the Company.

Note 24

General

Corresponding figures have been re-arranged / reclassified, wherever necessary, to facilitate comparison. No material re-arrangements / reclassifications have been made in these financial statements.

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CHIEF EXECUTIVE OFFICER


DIRECTOR