
DIRECTORS' REPORT

Lahore Knowledge Park Company

For the Year Ended June 30, 2017



**Lahore Knowledge
Park Company
Government of Punjab**



**Building a better
working world**

LAHORE KNOWLEDGE PARK COMPANY

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2017**

EY Ford Rhodes
Chartered Accountants
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Lahore Knowledge Park Company** (the Company) as at **30 June 2017** and the related income and expenditure account, statement of comprehensive income, cash flow statement and statement of changes in fund balances 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 income and expenditure 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 account and are further in accordance with accounting policies consistently applied except for changes as stated in note 2.3 of these financial statements, with which we concur;
 - 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, income and expenditure account, cash flow statement and statement of changes in fund balances 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 2017 and of the surplus, comprehensive income, its cash flows and changes in fund balances for the year then ended; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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Other Matters

The financial statements for the year ended 30 June 2016 were audited by another firm of Chartered Accountants whose report dated 28 July 2017 expressed an unmodified opinion with an emphasis of matter paragraph in relation to the Company seeking approval under section 2(36) of the Income Tax Ordinance, 2001.

EY Ford Rhodes

Chartered Accountants
Audit Engagement Partner: Abdullah Fahad Masood
Lahore: 31 January 2018

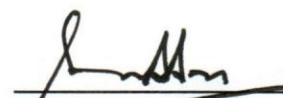
LAHORE KNOWLEDGE PARK COMPANY
BALANCE SHEET
AS AT 30 JUNE 2017

	Note	2017 Rupees	2016 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment	5	71,898,262	79,732,162
Long term deposits	6	2,576,850	1,350,000
		74,475,112	81,082,162
CURRENT ASSETS			
Loans and advances	7	9,286,069	-
Interest accrued		2,953,425	-
Tax refunds due from Government		2,702,631	43,521
Short term investments	8	1,350,000,000	-
Cash and bank balances	9	20,032,476	714,278,226
		1,384,974,601	714,321,747
		1,459,449,713	795,403,909
LIABILITIES			
NON CURRENT LIABILITIES			
Retirement benefits obligation		2,123,000	-
Deferred grant	10	1,416,119,702	769,196,506
		1,418,242,702	769,196,506
CURRENT LIABILITIES			
Trade and other payables	11	11,044,987	26,096,403
Provision for taxation		9,135,441	-
		20,180,428	26,096,403
		1,438,423,130	795,292,909
Contingencies and commitments	12	-	-
NET ASSETS		21,026,583	111,000
Represented by:			
Accumulated surplus		21,026,583	111,000
		21,026,583	111,000

The annexed notes from 1 to 22 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR

LAHORE KNOWLEDGE PARK COMPANY
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2017

	<u>Note</u>	<u>2017</u> <u>Rupees</u>	<u>2016</u> <u>Rupees</u>
INCOME			
Grant related to income recognized	13	144,149,094	19,663,700
Grant related to assets recognized	13	38,129,710	21,315
Interest income	14	29,469,164	-
Other Income	15	581,860	11,000
		212,329,828	19,696,015
EXPENDITURE			
Salaries and benefits		(86,034,314)	(6,496,044)
Administrative and general expenses	16	(63,670,542)	(13,188,971)
Other operating expenses	17	(32,573,948)	-
		(182,278,804)	(19,685,015)
SURPLUS BEFORE TAX		30,051,024	11,000
Taxation		(9,135,441)	-
SURPLUS FOR THE YEAR		20,915,583	11,000

The annexed notes from 1 to 22 form an integral part of these financial statements.

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 CHIEF EXECUTIVE


 DIRECTOR

LAHORE KNOWLEDGE PARK COMPANY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	<u>2017</u> Rupees	<u>2016</u> Rupees
Surplus for the year	20,915,583	11,000
Other comprehensive income	-	-
Total comprehensive income for the year	<u>20,915,583</u>	<u>11,000</u>

The annexed notes from 1 to 22 form an integral part of these financial statements.

