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working world**

**ENGINEERING CONSULTANCY
SERVICES PUNJAB (PRIVATE) LIMITED**

**Financial Statements
For the Year ended
30 JUNE 2013**

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Mall View Building, 4- Bank Square
P.O. Box No. 104, Lahore 54000
Pakistan

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **ENGINEERING CONSULTANCY SERVICES PUNJAB (PRIVATE) LIMITED as at 30 June 2013** and the related profit and loss account, cash flow statement and statements of changes in equity together with the notes forming part thereof, for the year then ended 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 account 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 accounts 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, the related profit and loss account, cash flow statement and statements 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 30 June 2013 and of the profit, its cash flow and changes in equity for the year then ended; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

The financial statements of the Company for the period ended 30 June 2012 were audited by another firm of Chartered Accountants whose report dated 09 October 2013 expressed an unmodified opinion.

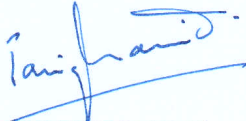


Chartered Accountants
Engagement Partner: Farooq Hameed
Lahore: 26 January 2017

ENGINEERING CONSULTANCY SERVICES PUNJAB (PRIVATE) LIMITED
BALANCE SHEET
AS AT 30 JUNE 2013

	Note	2013 Rupees	(Restated) 2012 Rupees
ASSETS			
Non-current assets			
Property and equipment	6	16,234,936	3,123,570
Intangible asset	7	-	893,783
Security deposits		2,510,520	2,605,020
		<u>18,745,456</u>	<u>6,622,373</u>
Current assets			
Trade receivables	8	101,070,041	28,111,645
Advances, prepayments and other receivables	9	1,693,998	7,436,978
Advance tax		41,073,221	575,837
Cash and bank balances	10	149,565,277	22,018,445
		293,402,537	58,142,905
		<u>312,147,993</u>	<u>64,765,278</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital 50,000 ordinary shares of Rs. 100 each	11	5,000,000	5,000,000
Issued, subscribed and paid up capital	11	200	200
Accumulated profit		130,079,124	3,529,830
		130,079,324	3,530,030
Non current liabilities			
Loan from the Government of Punjab	12	83,000,000	46,000,000
Current liabilities			
Trade, accrued and other payables	13	29,167,766	14,038,684
Deferred tax liability	14	538,427	261,119
Provision for taxation		69,362,476	935,445
		99,068,669	15,235,248
Contingencies and commitments	15	<u>312,147,993</u>	<u>64,765,278</u>

The annexed notes from 1 to 23 form an integral part of these financial statements.



 Managing Director



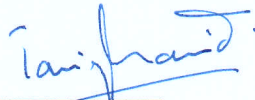
 Director



ENGINEERING CONSULTANCY SERVICES PUNJAB (PRIVATE) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 Rupees	(Restated) From 28 December 2011 to 30 June 2012 Rupees
Revenue		455,810,931	40,681,270
Direct cost	16	<u>(189,988,970)</u>	<u>(17,777,841)</u>
Gross profit		265,821,961	22,903,429
Operating expenses			
Administrative expenses	17	<u>(70,977,590)</u>	<u>(18,186,425)</u>
Other operating income		427,655	11,739
		<u>(70,549,935)</u>	<u>(18,174,686)</u>
Profit from operations		195,272,026	4,728,743
Finance cost	18	<u>(18,393)</u>	<u>(2,349)</u>
Profit before taxation		195,253,633	4,726,394
Taxation	19	<u>(68,704,339)</u>	<u>(1,196,564)</u>
Profit after taxation		126,549,294	3,529,830
Other comprehensive income		-	-
Total comprehensive income for the year		<u>126,549,294</u>	<u>3,529,830</u>

The annexed notes from 1 to 23 form an integral part of these financial statements.



Managing Director



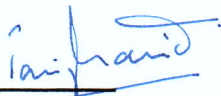
Director



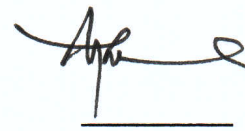
Note	2013 Rupees	From 28 December 2011 to 30 June 2012 Rupees
Cash flows from operating activities		
Profit before taxation	195,253,633	4,726,394
Adjustments for:		
Depreciation	4,575,306	155,345
Amortization	893,783	81,253
Operating profit before changes in working capital	200,722,722	4,962,992
Effect on cash flow due to working capital changes		
Increase in trade debts	(72,958,396)	(28,111,645)
Decrease/(Increase) in advances, prepayments and other receivables	5,742,980	(7,436,978)
Increase in trade and other payables	15,129,082	14,038,684
	(52,086,334)	(21,509,939)
Cash generated from/(used in) operations	148,636,388	(16,546,947)
Income tax paid	(40,497,384)	(575,837)
Net cash generated from / (used in) operating activities	108,139,004	(17,122,784)
Cash flows from investing activities		
Operating fixed assets purchased	(17,686,672)	(3,278,915)
Intangible asset purchased	-	(975,036)
Decrease/(Increase) in Long term deposits	94,500	(2,605,020)
Net cash used in Investing activities	(17,592,172)	(6,858,971)
Cash flows from financing activities		
Share issued during the period	-	200
Loan received from the Government of Punjab	37,000,000	46,000,000
Net cash generated from financing activities	37,000,000	46,000,200
Net increase in cash and cash equivalents	127,546,832	22,018,445
Cash and cash equivalents at beginning of the year / period	22,018,445	-
Cash and cash equivalents at end of the year / period	149,565,277	22,018,445

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The annexed notes from 1 to 23 form an integral part of these financial statements.



