



**A. F. FERGUSON & CO.**

The President  
The Pakistan Air Line Pilots' Association  
ST-31, Block-5, Kehkashan  
Clifton  
Karachi

January 15, 2014

A 0503

Dear Sir

**AUDIT OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013**

We refer to a recent telephone conversation you had with our Mr. Osama Moon in relation to the following 'except for' matter appearing in our audit report dated October 30, 2013 rendered on the financial statements of The Pakistan Air Line Pilots' Association (the Association) for the year ended June 30, 2012:

"Details of certain items of operating assets having cost and net book value amounting to Rs 59,276,482 and 38,157,261 as at June 30, 2012 are not available on records in the absence of which we are unable to satisfy ourselves with the related depreciation charge for the year and the closing balance of those assets as at June 30, 2012."

As is evident from the notes to financial statements of the Association for the year ended June 30, 2012 the operating assets amounting to Rs 59,276,482 represent the capital expenditure incurred by the Association since its inception upto June 30, 2012. However, as discussed during the said telephone conversation, the aforementioned 'except for' matter was included in our audit report because of the reason that a fixed assets / operating assets register (showing record of cost, depreciation, etc., on an itemised basis) was not available with the Association as of June 30, 2012 accordingly we were unable to perform the required procedures on the amounts appearing in the balance sheet of the Association as of June 30, 2012 and the related income and expenditure account for the year then ended relating to the operating assets.

However, as we have been given to understand that the new accounting software recently procured by the Association also has a feature to prepare a fixed assets / operating assets register which the management expects to utilise in due course after retrieving accounting records pertaining to the prior years. Accordingly, in case the Association is able to compile records of its operating assets in a manner that a complete audit trail is available for all significant balances and transactions and we are able to satisfy ourselves as to the sufficiency and appropriateness of such records, our report on the financial statements of the Association for the year ended June 30, 2013 (which we shall issue following the completion of the audit procedures) may not contain a reference to this condition as an 'except for' matter.

Yours truly

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