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CHIEF EXECUTIVE




DIRECTOR

LAHORE KNOWLEDGE PARK COMPANY
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 Rupees	2016 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus before tax		30,051,024	11,000
Adjustment for non-cash items:			
- Depreciation	5.1	5,555,762	21,315
- Provision for gratuity		2,123,000	-
- Provision for leave encashment		2,303,465	-
- Grant related to income recognized		(144,149,094)	(19,663,700)
- Grant related to assets recognized		(38,129,710)	(21,315)
- Impairment of capital work-in-progress		32,573,948	-
		(139,722,629)	(19,663,700)
Net cash used before changes in working capital		(109,671,605)	(19,652,700)
Effect of working capital changes:			
Increase in loans and advances		(9,286,069)	-
Increase in interest accrued		(2,953,425)	-
Decrease in trade and other payables		(17,021,816)	(9,145,086)
		(29,261,310)	(9,145,086)
Net cash used in operations		(138,932,915)	(28,797,786)
Tax paid		(2,659,110)	(43,521)
Leave encashment paid		(333,065)	-
Net cash used in operating activities		(141,925,090)	(28,841,307)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(25,464,991)	(290,745)
Additions to capital work in progress		(4,830,819)	(61,411,722)
Investment in term deposits		(1,350,000,000)	-
Long term deposits		(1,226,850)	(1,350,000)
Net cash used in investing activities		(1,381,522,660)	(63,052,467)
CASH FLOWS FROM FINANCING ACTIVITIES			
Grant received from Government of Punjab		829,202,000	506,072,000
Net cash generated from financing activities		829,202,000	506,072,000
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(694,245,750)	414,178,226
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		714,278,226	300,100,000
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	9	20,032,476	714,278,226

The annexed notes from 1 to 22 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

LAHORE KNOWLEDGE PARK COMPANY
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED 30 JUNE 2017

	Accumulated Surplus	Total
	----- Rupees -----	
Balances as at 01 July 2015	100,000	100,000
Surplus for the year	11,000	11,000
Other comprehensive income	-	-
	11,000	11,000
Balances as at 30 June 2016	111,000	111,000
Surplus for the year	20,915,583	20,915,583
Other comprehensive income	-	-
	20,915,583	20,915,583
Balances as at 30 June 2017	21,026,583	21,026,583

The annexed notes from 1 to 22 form an integral part of these financial statements.

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CHIEF EXECUTIVE



DIRECTOR

LAHORE KNOWLEDGE PARK COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

1 STATUS AND NATURE OF THE COMPANY

- 1.1 Lahore Knowledge Park Company (the Company), sponsored by Government of the Punjab, was registered in Pakistan on October 24, 2014 as a public company limited by guarantee, and licensed under section 42 of the Companies Ordinance, 1984 (repealed, see below). The registered office of the Company is at 15-Abu Bakar Block, New Garden Town, Main Ferozpur Road, Lahore.
- 1.2 The primary objective of the Company is to develop, maintain, operate and manage knowledge park(s) at places / areas as required by Government of Punjab, to provide state of the art environment for local and foreign universities, research and development institutions and related businesses by inter alia creating clusters of academia, research and business in order to develop synergies between the three for the optimal result.

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 such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984 (repealed), provisions of and directives issued under the Companies Ordinance, 1984 (repealed). In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 (repealed) shall prevail.

The Companies Ordinance, 1984 has been repealed after the enactment of Companies Act, 2017. However, as allowed by the SECP vide its Circular No. 17 dated 20 July 2017 read with related press release, these financial statements have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984. The Company intends to prepare the financial statements for the year ended 30 June 2018 as per Companies Act, 2017.

2.1 Basis of Measurement

These financial statements have been prepared under the historical cost convention except as other wise stated in the respective policies and notes given hereunder.

2.2 Presentation Currency

These financial statements are presented in Pak Rupee, which is the Company's functional currency. Figures have been rounded off to the nearest Rupee, unless otherwise stated.

