

INDEPENDENT AUDITOR'S REPORT

TO:

Fuel and Liquid Gas Enterprise (FLGE)

We were engaged to audit the accompanying financial statements of **Fuel and Liquid Gas Enterprise** (here-in-after referred to as "**FLGE**"), which comprise the balance sheet as at Hoot 29, 1382 (March 19, 2004) and the related income statement for the year then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs). This responsibility includes: designing, implementing and maintaining internal control relevant to preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Because of the matters described in the Basis for Disclaimer of Opinion Paragraph below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion:

- (1) The accompanying financial statements do not include these components: (a). cash flow statement, (b) statement of changes in equity and (c). Notes, comprising a summary of significant accounting policies and other explanatory information. These components are required by the International Accounting Standard 1 *Presentation of Financial Statements* to enable the readers of the financial statements to understand the cash flows, investment introduced by the owners and its utilization by FLGE and the impact of different financial transactions on the financial statements. Moreover comparative figures for the previous year are not presented in the accompanying financial statements.
- (2) In the consolidated and individual trial balances and in the consolidated ledgers, opening balances for each head of account were not presented separately but were included in

the activity balances for the year. From the trial balances and ledgers we were unable to ascertain opening balances and verify the amount of activity under each head of account during the year under audit.

- (3)** According to the management of FLGE, all fixed assets have been included in the accompanying financial statements on the basis of valuation of fixed assets carried out in the year 1376. We have not been provided with a copy of the Valuation Report to ascertain the validity of the balances appearing in the accompanying balance sheet on account of fixed assets.
- (4)** Fixed assets appearing in the accompanying financial statements were amounting to Afghanis 292,437,073/- while in the schedule provided by management and in the ledger, fixed assets were amounting to Afghanis 294,210,073/-. No reasonable explanations were provided for the difference in fixed assets.
- (5)** Fixed assets register has not been maintained to enable us to ascertain the ownership, custody and control, and existence of the assets appearing in the accompanying financial statements.
- (6)** In the schedule provided by management and in the balance sheet for the year 1381, fixed assets were amounted to Afghanis 265,345,555/- while in the schedule provided for the year 1382, opening balances of fixed assets were amounted to Afghanis 264,984,207/-. No explanation was provided for the said difference.
- (7)** Deletion from fixed assets appearing in the schedule provided by the management of FLGE is Afghanis. 7,616,947/- while in the ledger it is Afghanis. 655,243/-. No explanation was provided for the said difference.
- (8)** As per management's assertion and financial statements, fixed assets were recorded at historical cost with accumulated depreciation for those assets. While in the trial balance of FLGE Head Office, there was no accumulated depreciation balance and only depreciation expense for the year was recorded.
- (9)** In the trial balance of FLGE Head Office, building component of fixed assets under account code 01-1-1, was having credit opening balance amounting to Afghanis.95,624/- without any addition or deletion during the year and the same closing balance. While, in the schedule provided by management opening balance of building was amounting to Afghanis 3,655,925/- with deletion during the year of Afghanis 95,642/- and closing balance amounting to Afghanis 3,560,301/-. We were not provided with any explanation for these differences.

- (10) In case of FLGE branch office Heiratan, differences were observed between year end balances of some components of fixed assets as given in consolidated schedule provided by management at FLGE Head Office and individual trial balance and ledger of FLGE branch office Heiratan. Relevant details are given below:

Sr. #	Name of Asset	Balance as per Schedule provided (Afghanis) (1)	Balance as per trial balance (Afghanis) (2)	Difference (Afghanis) (1) – (2)
1	Tankers	106,540,000	10,540,000	96,000,000
2	Machinery	2,056,000	1,056,000	1,000,000

No reasonable explanations were provided for the differences in fixed assets.

