



**HAMEED KHAN & CO.**

**Chartered Accountants**

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## **AUDITORS' REPORT**

### **TO SINDH IRRIGATION & DRAINAGE AUTHORITY**

We have audited the accompanying Balance Sheet, Receipts and Payments Account & Statement of Sources & Uses of Funds and Special Account of Sindh Irrigation & Drainage Authority [under World Bank Loan No. IDA 2999 Pak] and local components from Government of Pakistan and Government of Sindh [Funds received through P.C. Sindh] and financed under Asian Development Bank (ADB) Loan No. 1413 Pak (SF) and Loan No. 1578 Pak (SF) and World Bank Loan No. IDA CR 3905 Pak at June 30, 2006 together with notes forming part thereof, for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these Financial Statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and Special Account give a true and fair view of the financial position as at June 30, 2006, Receipts & Payment Account & Statement of Sources & Uses of Funds of Sindh Irrigation & Drainage Authority [under World Bank Loan No. IDA 2999 Pak] and local components from Government of Pakistan and Government of Sindh [Funds received through P.C. Sindh] and financed under Asian Development Bank (ADB) Loan No. 1413 Pak (SF) and Loan No. 1578 Pak (SF) and World Bank Loan No. IDA CR 3905 Pak at June 30, 2006 together with notes forming part thereof, for the year ended June 30, 2006 in accordance with the International Accounting Standards.

In addition, (a) with respect to SOEs, adequate supporting documentation has been maintained to support claims to the Asian Development Bank for reimbursements of expenditures incurred; and (b) which expenditures are eligible for financing under the ADB Loan No. 1413 Pak (SF) and Loan No. 1578 Pak (SF) and World Bank Loan No. IDA CR 3905 Pak.

Without qualifying our opinion we draw attention that:-

- With the closure of IDA funding to the Authority through NDP -- P.C. Sindh after December 31, 2004, the sustainability of the Authority is dependent upon the sharing of Abiyana and funding from ADB under Loan No. 1413 Pak (SF) expiring on December 31, 2006. ADB Loan No. 1578 Pak (SF), World Bank Loan No. IDA CR 3905 Pak and Government of Pakistan alongwith Government of Sindh may continue its funding.
- As more fully explained in note 1.8 to the financial statements, the Authority has not accounted for transfer of Barrages and other assets in its books of accounts, as required under section 97 of Sindh Water Management Ordinance 2002, which states that upon coming into force of this Ordinance (i) The Irrigation and Power Department shall transfer its barrages, outlets, existing spinal drains and flood protection infrastructure including staff, budgets and assets to the SIDA before June 30, 2005 (ii) Government shall vest in the barrages the irrigation, drainage and flood protection infrastructure, office premises, stores, plant and machinery related to them so that the barrage divisions can carry out their functions under this Ordinance.

Lahore  
Dated:

Hameed Khan & Co.  
Chartered Accountants

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**SINDH IRRIGATION & DRAINAGE AUTHORITY  
BALANCE SHEET AS AT JUNE 30, 2006**

(Figures in thousand)

Note	2006												2005
	TOTAL	GOS Grant	Through P.C. Sindh			US\$	GOP Share			GOS Share			2005 Total
			GOP Share	GOS Share	IDA Share			ADB Share			IDA Share		
	Rs.	Rs.	Rs.	Rs.	Rs.	US\$	Rs.	Rs.	US\$	Rs.	Rs.	US\$	Rs.
<b>FUNDING</b>													
International Development Association (IDA)	3	1,351,600	-	-	-	1,351,600	22,984	-	-	-	-	-	1,351,600
LOAN FROM INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA)	4	59,677	-	-	-	-	-	-	-	-	59,677	992	29,840
LOANS FROM ASIAN DEVELOPMENT BANK	5	926,173	-	-	-	-	-	926,173	15,398	-	-	-	456,191
FUNDS FROM GOVERNMENT OF PAKISTAN	3 & 6	385,360	-	141,098	-	-	244,262	-	-	-	-	-	228,017
FUNDS FROM PROVINCIAL GOVERNMENT	3 & 7	59,521	-	-	42,070	-	-	-	-	17,451	-	-	33,031
<b>TOTAL FUNDS EMPLOYED</b>		<b>2,782,331</b>	<b>-</b>	<b>141,098</b>	<b>42,070</b>	<b>1,351,600</b>	<b>22,984</b>	<b>244,262</b>	<b>926,173</b>	<b>15,398</b>	<b>17,451</b>	<b>59,677</b>	<b>2,098,679</b>
<b>REPRESENTED BY</b>													
<b>CAPITAL EXPENDITURES</b>													
• Fixed Assets	8	1,296	-	-	694	585	11	-	-	-	-	17	1,426
• Civil Works Completed	9	1,170,103	-	116,892	28,944	842,820	14,429	-	181,447	3,052	-	-	1,170,102
• Capital Work in Progress	10	1,155,474	-	-	-	-	277,262	831,788	13,953	4,798	41,626	694	624,364
• Consultancy	11	515,893	-	41,150	-	474,743	7,986	-	-	-	-	-	501,321
• Other Development Expenditures	12	119,000	-	5,430	17,076	38,833	663	-	28,115	317	7,752	21,794	66,615
		<b>2,961,766</b>	<b>-</b>	<b>163,472</b>	<b>46,714</b>	<b>1,356,981</b>	<b>23,089</b>	<b>277,262</b>	<b>1,041,350</b>	<b>17,322</b>	<b>12,550</b>	<b>63,437</b>	<b>2,363,828</b>

