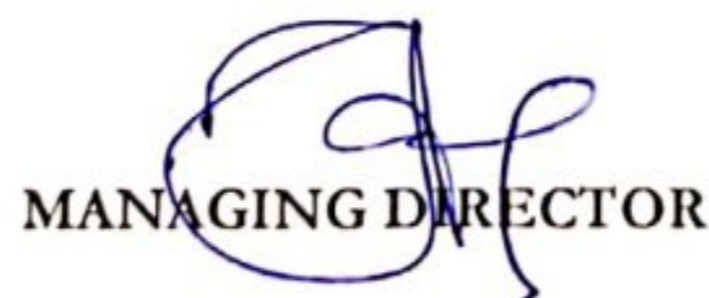


MULTAN WASTE MANAGEMENT COMPANY
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2017

	Note	2017 Pak Rupees.....	2016
ASSETS			
NON - CURRENT ASSETS			
Property and equipment	4	25,162,216	4,524,729
Long term security deposits	5	638,000	638,000
		25,800,216	5,162,729
CURRENT ASSETS			
Trade receivables - considered good	6	7,595,086	12,444,674
Advances and prepayments	7	12,979,853	20,603,677
Cash and bank balance	8	1,131,329,501	832,121,062
		1,151,904,440	865,169,413
TOTAL ASSETS		1,177,704,656	870,332,142
FUND AND LIABILITIES			
FUND			
General fund		43,702,671	21,001,319
NON - CURRENT LIABILITIES			
Deferred grant	11	1,097,253,395	813,672,088
		1,097,253,395	813,672,088
CURRENT LIABILITIES			
Trade and other payables	9	20,688,289	27,632,041
Taxation	17	16,060,301	8,026,694
		36,748,590	35,658,735
TOTAL FUND AND LIABILITIES		1,177,704,656	870,332,142
CONTINGENCIES AND COMMITMENTS	10		

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


DIRECTOR


MANAGING DIRECTOR


CHIEF FINANCIAL OFFICER

MULTAN WASTE MANAGEMENT COMPANY
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Pak Rupees.....	2016
INCOME			
Grant amortized during the year	11	709,523,693	636,119,205
Income from waste management services	12	19,616,350	71,165,773
		<u>729,140,043</u>	<u>707,284,978</u>
EXPENDITURE			
Operating expenses	13	702,810,501	682,721,093
Administrative expenses	14	26,317,246	29,419,358
Finance cost	15	12,296	13,134
		<u>(729,140,043)</u>	<u>(712,153,585)</u>
Other income	16	30,734,959	16,271,810
Surplus for the year before taxation		<u>30,734,959</u>	<u>11,403,203</u>
Taxation	17	(8,033,607)	(3,825,118)
Surplus for the year after taxation		<u><u>22,701,352</u></u>	<u><u>7,578,085</u></u>

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

DIRECTOR

MANAGING DIRECTOR

CHIEF FINANCIAL OFFICER

MULTAN WASTE MANAGEMENT COMPANY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2017

2017 2016
..... Pak Rupees.....

Surplus for the year
Other comprehensive income for the year
Total comprehensive income for the year

22,701,352	7,578,085
-	-
<u>22,701,352</u>	<u>7,578,085</u>

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


DIRECTOR


MANAGING DIRECTOR


CHIEF FINANCIAL OFFICER

MULTAN WASTE MANAGEMENT COMPANY
 STATEMENT OF CHANGES IN FUND
 FOR THE YEAR ENDED JUNE 30, 2017

	General fund (Surplus) Pak Rupees.....	Total
Balance as at June 30, 2015	13,423,234	13,423,234
Total comprehensive income for the year	7,578,085	7,578,085
Balance as at June 30, 2016	<u>21,001,319</u>	<u>21,001,319</u>
Total comprehensive income for the year	22,701,352	22,701,352
Balance as at June 30, 2017	<u>43,702,671</u>	<u>43,702,671</u>