- (11) Additions / deletions during the year in some components of fixed assets as per individual trial balance of FLGE branch office Heiratan were different from that of the schedule provided by management at FLGE Head Office. Details are given below:

Sr. #	Name of Asset	Addition/(Deletion) as per Schedule provided by H.O. (Afghanis) (1)	Addition/(Deletion) as per trial balance (Afghanis) (2)	Difference (Afghanis) (1) - (2)
1	Buildings	(1,425,368)	-	(1,425,368)
2	Machinery	1,506,000	506,000	1,000,000

- (12) Opening and Closing balances of some components of fixed assets appearing in the ledgers were different from that shown in the fixed assets schedule provided by management at FLGE branch office Herat. Relevant details are given below:

Description	Opening Balance (Afghanis)			Closing Balance (Afghanis)		
	As per Ledger	As per Schedule	Difference	As per Ledger	As per Schedule	Difference
Store Buildings	190,000	946	189,054	3,013,411	302,192	2,711,219
Storage Tanks	9,038,118	-	9,038,118	18,686,944	4,757,388	13,929,556

No reasonable explanations were provided for the differences in fixed assets.

- (13) In FLGE branch office Herat, tankers (account code 027) used for storage amounting to Afghanis 2,368,052/-, were purchased by Mr. Ahmad Zada (agent of FLGE Herat Office) through voucher # 10661, dated 20/04/83 against advance issued to him. Advance against Mr. Ahmad Zada account has been credited but Tankers has not been added to Fixed Assets.
- (14) As per the requirements of International Accounting Standard (IAS) 16 (Property, Plant and Equipment), depreciation should be provided on consistent basis from year to year so as to spread the cost of assets over its useful life and the benefits derived. We were not provided with the policy, rates of depreciation and the working of opening balance of Accumulated depreciation amounting to Afghanis. 5,019,228/- and Depreciation expense for the year amounting to Afghanis. 23,191,170/-
- (15) In the consolidated ledger, for the following provincial offices, Accumulated depreciation was not available while in the schedules provided by the management of FLGE, there were balances for fixed assets in these provinces.
- (a). FLGE Nangarhar
 - (b). FLGE Pul-e-Khumeri
 - (c). FLGE Paktia
 - (d). FLGE Paktika
 - (e). FLGE Head Office Gas

Furthermore, depreciation expense for the year 1382 was available only for the following provinces while in the schedule for fixed assets provided by management there are fifteen (15) provincial and other offices having movement and balances for fixed assets:

- (a). FLGE Khandahar
- (b). FLGE Sher Khan Bander
- (c). FLGE Pul-e-Khumri
- (d). FLGE Parwan
- (e). FLGE Takhar
- (f). FLGE Balkh
- (g). FLGE Herat
- (h). FLGE Heiratan
- (i). FLGE Kabul Branch

Moreover, depreciation expense appearing in the accompanying profit and loss account is amounting to Afghanis 23,191,170/- while in the ledger it is amounting to Afghanis 23,405,054/-. Details are given below:

Sr. #	Name of Province	Depreciation Expense (Afghanis.)
1.	FLGE Khandahar	719,250
2.	FLGE Sher Khan Bander	207,224
3.	FLGE Pul-e-Khumri	6,660
4.	FLGE Parwan	161,976
5.	FLGE Takhar	161,948
6.	FLGE Balkh	76,931
7.	FLGE Herat	7,833,096
8.	FLGE Heiratan	14,108,316
9.	FLGE Kabul Branch	129,653
Total		23,405,054

No reasonable explanations were provided for the difference in fixed assets.

- (16) In the trial balance of FLGE Kabul branch office, depreciation amounting to Afghanis 29/- has been charged on freehold land, the cost of which is amounting to Afghanis 1,459/-
- (17) As per general practice at FLGE, management assertion and from the inclusion of accumulated depreciation in the consolidated balance sheet it was evident that fixed assets were valued at historical cost, while in the trial balance of FLGE branch office Heiratan, depreciation expense for the current year was taken as accumulated depreciation and no accumulated depreciation relating to previous years was accounted for and presented.
- (18) We were not provided with the stock register. Furthermore, we were not provided with physical stock take report as at Hoot 29, 1382. In the absence of stock register, showing balances as at Hamal 01, 1382, stock received and issued during the year and balance as at Hoot 29, 1382, we were unable to verify stock balance amounting to Afghanis. 255,405,023/- appearing in the accompanying financial statements.