2.3 New accounting standards, interpretations and amendments applicable to the financial statements for the year ended 30 June 2017

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

New Standards, Interpretations and Amendments

The Company has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

IFRS 10	- Consolidated Financial Statements: Applying the Consolidation Exception (Amendment)
IFRS 11	- Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)
IFRS 12	- Disclosure of Interests in Other Entities: Applying the Consolidation Exception (Amendment)
IAS 1	- Presentation of Financial Statements - Disclosure Initiative (Amendment)
IAS 16	- Property, Plant and Equipment Clarification of Acceptable Method of Depreciation (Amendment)
IAS 16 & 41	- Property, Plant and Equipment and Agriculture - Agriculture: Bearer Plants (Amendment)
IAS 27	- Separate Financial Statements – Investment Entities: Applying the Consolidation Exception (Amendment)
IAS 27	- Separate Financial Statements - Equity Method in Separate Financial Statements (Amendment)
IAS 38	- Intangible assets - Clarification of Acceptable Method of Amortization (Amendment)

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Improvements to Accounting Standards Issued by the IASB in September 2014

IFRS 5	- Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal
IFRS 7	- Financial Instruments: Disclosures - Servicing contracts
IFRS 7	- Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements
IAS 19	- Employee Benefits - Discount rate: regional market issue
IAS 34	- Interim Financial Reporting - Disclosure of information elsewhere in the interim financial report

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any effect on the financial statements.

2.4 Standards, interpretations and amendments to approved accounting standards that are not yet effective for the year ended 30 June 2017

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective Date (annual periods beginning on or after)
IFRS 2 - Share-based payments Classification and Measurement of Share-based Payments Transactions (Amendment)	01 January 2018
IFRS 10 - Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures - Sale of Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IAS 7 - Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	01 January 2017
IAS 12 - Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	01 January 2017
IFRS 4 - Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - (Amendments)	01 January 2018
IAS 40 - Investment Property: Transfers of Investment Property (Amendments)	01 January 2018
IFRS 15 - Revenue from Contracts with Customers	01 July 2018
IFRIC 22 - Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23 - Uncertainty over Income Tax Treatments	01 January 2019

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application except for IFRS 15 for which the Company is assessing the impact.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	IASB effective Date (annual periods beginning on or after)
IFRS 9 - Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 - Regulatory Deferral Accounts	01 January 2016
IFRS 16 - Leases	01 January 2019
IFRS 17 - Insurance Contracts	01 January 2021

The company does not expect any material impact of the application of above standards.

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3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements require 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 are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results 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 estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised.

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets and provision for doubtful receivables. However, assumptions and judgments made by management in the application of accounting policies that have significant affect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

4 SIGNIFICANT ACCOUNTING POLICIES**4.1 Property and equipment**

Property and equipment is stated at cost less accumulated depreciation and any identified impairment loss. Depreciation on property and equipment is charged to the income and expenditure accounts using the straight line method so as to write off the historical cost of an asset over its estimated useful life specified in Note 5.

Depreciation on additions to property and equipment is charged from the month in which the asset is acquired or capitalized, while no depreciation is charged for the month in which the asset is disposed off.

Normal repairs and maintenance are charged to income and expenditure account while major renewals and improvements are capitalized. Gain or loss on disposal of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is taken to income and expenditure account.

4.2 Capital work in progress

These are stated at cost less impairment. It consists of expenditures incurred and in respect of fixed assets in the course of their construction and installation. Transfers are made to relevant property and equipment category as and when assets are available for use.

4.3 Impairment

At each balance sheet date, the carrying amount of assets is reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expenses in the income and expenditure account.

4.4 Investment - Held to maturity

Investments with fixed maturity, where management has both the intent and the ability to hold to maturity, are classified as held-to-maturity and are initially measured at cost, being the fair value of consideration paid.

Subsequently these are measured at amortized cost using the effective yield method. Any premium paid or discount availed on acquisition of held to maturity investments is deferred and included in the income for the period on a straight line basis over the term of investment.

4.5 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet date at the book value which approximates their fair value. For the purpose of cash flow statement, cash and cash equivalents comprises of cash in hand, cash at bank and short term investments having maturity at less than three months from the year end.

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4.6 Staff Retirement Benefit

The Company operates an unfunded gratuity scheme for its employees who have completed the qualifying period as defined under the respective scheme. All permanent employees are entitled for gratuity from the date of joining the organization, provided that they have completed one year of their service with the organization. Provision of the gratuity will be calculated as one month gross salary for each completed year of service on prorated basis.