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


 DIRECTOR


 MANAGING DIRECTOR


 CHIEF FINANCIAL OFFICER

MULTAN WASTE MANAGEMENT COMPANY
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016
 Pak Rupees.....	
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	30,734,959	11,403,203
Adjustments for non - cash items:		
Depreciation	9,070,081	1,299,567
	<u>39,805,040</u>	<u>12,702,770</u>
Increase / (decrease) in current liabilities		
Trade and other payables	(6,943,752)	(36,829,454)
(Increase) / decrease in current assets		
Trade receivables - considered good	4,849,588	5,379,791
Advances and prepayments	7,623,824	(17,183,897)
Net cash generated in operations	<u>45,334,700</u>	<u>(35,930,790)</u>
Finance cost paid	-	-
Tax paid	-	-
Net cash generated from / (used in) operating activities	<u>45,334,700</u>	<u>(35,930,790)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(29,707,568)	(768,975)
Long term security deposits	-	-
Net cash used in investing activities	<u>(29,707,568)</u>	<u>(768,975)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Grant received during the year	993,105,000	1,041,294,000
Grant utilized during the year	(709,523,693)	(636,119,205)
Net cash generated from financing activities	<u>283,581,307</u>	<u>405,174,795</u>
Net increase in cash and cash equivalents during the year	<u>299,208,439</u>	<u>368,475,030</u>
Cash and cash equivalents at the beginning of the year	<u>832,121,062</u>	<u>463,646,032</u>
Cash and cash equivalents at the end of the year	<u><u>1,131,329,501</u></u>	<u><u>832,121,062</u></u>

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


DIRECTOR


MANAGING DIRECTOR


CHIEF FINANCIAL OFFICER

MULTAN WASTE MANAGEMENT COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1 LEGAL STATUS AND OPERATIONS

1.1 Multan Waste Management Company (the Company) is a company registered in Pakistan under section 42 of the Companies Ordinance, 1984. The Company was registered by the Registrar Joint Stock Companies, Multan (Government of Punjab), on July 12, 2013 as a Company limited by Guarantee having no share capital. The Company is working under the directions of Provincial Government, Punjab and The City District Government, Multan (CDGM). The Company was established for the development in the field of Solid Waste Management, for the benefit of people living within the area of Punjab and to provide sustainable efficient and affordable Waste Management Services for the citizens of Punjab and also to provide necessary facilities in order to enable the existing Solid Waste Management System, to under take activities of income generation and to enhance the quality of existing system. Registered office of the Company is situated at 768-768A, Mehmoodabad Colony, near Shell Multan Pump, Khanewal Road, Multan.

1.2 During the year 2014, the Company entered into' an agreement with the CDGM to provide solid waste management services in Multan for a tenure of 20 years. As per this agreement, specific functions of the CDGM and Town Municipal Administrations (TMAs) regarding waste management services stand entrusted to the Company and shall be exclusively performed or managed to be performed by the Company. The Company shall provide its services in the areas falling under the jurisdiction of the CDGM. As per Agreement, the CDGM shall transfer to the Company, the possession, management, use, maintenance and control of movable and immovable assets managed and controlled by CDGM on lease money of Rs. 100,000. Moreover, services of all regular employees in solid waste management department shall be placed at disposal of the Company. Amounts in the approved annual budget of CDGM for solid waste management shall be transferred to the Company.