Stock balance appearing in the accompanying financial statements was amounting to Afghanis 255,405,023/- while in the consolidated trial balance it was Afghanis 249,219,515/-.

Moreover, as per stock schedule provided by management at FLGE Head Office total stock issued or reduction in stocks during the year was amounting to Afghanis

4,562,246,742/- while in the consolidated ledger it was amounting to Afghanis 4,700,144,756/-. We were not provided with any explanation for these differences.

- (19) In FLGE Kabul branch office, the balances for stocks shown as opening balances for the year 1382 were different from the closing stock balances for the year ended 1381. Relevant details are given below:

Sr. #	Particulars	Stock Balance as at Hoot 29, 1381 (Afghanis) (1)	Stock Balance as at Hamal 01, 1382 (Afghanis) (2)	Difference (Afghanis) (2)-(1)
1	Petrol	17,736	175,882	158,146
2	Diesel	219,345	688,935	469,590
3	Lubricants	4,680,702	-	(4,680,702)
4	Barrels	29,500	-	(29,500)

No reasonable explanations were provided for the differences in stock balances.

- (20) In FLGE Kabul branch office, closing stock balances for the year 1382 as shown in the trial balance and ledgers were different from those in the schedule provided by management. Details are as follows:

Sr. #	Particulars	Closing stock as per Trial Balance (Afghanis) (1)	Closing stock as per Stock Report (Afghanis) (2)	Difference (Afghanis) (1)-(2)
1	Petrol	24,449,200	11,869,404	12,579,796
2	Diesel	165,251,736	111,760,184	53,491,552
3	Kerosene Oil	7,952,967	16,504,047	(8,551,080)
4	Lubricants	696,250	-	696,250
5	Super Benzene	97,500	472,660	(375,160)
6	Barrels	2,070	-	2,070

No reasonable explanations were provided for the differences in stock balances.

- (21) In case of FLGE Heiratan, stock appearing in the trial balance is held for third parties and FLGE has no ownership of that stock. This stock is valued at Afghani 1/kg and a liability has been created equal to the stock held. This practice has inflated assets and liabilities. Furthermore, in case of such stock, stock held for third parties were amounted to Afghanis 10,069,264/- while payables created against stocks were amounted to Afghanis

22,450,358/. Moreover we were not provided with any documentary evidence to support the basis for valuation of stock at Afghani 1/Kg.

- (22) Bank balance appearing in the accompanying financial statements is amounting to Afghanis 436,796,084/- while in the schedule provided it is amounting to Afghanis 433,788,144/- for which we have not been provided any explanation.

Sr. #	Name of FLGE Office	Bank Balance as per Schedule provided (Afghanis)
1	Paktia	300,683
2	Takhar	474
3	Balkh	11,920,606
4	Herat	55,062,557
5	Heiratan	11,395,686
6	Parwan	49,449
7	Sher Khan Bander	283,127
8	Pul-e-Khumri	266,239
9	Liquid Gas H.O. Office	280,316
10	Nangarhar	23,507,378
11	Khost	901,640
12	Paktika	5,875
13	Kandahar	88,123,087
14	Kabul Branch	142,333,473
15	Head Office	99,357,594
Total		433,788,184

- (23) Bank balance as per schedule provided by management is different from that of balances as per individual trial balances. Details are given below:

Sr. #	Name of FLGE Office	Bank Balance as per Schedule provided (Afghanis) (1)	Bank Balance as per Trial Balance (Afghanis) (2)	Difference (Afghanis) (2) – (1)
1	Paktia	300,683	140,433	(160,250)
2	Balkh	11,920,606	11,204,233	(716,373)
3	Herat	55,062,557	55,072,382	9,825