Managing Director



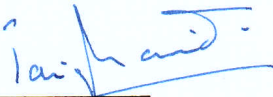
Director



**ENGINEERING CONSULTANCY SERVICES PUNJAB (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013**

	<u>Share capital</u> Rupees	<u>Accumulated profit</u> Rupees	<u>Total equity</u> Rupees
Opening as at 28 December 2011	-	-	-
Shares issued during the period	200	-	200
Net profit for the period	-	3,529,830	3,529,830
Balance as at 30 June 2012 - restated	<u>200</u>	<u>3,529,830</u>	<u>3,530,030</u>
Total comprehensive income for the year	-	126,549,294	126,549,294
Balance as at 30 June 2013	<u><u>200</u></u>	<u><u>130,079,124</u></u>	<u><u>130,079,324</u></u>

The annexed notes from 1 to 23 form an integral part of these financial statements.



Managing Director



Director



**ENGINEERING CONSULTANCY SERVICES PUNJAB (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

1 THE COMPANY AND ITS OPERATIONS

Engineering Consultancy Services Punjab (Private) Limited was incorporated under The Companies Ordinance, 1984 (XLVII) on December 28, 2011. The Company is principally engaged in providing consultancy services for all engineering fields. The registered office of the Company is situated at Planning and Development Department, Government of Punjab, Civil Secretariat whereas principal work place of business is 83 A/E-I Main Boulevard Gulberg, Lahore.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of Accounting and Financial Reporting Standard for Medium Sized Entities (MSEs) issued by the Institute of Chartered Accountants of Pakistan and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

3 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention. The financial statements are presented in Pak Rupees, which is the functional currency of the Company. Figures have been rounded off to the nearest rupee.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

4.1 Change in accounting estimate

During the year, the Company changed its expected useful life of assets. The Company was previously charging depreciation on reducing balance which has now been changed to straight line method. This change has been accounted for as a change in accounting estimate in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. Had the change in accounting estimate not been made, the written down value of property and equipment and profit for the year would have been higher and depreciation charge would have been lower by Rs. 34,263.

4.2 Taxation

In making the estimates of income tax payable by the company, the company takes into account the applicable tax laws and the decisions by appellate authorities on similar issues in the past. The charge for current taxation is based on taxable income at the current rates of tax after taking into account tax credit, if any.

4.3 Useful life, residual values, pattern of flow of economic benefits and impairment

Estimates with respect to residual values and depreciable lives and pattern of flow of economic benefits are based in the analysis of the management of the company. Further, the Company reviews the value of the assets for possible impairments on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.



5 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

5.1 Change in accounting policy relating to deferred tax

The status of the Company has changed from small sized entity to medium sized entity during the year. As per the Accounting and Financial Reporting Standard for Medium Sized Entities (MSEs) issued by the Institute of Chartered Accountants of Pakistan deferred tax shall be recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. The application of the above standard is a change in accounting policy.

This change in accounting policy has been accounted for retrospectively as required by paragraph 12.7 of the Accounting and Financial Reporting Standard for MSEs issued by ICAP and the comparative financial statements have been re-stated.

Effect of the retrospective application of the change in the accounting policy is an increase of Rs. 261,119 in the provision for taxation and a decrease in of Rs. 261,119 in total comprehensive income.

As the Company started its operations in the previous year, the third balance sheet is not applicable.

5.2 Property and equipment

Operating fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation on operating fixed assets is charged to profit and loss account on straight line method at rates specified in note 6. Depreciation is charged on additions in the month of purchase, while no depreciation is charged on the assets disposed off in the month of disposal. Profit or loss on disposal of fixed assets is taken to profit and loss account.

Repairs and Maintenance are charged to profit and loss account as and when incurred. Renewals and improvements are capitalized when it is probable that respective future economic benefits will flow to the Company and the cost of the item can be measured reliably, and the assets so replaced, if any, are retired.

5.3 Taxation

Income tax expense comprises current and deferred tax. Income tax is recognized in profit and loss account except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

5.3.1 Current Tax

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

5.3.2 Deferred Tax

Deferred tax is accounted for using the balance sheet liability method, in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax assets and liabilities are calculated at the rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

5.4 Revenue recognition

Revenue from professional services is recognized to the extent that the services have been rendered to clients.

5.5 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and bank balances.

5.6 Trade and other payables

Liabilities for trade and other payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received.