The geographical location and address of Company's and its services units are as under:

Registered Office	Geographical Location
Head Office	768-768A, Mehmoodabad colony, near shell pump, khanewal road, Multan.
Services	
Landfill Dumpsite	Near khad factory, khanewal road, Multan
Landfill Dumpsite	Habiba siyal
Parking Area	Chungi # 14, Near TB hospital and wasa office
Parking Area	Near 1122 office, timber market
Parking Area	Gulshan market near wasa tank
Parking Area	Water works road, Multan
Workshop	Shamsabad colony near wasa head office

2 BASIS OF PREPARATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan

**MULTAN WASTE MANAGEMENT COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

- International Financial Reporting Standards (IFRS Standards), issued by the International Accounting Standards Board (IASB) as notified under the Companies Ordinance, 1984;
- Accounting Standard for Not for Profit Organizations (NPOs) issued by the Institute of Chartered Accountants of Pakistan, as notified under the Companies Ordinance, 1984; and
- Provisions of and directives issued under the Companies Ordinance, 1984;
- Where provisions of and directives issued under the Companies Ordinance, 1984 differ from the IFRS Standards or the Accounting Standard for NPOs, the provisions of and directives issued under the Companies Ordinance, 1984 have been followed.

2.2 Basis of measurement and preparation

The accompanying financial statements have been prepared under the historical cost convention.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. Amounts presented in Pakistan Rupee have been rounded off to nearest rupees unless otherwise stated.

2.4 Use of accounting estimates and judgments

In preparing these financial statements, management has made judgments, estimates and assumptions that effect the application of the Company's accounting policies and reported amounts of assets, liabilities, income and expenses. Actual result may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Information about judgments made in applying accounting policies that have significant effect on the amounts recognized in the financial statements are discussed in the ensuing paragraph.

2.4.1 Property and equipment

The Company reviews the residual values and useful lives of property and equipment on regular basis. Further where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis. Any change in such estimates in future years might affect the carrying amounts of the respective items of property and equipment with corresponding effect on the depreciation charge, impairment and related deferred tax liability.

2.4.2 Taxation

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

2.4.3 Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated using criteria given in respective accounting standards to determine the extent of impairment loss, if any.

MULTAN WASTE MANAGEMENT COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

2.4.3.1 Impairment of financial assets

The Company measures loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortized cost after considering the pattern of receipts from and future financial outlook of the counterparty and is reviewed by the management on regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of assets with a corresponding effect on the statement of income and expenditure.

2.4.3.2 Impairment of non-financial assets

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated using criteria given in respective accounting standards to determine the extent of impairment loss, if any.

2.4.4 Provisions and contingencies

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows

Where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability, it is disclosed as contingent liability.

2.4.5 New standards, amendments to approved accounting standards and new interpretations.

(a) New amendments to approved accounting standards and interpretations which became effective during the year ended June 30, 2017.

There were certain new amendments to be approved accounting standards and a new interpretation issued by International Financial Reporting Interpretations Committee (IFRIC) 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.

(b) New amendments to approved accounting standards and interpretations that have not yet effective and have not been early adopted by the Company:

There were certain new amendments to be approved accounting standards and a new interpretation issued by International Financial Reporting Interpretations Committee (IFRIC) which will be effective after July 01, 2015 but are considered not to be relevant or are expected to have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except for the changes as indicated below:

MULTAN WASTE MANAGEMENT COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

3.1 Property and equipment

Property and equipment except for freehold land and capital work in progress are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land and capital work in progress are stated at cost less allowance for impairment, if any. Cost of property and equipment includes acquisition cost, borrowing cost during construction phase of relevant asset and other directly attributable costs including trial run production expenses (net of income, if any). Transfers from capital work in progress are made to the relevant category of property and equipment as and when the assets are available for use in the manner intended by the Company's management.

Depreciation is charged on straight line method whereby cost of an asset is written off over its estimated useful lives at the rate specified in note 4 without taking into account any residual value. Full year's depreciation is charged on addition, while no depreciation is charged in the year of disposal or deletion of assets.

Major renewals and repairs are capitalized and the assets so replaced are retired. Minor renewals, replacement, maintenance and repairs are charged to statement of income and expenditure as and when incurred. Gains or losses on disposal of property and equipment are accounted for as other income or loss for the year.

The assets' residual value and useful lives are reviewed, and adjusted if significant, at each reporting date.