Sr. #	Name of FLGE Office	Bank Balance as per Schedule provided (Afghanis) (1)	Bank Balance as per Trial Balance (Afghanis) (2)	Difference (Afghanis) (2) – (1)
4	Parwan	49,449	94,449	45,000
5	Pul-e-Khumri	266,239	999,508	733,269
6	Kabul Branch	142,333,473	124,646,140	(17,687,333)
7	Head Office	99,357,594	72,269,428	(27,088,166)

- (24) Opening bank balance for the year 1382, which is closing balance for the year 1381, is presented differently in two schedules provided by management at FLGE Head Office. Balances as per two schedules are shown below:

Sr. #	Name of FLGE Office	Closing Bank Balance for 1381 as per Schedule provided (Afghanis) (1)	Opening Bank Balance for 1382 as per Schedule provided (Afghanis) (2)	Difference (Afghanis) (1)– (2)
1	Paktia	229,302	563,715	(334,413)
2	Balkh	14,174,459	17,137,359	(2,962,900)
3	Herat	(80,799,908)	-	(80,799,908)
4	Paktika	563,715	229,302	334,413
5	Kandahar	115,640,122	116,485,122	(845,000)

We were not provided with any explanation for these differences.

- (25) In the accompanying financial statements bank balance in currencies other than Afghanis was amounting to Afghanis 59,089,080/- while in the consolidated trial balance it was Afghanis 44,811,330/-. No explanation was provided for the said difference.
- (26) Confirmation letters were circulated to all banks as per list provided by management at FLGE Head Office. We have received response for balances amounting to Afghanis 181,141,691/- which is 41.47% of total bank balance of Afghanis 436,796,084/-.
- (27) We were not provided with details or bank documents for Letter of Credit (LoC) amounting to Afghanis.90,394,432/- opened with Da Afghanistan Bank (DAB).
- (28) In FLGE branch office Heiratan, we were not provided with bank statements for bank account # 177901, Da Afghanistan Bank (DAB), Mazar-e-Sharif, and bank account #

111007, Da Afghanistan Bank (DAB), Samangan so as to verify bank balances appearing in the trial balance. Moreover bank reconciliation statements for bank account # 96055, Da Afghanistan Bank (DAB), Heiratan and bank account # 177901, Da Afghanistan Bank (DAB), Mazar-e-Sharif were also not provided to justify differences between bank balances as per bank books and bank statements. Relevant details of the differences are given below:

Bank Particulars	Bank Balance as per Bank Book (Afghanis) (1)	Bank Balance as per Bank Statement (Afghanis) (2)	Difference (Afghanis) (1)-(2)
Da Afghanistan Bank (DAB) AC # 96055 (Heiratan)	8,249,199	604,136	7,645,063
Da Afghanistan Bank (DAB) AC #177901 (Mazar-e-Sharif)	2,689,406	67,651	2,621,755

(29) In FLGE branch office Herat, we were not provided with bank statements for US Dollar bank account # 50004, Da Afghanistan Bank (DAB), Herat, and bank account in Afghanis Account # 80050, Da Afghanistan Bank (DAB), Shindand so as to verify bank balances appearing in the trial balance. Moreover bank reconciliation statements for bank account # 200072, Da Afghanistan Bank (DAB), Herat and bank account # 200073, Da Afghanistan Bank (DAB), Herat were also not provided to justify differences between bank balances as per bank books and bank statements. Relevant details of the differences are given below:

Sr. #	Bank Particulars	Bank Balance as per Bank Book (Afghanis) (1)	Bank Balance as per Bank Statement (Afghanis) (2)	Difference (Afghanis) (1)-(2)
1	Da Afghanistan Bank (DAB) A/C # 200072, Heart	55,619,027	129,989,652	(74,370,625)
2	Da Afghanistan Bank (DAB) A/C # 200073, Herat	(629,250)	3,575,298	(4,204,548)
Total				(78,575,173)

(30) We were not provided with the detailed calculation of balance amounting to Afghanis. 108,548,522/- appearing in the accompanying financial statements on account of exchange differences. Moreover, in the consolidated trial balance this balance was amounted to Afghanis 122,826,272/-.