4.7 Compensated absences

The Company accounts for compensated absences on the basis of un-availed earned leaves balance of each employee at the end of the year.

4.8 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments. All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular measurement methods adopted are disclosed in the individual statements associated with each item.

4.9 Receivables

Receivables are carried at original invoice amount less provision made for the receivables considered doubtful for recovery.

4.10 Offsetting of financial assets and liabilities

Financial assets and liabilities are set off and net amount is reported in the balance sheet if the Company has legal right to set off the transaction and also intends either to settle on net basis or to realize the asset and settle the liability simultaneously.

4.11 Grants

Grants, including the non monetary grants at fair value are recognized when there is reasonable assurance that:

- a) the entity will comply with the conditions attaching to them, if any; and
- b) the grants will be received.

Grants are recognized as income over the period necessary to match them with the related costs which they are intended to compensate on systematic basis. The grant receivable as compensation for expenses or loss already incurred or for the purpose of giving immediate financial support with no future related costs is recognized as income in the period in which it becomes receivable. Grants related to assets, including non monetary grants at fair value are presented in the balance sheet by setting up the grants as deferred income which is recognized as income on systematic and rational basis over the useful life of the asset.

4.12 Taxation

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for the taxation of the income. The charge for the current tax includes adjustments to charges for prior year, if any.

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5 PROPERTY AND EQUIPMENT

Operating fixed assets
Capital work-in-progress

Note	2017 Rupees	2016 Rupees
5.1	20,178,659	269,430
5.2	51,719,603	79,462,732
	<u>71,898,262</u>	<u>79,732,162</u>

5.1 Operating fixed assets

	2017									
	COST				DEPRECIATION			NET BOOK VALUE		
	As at	Additions	Disposal	As at	Accumulated as at 01 July 2016	Charge for the year	Disposal	Accumulated as at	As at	Useful life
	01 July 2016			30 June 2017				30 June 2017	30 June 2017	
	(Rupees)									Years
Land	-	-	-	-	-	-	-	-	-	
Office equipment	43,875	3,904,777	-	3,948,652	721	625,790	-	626,511	3,322,141	5
Computer and accessories	246,870	16,994,722	-	17,241,592	20,594	4,542,351	-	4,562,945	12,678,647	3
Electrical equipment	-	3,982,721	-	3,982,721	-	350,740	-	350,740	3,631,981	10
Furniture and fixtures	-	582,771	-	582,771	-	36,881	-	36,881	545,890	10
	290,745	25,464,991	-	25,755,736	21,315	5,555,762	-	5,577,077	20,178,659	

- 5.1.1 The Colonies Department has accorded sanction for transfer of a piece of land measuring 6,826 Kanals situated at Rakh Dera Chal by Government of Punjab (GOPb) through Higher Education Department (HED) of GOPb for the establishment of knowledge city. In accordance with Notification of Colonies Department of GOPb dated 03 December 2012, this land had been handed over to HED free of cost and title of such land would remain in the name of GOPb. Further, in accordance with terms and conditions of such notification, such land cannot be utilized for any other purpose and will revert back to Colonies Department along with superstructure when no longer required for purpose. Construction is also required to complete in accordance with terms and conditions imposed by Colonies Department. The management of the Company believes that HED would not charge any amount against such land in subsequent years and it would be able to meet terms and conditions imposed by Colonies Department, hence, in accordance with objectives and accounting policies of the Company, this land has been recognized as donated land at nil amount.