Disposal of assets is recognized when significant risks and reward incidental to the ownership have been transferred to buyers. Gain and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognized in the statement of income and expenditure.

3.2 Intangible assets

Intangible assets are stated at cost less amortization or impairment, if any.

Amortization is charged on straight line method whereby cost of an asset is written off over its useful life without taking into account any residual value. Full month's amortization is charged on addition, while no amortization is charged in the month of disposal or deletion of assets.

The assets' residual value and useful lives are reviewed, and adjusted if significant, at each reporting date.

Disposal of assets is recognized when significant risks and reward incidental to the ownership have been transferred to buyers. Gain and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognized in the statement of income and expenditure.

3.3 Impairment

3.3.1 Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

MULTAN WASTE MANAGEMENT COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

3.3.2 Impairment of non-financial assets

The carrying amount 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, then the asset's recoverable amount is estimated. Impairment losses are recognized as expense in the statement of income and expenditure. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised. For non-financial assets, financial assets measured at amortized cost, available-for-sale financial assets that are debt securities, the reversal is recognised in profit and loss account.

3.4 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and assets and liabilities are stated at fair value and amortized cost as the case may be. The Company de-recognizes the financial assets and liabilities when it ceases to be a party to such contractual provision of the instrument. The Company recognises the regular way of purchase or sale of financial assets using settlement date accounting.

3.5 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and services received. Subsequent to initial recognition, these are carried at amortized cost.

3.6 Trade debts and other receivables

Trade debts and other receivables are initially recognised at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, these are measured at amortised cost using effective interest method, less any impairment losses. Known bad debts are written off, when identified.

3.7 Revenue recognition
Income recognition

i) Grants

Grants are recognized where there is reasonable assurance that the grants will be received and all attached conditions will be complied with.

ii) Grant income

Grants of a non capital nature are recognized at the time of their receipt. Subsequently, these are recognized in the statement income and expenditure to the extent of expenditure incurred.

iii) Deferred capital grants

Grants received for the purchase of fixed assets are initially recorded as deferred capital grant in the statement of financial position upon receipt. Subsequently, these are recognized in the statement of income and expenditure, on a systematic basis, over the periods necessary to match them with the carrying value of the related assets.

**MULTAN WASTE MANAGEMENT COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

vi) Income from services

Income from services is measured on the basis of agreements with the customers. Income is recognized when or as the company satisfies a performance obligation by transferring a promised service to a customer. A service is delivered when the customer obtains control of it. The company satisfies its performance obligation over a period.

3.8 Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalent comprise cash in hand and at bank. They are carried in the statement of financial position at amortized cost.

3.9 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of income and expenditure except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current

Company's accounts for current taxation on the basis of provision of the Income Tax Ordinance, 2001. For the other income the Company accounts for current taxation on the basis of taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, or one and half percent of turnover, whichever is higher in accordance with the provisions of the Income Tax Ordinance, 2001.

Deferred

Deferred tax is computed using the balance sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled based on tax rates that have been enacted or substantively enacted at the balance sheet date.

The Company has been established as a non-profit organization under section 42 of the Companies Act, 2017 and is under the process of obtaining the status of Non Profit Organization under the section 2 (36) of the Income Tax Ordinance, 2001. Hence according to section 100C of Income Tax Ordinance 2001, the Company has been allowed a tax credit equal to one hundred percent of the tax payable, including minimum tax and final taxes payable under any of the provisions of this Ordinance.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available and the credits can be utilized. Therefore, no deferred tax provision has been made in the financial statements.

Prior years

The taxation charge for prior years represents adjustments to the tax charge relating to prior years, arising from assessments and changes in estimates made during the current year, except otherwise stated.

MULTAN WASTE MANAGEMENT COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

3.10 Foreign currency translation

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. Foreign currency transactions during the year are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the statement of financial position date. Gains and losses on translation are taken to income currently. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the dates when the fair value was determined.