- (31) We were not provided with the list of debtors along with opening balances, activities during the year under audit and the closing balances amounting to Afghanis. 122,808,259/-, Afghanis 26,039,141/-, and Afghanis. 88,865,856/- appearing on the face of the accompanying balance sheet.
- (32) As per general practice at FLGE loss of stock during carriage should be accounted for as receivable from driver. During audit it was observed that in the trial balance of FLGE head office, loss of stock (account code 61-1) during carriage amounting to Afghanis 1,982,458/- was shown in the ledger as liability instead of receivables from drivers.
- (33) We were not able to verify doubtful receivables amounting to Afghanis. 12,539,671/- as we were not provided with the basis on which bad and doubtful receivables were calculated and accounted for.
- (34) After consolidation, inter-office balances should be netted off and the resultant balance should be Nil, while in the accompanying balance sheet there is a balance of Afghanis.295,336,467/- under the head of inter-office accounts. We were not provided with any explanation by the management to justify this inter-office balance. Furthermore, we were not provided with any calculation or other details regarding opening balances and activities during the year under audit.
- (35) In the inter office balances, debit balance of one office should be equal to credit balance of other office. In case of FLGE Kabul branch office, in the following instances there were differences in the inter office balances and no inter office reconciliation was prepared and provided. Details are:

Particulars	Kabul Branch Office		Other Offices	
	Debit (Afghanis)	Credit (Afghanis)	Debit (Afghanis)	Credit (Afghanis)
Balance of Kabul branch and Head Office	115,967,807	396,275,860	178,355,551	36,656,045
Balance of Kabul branch and Kandahar	3,047,135	3,047,135	14,692,056	-
Balance of Kabul branch and Herat	16,473,874	16,473,874	3,557,573	-
Balance of Kabul branch and Heiratan	366,860,379	366,860,379	17,755	17,755
Balance of Kabul branch and Parwan	677,103	677,103	12,230	12,230
Balance of Kabul branch and Tankari	380,972	380,972	-	-

Particulars	Kabul Branch Office		Other Offices	
	Debit (Afghanis)	Credit (Afghanis)	Debit (Afghanis)	Credit (Afghanis)
Balance of Kabul branch and Pul-e- Khumri	500	500	-	2,000

In case of FLGE branch office Heiratan, in the following instances there were differences in the inter office balances and no inter office reconciliation was prepared and provided.

Bank Particulars	Heiratan Branch Office		Other Offices	
	Debit (Afghanis)	Credit (Afghanis)	Debit (Afghanis)	Credit (Afghanis)
Inter office balance of Heiratan branch office and Head office	2,894,615	18,353	293,208,627	371,611,311
Inter office balance of Heiratan branch and Kabul branch	366,674,516	146,461,599	366,860,379	366,860,379
Inter office balance of Heiratan branch and Liquid Gas H.O.	963,547	963,547	581,850	581,850

- (36) We were not provided with the basis on which provision for Obsolete Assets amounting to Afghanis. 44,500,132/- has been created.
- (37) We were not provided with the nature, breakup, calculation and other details of Accumulated Loss amounting to Afghanis. 329,070,152/- appearing in the accompanying balance sheet.
- (38) Capital Fund amounting to Afghanis.264,226,787/- is net effect of fixed assets amounting to Afghanis 292,437,073/- and accumulated depreciation amounting to Afghanis 28,210,286/-. In the absence of fixed assets valuation report, we were unable to verify amounts for fixed assets, accumulated depreciation and the resulting capital fund. Moreover accumulated depreciation and depreciation expense for the year have not been calculated on the basis of uniform rates and for all the provinces.
- (39) As per management's assertion Capital account appearing in the trial balance of FLGE branch office Heiratan, amounting to Afghanis 153,315,222/- was on the basis of fixed assets valuation carried out in the year 1381 but we were not provided with a copy of the said report.