*H. Khan*

(Figures in thousand)

2006													2005	
Note	Through P.C. Sindh						GOP Share			GOS Share			Total	
	TOTAL	GOS Grant	GOP Share	GOS Share	IDA Share	US\$								
	Rs.	Rs.	Rs.	Rs.	Rs.	US\$		Rs.	Rs.		US\$	Rs.		Rs.
CURRENT ASSETS														
• Advances, Prepayments & Other Receivables	13	10,104	-	5,191	1,894	144	3	-	-	-	260	2,615	43	5,267
• Bank and Cash Balances	14	12,954	330	642	1,212	-	-	-	29	-	9,345	1,406	24	20,904
Total Current Assets		23,058	330	5,833	3,106	144	3	-	29	-	9,605	4,021	67	26,171
LESS: CURRENT LIABILITIES														
• Creditors, accrued and other liabilities	15	202,503	330	28,207	7,750	5,525	108	33,000	115,206	1,924	4,704	7,781	129	291,739
NET CURRENT ASSETS/(LIABILITIES)		(179,445)	-	(22,374)	(4,644)	(5,381)	(105)	(33,000)	(115,177)	(1,924)	4,901	(3,760)	(62)	(265,568)
CONTINGENCIES AND COMMITMENTS														
16		-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS		2,782,331	-	141,098	42,070	1,351,600	22,984	244,262	926,173	15,398	17,451	59,677	992	2,098,260

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

General Manager (Finance)  
(SIDA)

Managing Director  
(SIDA)

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**SINDH IRRIGATION & DRAINAGE AUTHORITY  
RECEIPTS & PAYMENTS ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2006**

(Figures in Thousand)

	Note	2006 Rs.	2005 Rs.
<b><u>RECEIPTS</u></b>			
Opening Balance of Grant		357	302
Grant from Government of Sindh (For Expenditure)	17	5,990	5,064
Grant from Government of Sindh for the payment of G.P. Fund & pension		-	186
		<u>6,347</u>	<u>5,552</u>
<b><u>PAYMENTS</u></b>			
Salaries & Allowances		4,165	3,700
Telephone & Postage		121	293
Travelling & Conveyance		357	115
Electricity, Water and Gas		427	426
Vehicle Expenses		576	279
Printing and Stationery		32	94
Courier Charges		117	22
Newspaper & Periodical		17	30
Leave Encashment		88	-
Income Tax		3	15
Repairs & Maintenance		10	-
Payment of G.P. Fund & Pension		-	186
Miscellaneous Expenses		<u>104</u>	<u>35</u>
		<u>6,017</u>	<u>5,195</u>
Balance of Grant Carried to Balance Sheet	15	<u>330</u>	<u>357</u>

The annexed notes form an integral part of these accounts.

General Manager (Finance)  
(SIDA)

Managing Director  
(SIDA)

*H. Khan*

**SINDH IRRIGATION & DRAINAGE AUTHORITY**  
**STATEMENT OF SOURCES AND USES OF FUNDS**  
**AS AT JUNE 30, 2006**

(Figures in thousand)

	2006												2005
	Through P.C. Sindh						GOP Share	ADB Share		GOS Share	IDA Share		2005 Total
	TOTAL	GOS Grant	GOP Share	GOS Share	IDA Share								
	Rs.	Rs.	Rs.	Rs.	Rs.	US\$	Rs.	Rs.	US\$	Rs.	Rs.	US\$	Rs.
<b>FUNDING &amp; GRANT</b>													
• International Development Association (IDA)	1,351,600	-	-	-	1,351,600	22,984	-	-	-	-	-	-	1,351,181
• International Development Association (IDA)	59,352	-	-	-	-	-	-	-	-	-	59,352	992	29,713
• Asian Development Bank													
• SOE Procedures (Including Advance)	172,542	-	-	-	-	-	-	172,542	2,917	-	-	-	172,542
• Direct Payments	743,662	-	-	-	-	-	-	743,662	12,481	-	-	-	280,621
• Government of Pakistan	385,360	-	141,098	-	-	-	244,262	-	-	-	-	-	228,017
• Government of Sindh	59,521	-	-	42,070	-	-	-	-	-	17,451	-	-	33,031
Grant from Government of Sindh	5,990	5,990	-	-	-	-	-	-	-	-	-	-	5,064
Exchange Variation (\$/Rs.)	10,294	-	-	-	-	-	-	9,969	-	-	325	-	3,155
<b>TOTAL FUNDING</b>	<b>2,788,321</b>	<b>5,990</b>	<b>141,098</b>	<b>42,070</b>	<b>1,351,600</b>	<b>22,984</b>	<b>244,262</b>	<b>926,173</b>	<b>15,398</b>	<b>17,451</b>	<b>59,677</b>	<b>992</b>	<b>2,103,324</b>