	2016								Useful life Years	
	COST				DEPRECIATION			NET BOOK VALUE		
	As at 01 July 2015	Additions	Disposal	As at 30 June 2016	Accumulated as at 01 July 2015	Charge for the year	Disposal	Accumulated as at 30 June 2016		As at 30 June 2016
	(Rupees)									
Land	-	-	-	-	-	-	-	-	-	
Office equipment	-	43,875	-	43,875	-	721	-	721	43,154	
Computer and accessories	-	246,870	-	246,870	-	20,594	-	20,594	226,276	
	-	290,745	-	290,745	-	21,315	-	21,315	269,430	

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5.2 Capital work-in-progress

2017				
Balances as at 01 July 2016	Additions during the year	Transfers	Impairment	Balance as at 30 June 2017
(Rupees)				
60,570,420	4,830,819	-	(13,681,636)	51,719,603
14,095,332	-	-	(14,095,332)	-
4,489,168	-	-	(4,489,168)	-
307,812	-	-	(307,812)	-
<u>79,462,732</u>	<u>4,830,819</u>	<u>-</u>	<u>(32,573,948)</u>	<u>51,719,603</u>
2016				
Balances as at 01 July 2015	Additions during the year	Transfers	Impairment	Balance as at 30 June 2016
(Rupees)				
15,401,805	45,168,615	-	-	60,570,420
2,649,205	11,446,127	-	-	14,095,332
-	4,489,168	-	-	4,489,168
-	307,812	-	-	307,812
<u>18,051,010</u>	<u>61,411,722</u>	<u>-</u>	<u>-</u>	<u>79,462,732</u>

6 LONG TERM DEPOSITS

This consists of security deposits against rented premises and fuel cards.

7 LOANS AND ADVANCES

Advances - considered good - unsecured
- To consultants

Note

2017

2016

Rupees

Rupees

7.1

9,286,069

-

7.1 This includes advance paid to Engineering Consultancy Services Punjab (Private) Limited (an entity owned by Government of Punjab) amounting to Rs. 9,186,069 for a feasibility study.

8 SHORT TERM INVESTMENTS

Term deposits

Note

2017

2016

Rupees

Rupees

8.1

1,350,000,000

-

8.1 These represent investment in term deposit certificates maintained with The Bank of Punjab. These term deposit certificates have maturity date latest by 23 July 2017 and carry interest rates ranging from 5.60% to 5.80% per annum.

9 CASH AND BANK BALANCES

Cash in hand
Cash at bank
- Current account

Note

2017

2016

Rupees

Rupees

72,776

301,151

19,959,700

713,977,075

20,032,476

714,278,226

10 DEFERRED GRANT

Grant related to income deferred
Grant related to assets deferred

10.1

1,344,221,440

689,464,344

10.2

71,898,262

79,732,162

1,416,119,702

769,196,506

10.1 GRANT RELATED TO INCOME DEFERRED

Balance as at 01 July
Add: Received during the year
Less: Recognized as income

689,464,344

264,758,511

798,906,190

444,369,533

(144,149,094)

(19,663,700)

Balance as at 30 June

1,344,221,440

689,464,344

10.2 GRANT RELATED TO ASSETS DEFERRED

Balance as at 01 July
Add: Received during the year
- Operating fixed assets
- Capital work-in-progress
Less: Grant related to assets recognized
- Against depreciation of operating fixed assets
- Against impairment of capital work-in-progress

79,732,162

18,051,010

25,464,991

290,745

4,830,819

61,411,722

(5,555,762)

(21,315)

(32,573,948)

-

(38,129,710)

(21,315)

Balance as at 30 June

71,898,262

79,732,162

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10.3 Corresponding figures have been re-arranged / re-classified for better and fair presentation.