3.11 Contingencies

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

3.12 Long term deposits

These are stated at cost which represents the fair value of consideration given.

3.13 Advances and prepayments

Advances and prepayments are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets.

MULTAN WASTE MANAGEMENT COMPANY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2017

2016

	COST		ACCUMULATED DEPRECIATION				C.V			
	As at 1st July 2015	Addition	Disposal	As at 30 June 2016	Rate	As at 1st July 2015		Charge for the year	Disposal	As at 30 June 2016
	(Pak Rupees)		(Pak Rupees)							
					%					
Furniture and fittings	2,032,093	76,500	-	2,108,593	15%	315,320	316,289	-	631,609	1,476,984
Office equipments	1,316,415	395,950	-	1,712,365	15%	200,265	256,855	-	457,120	1,255,245
ICT equipment	1,131,839	296,525	-	1,428,364	30%	339,552	428,509	-	768,061	660,303
Vehicles	1,986,092	-	-	1,986,092	15%	555,981	297,914	-	853,895	1,132,197
	6,466,439	768,975	-	7,235,414		1,411,118	1,299,567	-	2,710,685	4,524,729

MULTAN WASTE MANAGEMENT COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

4 PROPERTY AND EQUIPMENT

2017

	COST			ACCUMULATED DEPRECIATION			C.V			
	As at 1st July 2016	Addition	Disposal	As at 30 June 2017	Rate %	As at 1st July 2016		Charge for the year	Disposal	As at 30 June 2017
	------(Pak Rupees)-----									
Furniture and fittings	2,108,593	203,155	-	2,311,748	15%	631,609	346,762	-	978,371	1,333,377
Office equipments	1,712,365	677,551	-	2,389,916	15%	457,120	358,487	-	815,607	1,574,309
ICT equipment-administrative	1,428,364	197,970	-	1,626,334	30%	768,061	487,900	-	1,255,961	370,373
ICT equipment-operation	-	21,897,892	-	21,897,892	30%	-	6,569,368	-	6,569,368	15,328,524
Vehicles	1,986,092	-	-	1,986,092	15%	853,895	297,914	-	1,151,809	834,283
Machinery and equipments	-	6,731,000	-	6,731,000	15%	-	1,009,650	-	1,009,650	5,721,350
	7,235,414	29,707,568	-	36,942,982		2,710,685	9,070,081	-	11,780,766	25,162,216

4.1 Depreciation charge for the year has been allocated as under

	Notes	2017	2016
Operating expenses	13	7,579,018	-
Administrative expenses	14	1,491,063	1,299,567
		9,070,081	1,299,567

4.1.1 Operating expenses include the depreciation charged for the year on ICT equipment-operation and machinery and equipment.

4.1.2 Administrative expenses include the depreciation charged for the year on furniture and fittings, office equipment, ICT equipment-administrative and vehicles.

4.2 Operating fixed assets transferred to the company under operating lease through the Service and Asset Management Agreement (SAMA), as mentioned in note 1.2, are not included in the above mentioned fixed assets.