- (40) We were not provided with the details in respect of Working Capital amounting to Afghanis.7,880,791/- with respect to its opening balance, addition/deletion during the year under audit and closing balance and basis used in valuation including engineer report and other documentary evidences.
- (41) We have not been provided with the list of persons/parties from whom securities have been kept along with their opening balances, activities during the year under review and closing balances amounting to Afghanis.339,189/- and Afghanis.9,197,255/- appearing on the face of the accompanying balance sheet with total of Afghanis. 9,536,444.
- (42) We were unable to verify Afghanis.47,734,692/- appearing on the face of the accompanying balance sheet on account of Accounts in Transit as no details was provided.
- (43) No details regarding imposition of income and other taxes on periodical basis, their payment to government treasury and their closing balances payable (if any) are provided. Similarly, no details in respect of deduction of withholding taxes from salaries, contractors etc, their payment into government treasury and their closing balances payable (if any) are provided.
- (44) We were not provided with employee wise details of total deduction of Pension for the year, amount transferred to Pension fund, payments to employees and balance payable (if any) at the end of the year.
- (45) We were not provided with the list of contractees, creditors and other third parties along with their opening balances, activities during the year under audit and their closing balances amounting to Afghanis.62,265,631/-, Afghanis.310,733,838/- and Afghanis.371,538,570/-appearing on the face of the accompanying balance sheet.
- (46) We were not provided with any details or explanation for balance amounting to Afghanis 46,897,252/- appearing in the trial balance of FLGE branch office Heiratan, under account head of “unascertained liabilities”.
- (47) We were unable to verify doubtful payables amounting to Afghanis. 16,314,061/- as we were not provided with the basis on which bad and doubtful payables were calculated and accounted for.
- (48) We were not provided with the details and breakup of Fund payable along with their opening balances, activities during the year under audit and closing balances amounting to Afghanis.91,378,375/-.
- (49) We were not provided with rate, nature, calculation, breakup, details along with opening balances, activities during the year and closing balances of Payable to Government amounting to Afghanis.473,804,419/-.

(50) Revenues appearing on the face of the accompanying Profit and Loss Account was amounting to Afghanis. 545,663,651/- while sum of the individual trial balances on account of revenue was amounting to Afghanis. 741,625,097/- and in the consolidated ledger it is Afghanis. 998,353,593/-. Relevant details are given below:

Sr. #	Name of FLGE Office	Debit Balance as per Trial Balances (Afghanis) (1)	Credit Balance as per Trial Balances (Afghanis) (2)	Net Balance as per Trial Balances (Afghanis) (2)- (1)
1	Takhar	-	784,608	784,608
2	Balkh	48,607	3,128,233	3,079,626
3	Herat	1,737,584	144,041,803	142,304,219
4	Heiratan	141,793,101	336,042,054	194,248,953
5	Parwan	-	1,405,787	1,405,787
6	Sher Khan Bander	20,871	4,317,288	4,296,417
7	Pul-e-Khumri	-	3,736,257	3,736,257
8	Liquid Gas H.O.	581,850	2,764,118	2,182,268
9	Nangarhar		26,782,605	26,782,605
10	Khost		2,661,746	2,661,746
11	Paktika		708,838	708,838
12	Kandahar		28,762,993	28,762,993
13	Kabul Branch	6,083,145	335,443,925	329,360,780
14	Head Office	-	1,310,100	1,310,100
Total		150,265,158	891,890,355	741,625,197

Furthermore, no explanation regarding debit balance amounting to Afghanis 150,580,255/- which is 16.84% of the credit balances was provided.