	Note	2017 Rupees	2016 Rupees
11 TRADE AND OTHER PAYABLES			
Payable to vendors		2,924,292	24,686,812
Accrued expenses		2,784,351	863,404
Provision for leave encashment	11.1	1,970,400	-
Payable to related party	11.2	3,149,660	546,187
Withholding tax payable		216,284	-
		<u>11,044,987</u>	<u>26,096,403</u>
11.1 Provision for leave encashment			
Balance as at 01 July		-	-
Add: Allocation for the year		2,303,465	-
Less: Amount paid during the year		(333,065)	-
Balance as at 30 June		<u>1,970,400</u>	<u>-</u>
11.2	This represents amount payable to Director General Public Relations (DGPR) for advertising.		
12 CONTINGENCIES AND COMMITMENTS			
12.1 Contingencies			
There are no contingencies to report at the year end.			
12.2 Commitments			
12.2.1	As at year end the Company's commitments related to services contracts amounts to Rs. 106,377,945 (2016: Rs. 85,528,800).		
12.2.2 Operating lease commitments - Company as lessee			
The Company has entered into operating lease agreements for office building. This lease has life of 3 years cancellable at the option of lessee with two months notice.			
Future minimum lease rentals payable under operating lease as at 30 June are as follows:			
	Note	2017 Rupees	2016 Rupees
Not later than one year		8,984,250	8,167,500
Later than one year and not later than five years		8,984,250	17,968,500
Later than five years		-	-
		<u>17,968,500</u>	<u>26,136,000</u>
13 GRANT			
Grant related to income recognized	10.1	144,149,094	19,663,700
Grant related to assets recognized	10.2	38,129,710	21,315
		<u>182,278,804</u>	<u>19,685,015</u>
14 INTEREST INCOME			
This represents income generated from the investment in term deposit certificates.			
15 OTHER INCOME			
Tender fee		552,500	11,000
Scrap sale		29,360	-
		<u>581,860</u>	<u>11,000</u>
16 ADMINISTRATIVE AND GENERAL EXPENSES			
Travelling and conveyance		7,260,880	181,109
Utilities		3,184,231	472,683
Repairs and maintenance		1,513,676	219,905
Advertisement and promotion		14,618,811	5,784,921
Rent, rates and taxes		8,167,500	3,897,000
Consultancy fee		3,529,260	-
Printing and stationery		1,508,421	400,807
Marketing and promotions		266,402	-
Legal and professional		763,926	1,840,388
Auditors' remuneration		700,000	100,000
Entertainment expenses		1,194,848	233,141
Depreciation	5.1	5,555,762	21,315
Security charges		13,829,454	-
Fuel expense		439,515	-
Other expenses		1,131,926	30,000
Bank charges		5,930	7,702
		<u>63,670,542</u>	<u>13,188,971</u>

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16.1 Correspondence figures have been re-arranged / re-classified for better and fair presentation.

	Note	2017 Rupees	2016 Rupees
17 OTHER OPERATING EXPENSES			
Impairment of capital work-in-progress	5.2	32,573,948	-

18 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

18.1 Financial risk management objectives

The Company finances its operations through funds provided by Government of Punjab funds. The Board provides principles for overall risk management, as well as policies covering specific areas such as interest rate risk, credit risk and investment of excess liquidity. Taken as a whole, risk arising from the Company's financial instruments is limited as there is no significant exposure to market risk in respect of such instruments.

18.2 Financial risk factors

The Company is not exposed to any significant financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

18.2.1 Credit risk

Credit risk represents that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from balances with security deposits, banks, short term investments, loans and advances and interest accrued.

(i) 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 as follows:

	2017 Rupees	2016 Rupees
Security deposit	2,576,850	2,576,850
Loans and advances	9,286,069	-
Interest accrued	2,953,425	-
Short term investments	1,350,000,000	-
Bank balances	19,959,700	713,977,075
	<u>1,384,776,044</u>	<u>716,553,925</u>

The credit risk on liquid funds is limited because the counter party is a bank with reasonably high credit rating.

(ii) Credit quality

The credit quality of major financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rate:

Rating Agency	Rating		2017 Rupees	2016 Rupees
	Short term	Long term		
Bank balance				
- The Bank of Punjab	PACRA	A1+	19,959,700	713,977,075
- Term deposit receipts	PACRA	A1+	1,350,000,000	-

18.2.2 Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The cash requirement of the company is currently being met through grant from the Government of Punjab therefore the company is not exposed to liquidity risk.

The following are the contractual maturities of financial liabilities as at 30 June:

	2017		
	Maturity up to one year Rupees	Maturity after one year Rupees	Total Rupees
Trade and other payables	11,044,987	-	11,044,987
	2016		
	Maturity up to one year Rupees	Maturity after one year Rupees	Total Rupees
Trade and other payables	26,096,403	-	26,096,403

18.2.3 Market Risk

(i) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transaction in foreign currencies. The Company is not exposed to currency risk since it does not incur any international transactions.