MULTAN WASTE MANAGEMENT COMPANY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Pak Rupees.....	2016
5 LONG TERM SECURITY DEPOSITS			
Security deposit for building rent - Solex		450,000	450,000
Security deposit - PSO		188,000	188,000
		<u>638,000</u>	<u>638,000</u>
6 TRADE RECEIVABLES - CONSIDERED GOOD			
Fruit and vegetable market		960,000	1,128,600
DG khan cement company limited	6.1	6,635,086	11,316,074
		<u>7,595,086</u>	<u>12,444,674</u>
6.1 DG khan cement company limited			
Opening balance		11,316,074	17,824,465
Add: Value of solid waste delivered 25,147 tons @ Rs. 551/ton (FY 2016: 121,523)		13,856,350	66,959,173
Less: Deduction for shortage of quantity 13,893 tons @ 50/ton (FY 2016: 42,703)		(694,638)	(2,135,150)
Less: Amount received during th year		(17,842,700)	(71,332,414)
Total receivable from DG Khan Cement Company Limited		<u>6,635,086</u>	<u>11,316,074</u>
6.2			
As per agreement with DG Khan Cement Company Limited (DGKCCL), the company has agreed to deliver solid waste of 600 tons / day to DGKCCL @ Rs. 551 / ton. The company is charged a fine of Rs. 50 / ton if the company is unable to deliver the agreed quantity.			
		2017 Pak Rupees.....	2016
7 ADVANCES AND PREPAYMENTS			
Prepaid rent		273,434	242,658
Advance to employees		341,500	16,500
Advance to vendors		-	12,366,445
Advance income tax		12,364,919	7,978,074
		<u>12,979,853</u>	<u>20,603,677</u>
8 CASH AND BANK BALANCE			
Cash in hand		6,117	6,117
Cash at bank in local currency			
- current account	8.1	(1,542,347)	53,384,687
- saving account		1,132,865,731	778,730,258
		<u>1,131,329,501</u>	<u>832,121,062</u>

**MULTAN WASTE MANAGEMENT COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

8.1 As on June 30, 2017, the current account balance in bank was Rs. 213,827/-. However, the Company has issued few cheques amounting to Rs. 1,756,175/- on June 30, 2017 which resulted negative balance amounting to Rs. 1,542,348/- in ledger.

2017 2016
..... Pak Rupees.....

9 TRADE AND OTHER PAYABLES

Creditors	19,833,628	8,634,720
Accrued expenses	108,711	18,382,812
Audit fee payable	745,950	497,300
Tax deducted at source	-	117,209
	20,688,289	27,632,041

10 CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

There were no contingencies as at reporting date. (2016: Nil)

10.2 Commitments

10.2.1 The Company has agreed to deliver solid waste of 600 tons/day to DG Khan Cement Company Limited (DGKCCL). In the event of non-compliance, the Company will be charged a fine @ Rs. 50/ton of undelivered quantity.

MULTAN WASTE MANAGEMENT COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Pak Rupees.....	2016
12	INCOME FROM WASTE MANAGEMENT SERVICES		
Fruit and vegetable market		5,760,000	4,206,600
DG khan cement company limited		13,856,350	66,959,173
		<u>19,616,350</u>	<u>71,165,773</u>
13	OPERATING EXPENSES		
Staff related expenses	13.1	580,408,530	604,167,953
Repair and maintenance		27,658,074	11,729,315
Electricity expense		387,512	280,499
Fuel charges		59,741,502	59,898,437
Special and emergent services		26,341,227	4,509,739
Depreciation		7,579,018	-
Deduction of short quantity delivered		694,638	2,135,150
		<u>702,810,501</u>	<u>682,721,093</u>
13.1	Staff related expenses		
Sanitary staff salaries		541,709,468	505,418,267
Leave encashment		8,740,833	15,228,044
Financial assistance		9,840,103	10,300,000
Pension fund		20,118,126	73,186,642
Uniform		-	35,000
		<u>580,408,530</u>	<u>604,167,953</u>
14	ADMINISTRATIVE EXPENSES		
Staff related expenses		9,236,714	12,514,040
Travelling and conveyance		922,348	1,195,259
Public awareness, communications and advertisement		1,831,965	1,963,785
Seminar, workshop and trainings		40,608	125,000
Repair and maintenance		1,048,435	1,151,416
Printing and stationery		517,007	449,327
Utilities		524,324	388,897
Telephone and communication		1,165,889	783,432
Audit fee	14.1	248,650	248,650
Rent, rates and taxes		2,212,424	2,040,842
Legal and professional fee		1,454,166	548,578
Consultancy services		4,501,152	3,741,000
Security services		-	1,821,677
Entertainment		855,248	850,075
Admin, stores and consumeables		74,770	-
Depreciation		1,491,063	1,299,567
Miscellaneous		192,483	297,813
		<u>26,317,246</u>	<u>29,419,358</u>

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18.1 The Company has not disclosed the fair value for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are a reasonable approximation of their fair values.