Sr. #	Name of FLGE Office	Debit Balance as per Consolidated Ledger (Afghanis) (1)	Credit Balance as per Consolidated Ledger (Afghanis) (2)	Net Balance as per Consolidated Ledger (Afghanis) (2)- (1)
1	Takhar	-	784,608	784,608
2	Balkh	48,607	3,128,233	3,079,626
3	Heart	1,505,684,558	2,101,944,478	596,259,920

Sr. #	Name of FLGE Office	Debit Balance as per Consolidated Ledger (Afghanis) (1)	Credit Balance as per Consolidated Ledger (Afghanis) (2)	Net Balance as per Consolidated Ledger (Afghanis) (2)- (1)
4	Heiratan	141,793,101	336,042,054	194,248,953
5	Parwan	-	1,405,787	1,405,787
6	Sher Khan Bander	20,871	4,317,288	4,296,417
7	Pul-e-Khumri	-	3,736,257	3,736,257
8	Paktia	-	1,622,988	1,622,988
9	Liquid Gas H.O.	581,850	2,764,118	2,182,268
10	Nangarhar	-	26,782,605	26,782,605
11	Khost	-	2,261,746	2,261,746
12	Paktika	-	708,838	708,838
13	Kandahar	-	28,762,993	28,762,993
14	Kabul Branch	736,345	131,646,932	130,910,587
15	Head Office	-	1,310,000	1,310,000
Total		1,648,865,332	2,647,218,925	998,353,593

Furthermore, no explanation regarding debit balance amounting to Afghanis 1,648,865,332/- which is 62.32% of credit balance was provided.

- (51) We were not provided with the details of revenue amounting to Afghanis.1,310,100/- related to FLGE Head Office appearing in the ledger.
- (52) FLGE branch office Heiratan charges Afghanis 0.20/- per liter from all Commission Agents (Petrol Pumps) as revenue. We were provided with the list of Commission Agents (Petrol Pumps) but details of sales made by each were not provided.
- (53) In FLGE branch office Herat, Sales figures arrived at by using average rates provided by management were different from those arrived at by using average rates calculated by auditors from unapproved rates list. Relevant details are given below:

Sr. #	Particulars	Stock (Liters)	Sales Dept		Rate List		Difference (Afghanis) (1)-(2)
			Av. Rate	Sales (Afghanis) (1)	Av. Rate	Sales (Afghanis) (2)	
1	Petrol	4,997,733	13.22	66,070,030	13.6	67,969,169	(1,899,139)

Sr. #	Particulars	Stock (Liters)	Sales Dept		Rate List		Difference (Afghanis) (1)-(2)
			Av. Rate	Sales (Afghanis) (1)	Av. Rate	Sales (Afghanis) (2)	
2	Diesel	17,552,991	12.86	225,731,464	12.5	219,412,388	6,319,076
3	Kerosene Oil	4,752,163	11.99	56,978,434	11.25	53,461,834	3,516,600
Total		27,302,887		348,779,928		340,843,391	7,936,537

Moreover for the following items we were not provided with any rate list whether approved or otherwise so as to verify their sale against respective stocks.

Sr. #	Particulars	Sales as per Trial Balance (Afghanis)
1	Lubricants	81,621
2	T1 Oil	42,949,488
3	Liquid Gas	56,357,085
4	Furnace Oil	3,687,150
Total		103,075,344

(54) In FLGE branch office Herat, we were not provided with any reasonable explanation or justification for presenting in the trial balance, commission income amounting to Afghanis 93,923,621/-, as liability instead of income. Moreover except mixed ledgers, no agreement, office order, commission rate, stocks sold and calculation of total income were provided to us to support this balance.

Sr. #	Particulars	Account Code	Amount (Afghanis)
1	Commission Income – Diesel	14102	48,560,627
2	Commission Income – Petrol	14118	21,353,056
3	Commission Income - Kerosene Oil	14122	14,273,266
4	Commission Income - Liquid Gas	14135	9,736,672
Total			93,923,621

(55) Salaries, wages, overtime and food expenses calculated from monthly salary sheets were different from balances appearing in the ledgers. Relevant details of such differences are as under:

Sr. #	Expense Head	Account Code	Balance as per Ledger (Afghanis)	Balance as per Salary Sheet (Afghanis)	Difference (Afghanis)
1.	Salaries	32-1-007	3,661,316	146,721	3,514,595
2.	Wages	32-1-007-1	2,525,534	165,787	2,359,747
3.	Overtime	32-1-008	652,793	52,710	600,083
4.	Food	32-1-011	10,954,324	10,340,224	614,100
TOTAL			17,793,967	10,705,442	7,088,525

(56) In FLGE branch office Herat, in certain cases there were two or more opening balances mentioned on ledgers. Some of the instances are as under.