*H. Khan*

(Figures in thousand)

# AUTHORITY EXPENDITURES

## Investment Projects

- Civil Works
- Incremental Staff & Operating Costs

TOTAL	GOS Grant	2006 Through P.C. Sindh				GOP Share	ADB Share		GOS Share	IDA Share		2005 Total
		GOP Share	GOS Share	IDA Share	US\$		Rs.	US\$		Rs.	US\$	
Rs.	Rs.	Rs.	Rs.	Rs.	US\$	Rs.	Rs.	US\$	Rs.	Rs.	US\$	Rs.
1,149,747	-	103,916	27,089	837,295	14,322	-	181,447	3,052	-	-	-	1,149,249
6,306	-	689	-	5,617	96	-	181,447	3,052	-	-	-	6,306
1,156,053	-	104,605	27,089	842,912	14,418	-	181,447	3,052	-	-	-	1,155,555

## Institutional Reforms

- Equipments
- Consultancy
- Establishment of SIDA
- Incremental Staff & Operating Costs

2,737	-	-	1,261	1,476	25	-	-	-	-	-	-	2,492
504,921	-	28,378	1,800	474,743	7,986	-	-	-	-	-	-	501,321
5,660	5,660	-	-	-	-	-	-	-	-	-	-	4,707
49,814	-	4,082	10,614	32,325	552	-	2,793	47	-	-	-	40,457
563,132	5,660	32,460	13,675	508,544	8,563	-	2,793	47	-	-	-	548,977

## Sind Onfarm Water Management

- Civil Works
- Civil Works (Advances)
- Fixed Assets
- Incremental Staff & Operating Costs

37,542	-	-	-	-	-	-	-	-	3,137	34,405	574	5,325
2,875	-	-	-	-	-	-	-	-	260	2,615	43	1,732
20	-	-	-	-	-	-	-	-	-	20	-	-
25,643	-	-	-	-	-	-	-	-	4,709	20,934	351	6,772
66,080	-	-	-	-	-	-	-	-	8,106	57,974	968	13,829

## Second Flood Protection

- Civil Works
- Incremental Staff & Operating Costs

977,046	-	-	-	-	-	244,262	732,784	12,299	-	-	-	359,657
-	-	-	-	-	-	244,262	732,784	12,299	-	-	-	-
977,046	-	-	-	-	-	244,262	732,784	12,299	-	-	-	359,657

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(Figures in thousand)

	2006												2005
	TOTAL	GOS Grant	Through P.C. Sindh			US\$	GOP Share			GOS Share			2005 Total
			GOP Share	GOS Share	IDA Share			ADB Share			IDA Share		
	Rs.	Rs.	Rs.	Rs.	Rs.	US\$	Rs.	Rs.	US\$	Rs.	Rs.	US\$	Rs.
Advances from NDP (P.C. Sindh)	-						-	-	-	-	-	-	(1,000)
Funds from NDP (H.O)	-						-	-	-	-	-	-	(353)
Advances & other Receivables	3,629	-	3,391	94	144	3	-	-	-	-	-	-	3,535
Exchange Variation (\$/Rs.)	9,417	-	-	-	-	-	-	9,120	-	-	297	-	2,220
<b>TOTAL AUTHORITY EXPENDITURES</b>	<b>2,775,357</b>	<b>5,660</b>	<b>140,456</b>	<b>40,858</b>	<b>1,351,600</b>	<b>22,984</b>	<b>244,262</b>	<b>926,144</b>	<b>15,398</b>	<b>8,106</b>	<b>58,271</b>	<b>968</b>	<b>2,082,420</b>
<b>CASH &amp; BANK BALANCES</b>	<b>12,964</b>	<b>330</b>	<b>642</b>	<b>1,212</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29</b>	<b>-</b>	<b>9,345</b>	<b>1,406</b>	<b>24</b>	<b>20,904</b>

General Manager (Finance)  
(SIDA)

Managing Director  
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