18.2 The Company has exposure to the credit risk, market risk and liquidity risk from its use of financial instruments.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

18.3 Credit risk

Credit risk is the risk of financial loss to the Company if a customer, trade debtor or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from advances and deposits and bank balances. The carrying amount of financial assets represents the maximum credit exposure.

18.4 Trade debts

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment terms and conditions are offered. Credit limits are established for each customer, which are regularly reviewed and approved by the management.

18.5 Concentration of credit risk

Geographically there is no concentration of credit risk. The maximum exposure to credit risk for financial assets at the reporting date by type of counter party is as follows:

	2017	2016
 Pak Rupees.....	
From government institutions	-	-
Banks and financial institutions	-	-
Others	6,635,086	11,316,074
	<u>6,635,086</u>	<u>11,316,074</u>

18.6 Credit quality of financial assets

The credit quality of the Company's financial assets have been assessed below by reference to external credit rating of counterparties determined by the Pakistan Credit Rating Agency Limited (PACRA) and JCR - VIS Credit Rating Company Limited. The counterparties for which external credit ratings were not available have been assessed by reference to internal credit ratings determined based on their historical information for any default in meeting their obligations.

	2017	2016
 Pak Rupees.....	
Counterparties without external credit ratings	<u>6,635,086</u>	<u>11,316,074</u>

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Impairment losses

The aging of trade debts at the reporting date was:

	2017		2016	
	Gross	Impairment	Gross	Impairment
 Pak Rupees.....			
Past due 1-30 days	7,595,086	-	12,444,674	-
Past due 31-60 days	-	-	-	-
Past due 61-90 days	-	-	-	-
Over 90 days	-	-	-	-
Total	7,595,086	-	12,444,674	-

There was no movement in allowance for impairment in respect of trade debts during the year.

Cash at Bank

The Company's bank balance as at June 30, 2017 is Rs 1,131,329,501. (2016: Rs. 832,121,062)

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2017	2016
 Pak Rupees.....	
Trade debtors - considered good	7,595,086	12,444,674
Cash and bank balances	1,131,329,501	832,121,062
	1,138,924,587	844,565,736

Geographically there is no concentration of credit risk.

The maximum exposure to credit risk for trade debts at the reporting date is with end - user customers and represents debtors within the country.

The Company limits its exposure to credit risk by placing funds with banks that have high credit rating. Management actively monitors credit ratings and given that the Company only has placed funds in the banks with high credit ratings, management does not expect any counter party to fail to meet its obligations.

	2017	2016
 Pak Rupees.....	
Trade debtors - considered good		
Counterparties without external credit ratings	7,595,086	12,444,674
Advances and prepayments		
Counterparties without external credit ratings	12,979,853	20,603,677
Bank balances		
Counterparties with external credit ratings	1,132,865,731	778,730,258
	1,153,440,670	811,778,609

MULTAN WASTE MANAGEMENT COMPANY
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18.7 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses different methods which assists it in monitoring cash flow requirements and optimizing its cash return on investments. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

	Note	Carrying amount	Contractual cashflows	Up to one year	Up to two years	Upto five years	Five years onward
2017							
			 Pak Rupees.....			
Trade and other payables		20,688,289	20,688,289	20,688,289	-	-	-
		20,688,289	20,688,289	20,688,289	-	-	-
2016							
Trade and other payables		27,632,041	27,632,041	27,632,041	-	-	-
		27,632,041	27,632,041	27,632,041	-	-	-

**MULTAN WASTE MANAGEMENT COMPANY
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18.8 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company is exposed to currency and interest rate risk only.