Sr. #	Name	Ledger Code	No. of Balances	Balance as on Hamal 01,1382	Balance as on Other Dates
1	Residential Building	002	2	662,443	134,820 (1378)
2	Stores buildings	007	2	473	473 (1379)
3	Storage Tanks	027	2	9,038,118	13,193 (1378)
4	Petrol Pumps	028	2	2,190,591	263 (1378)
5	Office Equipments	036	3	497,738	10,055 (1378) & 1,725 (1377)
6	Petrol Pumps Buildings	008	3	2,218,540	1,128 (1378) & 281,870 (1377)

We were not provided with any justification for the above practice.

(57) During our audit it was observed that in current year's ledger some vouchers were posted with dates of later years. Some of the instances in the ledger of FLGE head office are as under:

Sr. #	Voucher No	Account Code	Amount (Afghanis)	Date As per Ledger
1.	476	32-1-001	2,344	26/08/1384
2.	638	32-1-001	50,690	02/07/1387
3.	704	32-1-001	242,143	08/09/1387
4.	644	32-1-002	40,469	06/07/1387
5.	601	32-1-003	34,369	08/04/1387
6.	690	32-1-005	208,090	11/08/1387

Sr. #	Voucher No	Account Code	Amount (Afghanis)	Date As per Ledger
7.	642	32-1-008	14,406	03/07/1387
8.	584	32-1-015	111,420	22/12/1386

Some of the instances in the ledger of FLGE Kabul branch office are as under:

Sr. #	Particulars	Voucher #	Voucher Date	Ledger Date
1	Water Pumps	1026	01-07-1386	09-02-1386
2	Generators	1085	16-05-1387	26-05-1387
3	Petrol Pumps	0222	23-06-1382	30-01-1386
4	Petrol Pumps	1085	16-05-1387	26-05-1387
5	Spares & Tools	0809	23-12-1382	19-01-1383
6	Transportation Vehicles	1013	31-05-1385	05-02-1386
7	Transportation Vehicles	1012	25-05-1385	05-02-1386
8	Office Equipments	1017	04-06-1386	02-20-1386
9	Office Equipments	1013	31-05-1385	02-02-1386
10	Office Equipments	1018	01-06-1385	02-02-1386
11	Spares Vehicles	1012	25-05-1385	05-02-1386
12	Current Assets	1012	25-05-1385	05-02-1386
13	Current Assets	1017	04-06-1385	05-02-1386
14	Current Assets	1016	01-06-1385	29-02-1386
15	Current Assets	1026	19-12-1385	02-02-1386
16	Current Assets	1017	04-06-1385	02-02-1386
17	Current Assets	1012	25-05-1385	02-02-1386

We were not provided with any justification for the above practice.

(58) In FLGE branch office Heiratan, the following vouchers required by us were not provided.

Details of these vouchers are given below:

Sr. #	Voucher #	Head of Account	Amount (Afghanis)
1	160087	Port services	15,435
2	160104	Port services	283,694
3	160334	Port services	8,271,940
4	160326	Percentage income (super Benzene)	310,713

Disclaimer of Opinion

Because of the significance of matters described in Basis for Disclaimer of Opinion Paragraph above, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements for the year ended Hoot 29, 1382 (March 19, 2004).

KABUL

AVAIS HYDER LIAQUAT NAUMAN

DATE:

CHARTERED ACCOUNTANTS

ENGAGEMENT PARTNER:

AMJAD JAVED TAJIK, FCA

Please refer Balance Sheet as a separate file

Please refer Income Statement as a separate file