5.7 Provisions

Provisions are recognized when the Company has a legal and constructive obligation as a result of past event which, if probable, will result in an outflow of economic benefits and a reliable estimate can be made of the amount of the obligation.



	<u>2013</u> Rupees	<u>2012</u> Rupees
7 Intangible asset		
Engineering design software	893,783	975,036
Less: Amortization	<u>(893,783)</u>	<u>(81,253)</u>
	<u>-</u>	<u>893,783</u>
8 Trade receivables		
Considered good - unsecured	81,004,164	9,681,410
Accrued billings	19,565,443	18,120,841
Retention money	<u>500,434</u>	<u>309,394</u>
	<u>101,070,041</u>	<u>28,111,645</u>
9 Advances, prepayments and other receivables		
	1 000 000	2 000 000

6 Property and Equipment

	<u>As at</u> <u>01 July 2012</u>	<u>Cost</u> <u>Additions</u>
	<u>Rupee</u>	
Owned assets		
Computer equipment	1,296,690	1,939,76
Electric equipment	113,625	1,496,67
Office equipment	26,700	710,22
Furniture and fixtures	52,400	2,271,83
Survey equipment	-	302,20
Leasehold improvement	-	3,088,97
Vehicle	1,789,500	7,877,00
Total	<u>3,278,915</u>	<u>17,686,67</u>

	<u>As at</u> <u>28 December 2011</u>	<u>Cost</u> <u>Additions</u>
	<u>Rupee</u>	
Owned assets		
Computer equipment	-	1,296,60
Electric equipment	-	113,60
Office equipment	-	26,70
Furniture and fixture	-	52,40
Vehicle	-	1,789,50
Total	<u>-</u>	<u>3,278,90</u>

15 Contingencies and commitments

There are no material contingencies and commitments as at the balance sheet date.

	Note	2013 Rupees	From 28 December 2011 to 30 June 2012 Rupees
16 Direct cost			
Salaries and benefits		124,389,553	11,408,093
Travelling and conveyance		2,297,056	337,562
Communication		514,210	17,210
Fuel and power		-	5,173
Rent, rates and taxes		2,847,772	242,084
Vehicle running and maintenance		19,225,846	980,618
Entertainment		317,707	21,775
Printing and stationery		595,753	17,630
Repairs and maintenance		406,912	65,857
Sub consultant fee		37,251,695	4,336,087
Crockery and utensils		-	18,488
Research & Survey expenses		941,735	228,749
Residential expenses		1,200,731	98,515
		<u>189,988,970</u>	<u>17,777,841</u>

17 Administrative expenses

Salaries and benefits		38,859,280	10,466,138
Staff welfare		1,971,865	-
Travelling and conveyance		168,840	251,996
Communication		511,668	56,929
Fuel and power		2,352,658	231,053
News paper and advertisement		83,200	190,722
Rent, rates and taxes		10,301,016	3,319,360
Vehicle running and maintenance		4,874,107	-
Insurance		243,964	22,003
Entertainment		208,931	43,495
Printing and stationery		595,817	173,090
Repairs and maintenance		3,785,908	2,138,699
Audit fee		500,000	82,500
Legal and professional charges		180,000	45,500
Fee and subscription		298,528	88,036
Crockery and utensils		75,596	16,969
Miscellaneous		459,123	20,537
Amortization	7	893,783	81,253
Depreciation	6	4,575,306	155,345
Commission charges		17,000	802,800
Business development		21,000	-
		<u>70,977,590</u>	<u>18,186,425</u>

18 Finance cost

Bank charges		<u>18,393</u>	<u>2,349</u>
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19 Taxation

The current year tax provision represents the tax paid on profit earned during the year .

	Note	2013 Rupees	(Restated) 2012 From 28 December 2011 to 30 June 2012 Rupees
Taxation:			
Current tax		68,427,031	935,445
Deferred tax	14	277,308	261,119
		<u>68,704,339</u>	<u>1,196,564</u>

20 Managerial Remuneration

The Company, in the normal course of business carries out transactions with Managerial Positions. Transactions are as follows except for those specifically disclosed in the financial statements.

	Managing Director	
	2013	2012
	Rupees	
Managerial remuneration	2,415,000	975,000
House Rent Allowance	900,000	375,000
Managing Director Allowance	2,220,000	925,000
Utilities	117,000	48,750
	<u>5,652,000</u>	<u>2,323,750</u>
Number of persons	1	1

21 Number of person employed

	2013	2012
	Rupees	Rupees
Number of persons employed as at year end	295	143
Average number of person employed during the year	294	74

22 Date of authorization

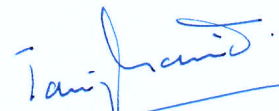
The financial statements were authorized for issue by the Board of Directors of the Company on _____ .


23 General

23.1 Following figures have been rearranged for the purpose of better presentation

Nature	From		To		Amount
	Note no.	Name	Note no.	Name	Rupees
Trade, accrued and other payables	13	Accrued Expenses	13	Accounts payable	1,400,087

23.2 Figures for the prior year are not comparable.


 Managing Director


 Director