18.9 Foreign currency risk

The PKR is the functional currency of the Company and as a result currency exposures arise from transactions and balances in currencies other than PKR currently the company is not exposed to any foreign currency risk.

18.10 Interest rate risk

The interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the reporting date, there is no interest bearing Financial instrument.

18.11 Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The company monitors the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity and monitors that the Company has appropriate mix of capital and debt. The Board of Directors also monitors the level of dividend to ordinary shareholders. There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

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 NOTES TO THE FINANCIAL STATEMENTS
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19 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for remuneration, including benefits, to the Chief Executive Officer and executives are as follows:

	Managing Directors		Directors		Executives	
	2017	2016	2017	2016	2017	2016
	-----Pak Rupees---		-----Pak Rupees---		-----Pak Rupees---	
Managerial remuneration	1,272,674	3,224,942	-	-	4,567,229	5,102,442
Other benefits	-	-	-	-	-	-
	<u>1,272,674</u>		<u>-</u>	<u>-</u>		<u>-</u>
Number of person(s)	1	1			4	2

19.1 The Managing Director is also provided with a car for business and personal use in accordance with the Company rules.

20 RELATED PARTY RELATIONSHIPS

Following are the associated companies and related parties with whom the Company had entered into transactions during the year:

Related Parties	Basis of Relationship	Number of shares held in the Company	Aggregate %age shareholding in the Company
Government of Punjab	Government owned	N/A	N/A
City District Government, Multan	Government owned	N/A	N/A
Bank of Punjab	Government owned	N/A	N/A
Punjab Information Technology Board	Government owned	N/A	N/A
Lahore Waste Management Company	Government owned	N/A	N/A
The Urban Unit Lahore	Government owned	N/A	N/A

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20.1 Transactions during the year are as follows:

	Notes	2017 Pak Rupees.....	2016
Government of Punjab			
Grant received during the year (capital nature)	11	170,505,000	328,630,000
Amortization of deferred capital grant	11	29,707,568	768,975
Grant received during the year (revenue nature)	11	409,140,000	-
Amortization of deferred revenue grant	11	63,172,272	-
City District Government, Multan			
Grant received during the year	11	413,460,000	712,664,000
Amortization of deferred grant	11	616,643,853	635,350,230
Fruit and vegetable market			
Income from fruit and vegetable market	12	5,760,000	4,206,600
Bank of Punjab			
Bank charges	15	12,296	13,134
Punjab Information Technology Board			
Services charges as per agreement	13	4,760,000	-
Lahore Waste Management Company			
Consultancy charges paid to LWMC	14	4,500,000	-
The Urban Unit Lahore			
Payment to Urban Unit against hiring of monitoring officers	13	1,224,960	-
Balances as at year end are as follows:			
Government of Punjab			
Deferred capital grant	11	751,285,667	610,488,235
Deferred revenue grant	11	345,967,728	-
City District Government, Multan			
Deferred grant	11	-	203,183,853
Bank of Punjab			
Cash and bank balances	8	1,131,329,501	832,121,062
Lahore Waste Management Company			
Purchase of machinery from LWMC	4	5,721,350	-

MULTAN WASTE MANAGEMENT COMPANY
 NOTES TO THE FINANCIAL STATEMENTS
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21 NUMBER OF EMPLOYEES

	2017	2016
	-----Numbers-----	
Number of employees as at June 30	10	11
Number of employees transferred from CDGM as at June 30	<u>2172</u>	<u>2296</u>
Average number of employees	<u>2245</u>	<u>2307</u>

22 CORRESPONDING FIGURES

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of better presentation. However, no significant re-classifications have been made during the year.

23 DATE OF AUTHORIZATION

These financial statements are authorized for issue by the Board of Directors on 18 NOV 2022

24 GENERAL

Figures have been rounded off to the nearest rupee.


 DIRECTOR


 MANAGING DIRECTOR


 CHIEF FINANCIAL OFFICER