ENR

(ii) Interest rate risk

Interest rate risk represents 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 balance sheet date, the interest rate profile of the Company's interest bearing financial instruments was:

	2017 Rupees	2016 Rupees
Fixed rate instruments		
Financial assets		
Bank balances - operational account	19,959,700	713,977,075
Short term investments	1,350,000,000	-
	<u>1,369,959,700</u>	<u>713,977,075</u>

18.2.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair value. Fair value is determined on the basis of objective evidence at each reporting date.

	2017 Rupees	2016 Rupees
18.2.5 Classification of financial instruments		
ASSETS		
NON CURRENT ASSETS		
Security deposits	2,576,850	1,350,000
CURRENT ASSETS		
Loans and advances	9,286,069	-
Interest accrued	2,953,425	-
Short term investments	1,350,000,000	-
Cash and bank balances	20,032,476	714,278,226
	<u>1,384,848,820</u>	<u>715,628,226</u>
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	11,044,987	26,096,403
	<u>11,044,987</u>	<u>26,096,403</u>

19 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, Chief Executive, Directors and Executives. The Company in the normal course of business carries out transactions with various related parties. Amount payable to related party is disclosed in note 11. Remuneration of Chief Executive, Directors and Executives is disclosed in note 20. Other significant transactions with related parties are as follows:

19.1 Transactions during the year

	2017		
	Government of Punjab	Director General Public Relations	Bank of Punjab
	(Rupees)		
Grants received	829,202,000	-	-
Investments made	-	-	1,350,000,000
Profits received	-	-	29,469,164
Advertisement expense paid	-	9,344,148	-
	<u>829,202,000</u>	<u>9,344,148</u>	<u>1,379,469,164</u>
	2016		
	Government of Punjab	Director General Public Relations	
	(Rupees)		
Grants received	506,072,000	-	-
Advertisement expense paid	-	-	10,256,789
	<u>506,072,000</u>	<u>-</u>	<u>10,256,789</u>

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REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND KEY MANAGEMENT PERSONNEL

	2017		
	Chief Executive	Directors	Executives
	(Rupees)		
Managerial remuneration and allowances	4,987,545	-	60,339,934
Number of person(s)	1	11	21
2016			
	Chief Executive	Directors	Executives
	(Rupees)		
Managerial remuneration and allowances	-	-	5,492,455
Number of person(s)	1	11	5

20.1 Directors of the Company are not drawing any salary.

20.2 No fee was paid to directors for attending meetings.

21 NUMBER OF EMPLOYEES

Total employees at year end
Average employees

	2017	2016
	(No. of persons)	
Total employees at year end	45	19
Average employees	41	8

22 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on

04 JAN 2018
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Chief Executive



Director

REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE PUBLIC SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES, 2013

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) prepared by the Board of Directors of **Lahore Knowledge Park Company** ('the Company') for the year ended **30 June 2017**.

The responsibility for compliance with the Rules is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Rules and report if it does not and to highlight any non-compliance with the requirements of the Rules. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Rules.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Rules requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Rules as applicable to the Company for the year ended 30 June 2017.



Chartered Accountants
Audit Engagement Partner: Abdullah Fahad Masood
Lahore: 31 January 2018

**Statement of Compliance with the
Public Sector Companies (Corporate Governance) Rules, 2013**

Name of company: Lahore Knowledge Park Company (LKPC)
Name of the line ministry: Higher Education Department, Govt. of Punjab
For the year ended: 30 June 2017

- I. This statement is being presented to comply with the Public Sector Companies (Corporate Governance) Rules, 2013 (hereinafter called "the Rules") issued for the purpose of establishing a framework of good governance, whereby a public sector company is managed in compliance with the best practices of public sector governance.
- II. The Company has complied with the provisions of the Rules in the following manner:

Sr. No.	Provision of the Rules	Rule	Y	N																														
1.	The Independent Directors meet the criteria of independence, as defined under the Rules	2(d)		√																														
2.	<div>The Board has the requisite percentage of Independent Directors. At present the Board includes:<table><tr><th>Category</th><th>Names</th><th>Date of Appointment</th></tr><tr><td rowspan="5">Independent Directors</td><td>1) Prof. Dr. Syed Sohail Hussain Naqvi</td><td>13-04-2015</td></tr><tr><td>2) Lt. Gen. (Retd) Mohammad Akram Khan (Chairman)</td><td>13-04-2015</td></tr><tr><td>3) Mr. Abdul Razzak Dawood</td><td>13-04-2015</td></tr><tr><td>4) Prof. Dr. Zafar Iqbal Qureshi.</td><td>09-03-2017</td></tr><tr><td>5) Prof. Dr. Faisal Masud</td><td>09-03-2017</td></tr><tr><td>Executive Directors</td><td>1) Dr. M. Zubair Iqbal (CEO)</td><td>01-06-2017</td></tr><tr><td rowspan="6">Non-Executive Directors</td><td>1) Minister, Higher Education Department (Ex-officio)</td><td>28-11-2016</td></tr><tr><td>2) Mr. Kamran Shams</td><td>09-03-2017</td></tr><tr><td>3) Secretary Higher Education Department (Ex-officio)</td><td>23-07-2016</td></tr><tr><td>4) Chairman, Planning and Development Department (Ex-officio)</td><td>22-11-2015</td></tr><tr><td>5) Secretary Finance Department (Ex-officio)</td><td>25-11-2016</td></tr><tr><td>6) CEO, Punjab Board of Investment and Trade (Ex-officio))</td><td>06-10-2016</td></tr></table></div>	Category	Names	Date of Appointment	Independent Directors	1) Prof. Dr. Syed Sohail Hussain Naqvi	13-04-2015	2) Lt. Gen. (Retd) Mohammad Akram Khan (Chairman)	13-04-2015	3) Mr. Abdul Razzak Dawood	13-04-2015	4) Prof. Dr. Zafar Iqbal Qureshi.	09-03-2017	5) Prof. Dr. Faisal Masud	09-03-2017	Executive Directors	1) Dr. M. Zubair Iqbal (CEO)	01-06-2017	Non-Executive Directors	1) Minister, Higher Education Department (Ex-officio)	28-11-2016	2) Mr. Kamran Shams	09-03-2017	3) Secretary Higher Education Department (Ex-officio)	23-07-2016	4) Chairman, Planning and Development Department (Ex-officio)	22-11-2015	5) Secretary Finance Department (Ex-officio)	25-11-2016	6) CEO, Punjab Board of Investment and Trade (Ex-officio))	06-10-2016	3(2)		√
Category	Names	Date of Appointment																																
Independent Directors	1) Prof. Dr. Syed Sohail Hussain Naqvi	13-04-2015																																
	2) Lt. Gen. (Retd) Mohammad Akram Khan (Chairman)	13-04-2015																																
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	5) Secretary Finance Department (Ex-officio)	25-11-2016																																
	6) CEO, Punjab Board of Investment and Trade (Ex-officio))	06-10-2016																																
3.	The Directors have confirmed that none of them is serving as a director on more than five public sector companies and listed companies simultaneously, except their subsidiaries	3(4)		√																														
4.	The appointing authorities have applied the fit and proper criteria given in the Annexure in making nominations of the persons for election as Board Members under the provisions of the Ordinance.	3(6)	√																															
5.	The Chairman of the Board is working separately from the Chief Executive of the Company	4(1)	√																															
6.	The chairman of the Board shall be elected by the Board of Directors of the Public Sector Company. However, this provision shall not apply where chairman of the Board is appointed by the Government.	4(4)	√																															

7.	The Board shall evaluate the candidates based on fit and proper criteria and the guidelines specified by the Commission, for the position of the Chief Executive and recommend at least three candidates to the Government. However, this provision shall not apply where Chief Executive is nominated by the Government.	5(2)	√	
8.	<p>(a) The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures, including posting the same on the company's website. (www.lkpc.com.pk)</p> <p>(b) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.</p>	5(4)	√	√
9.	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	5(5)		√
10.	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest	5(5) (b) (ii)	√	
11.	The Board has developed and implemented a policy on anti- corruption to minimize actual or perceived corruption in the company	5(5) (b) (vi)	√	
12.	<p>(a) The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.</p> <p>(b) A Committee has been formed to investigating deviations from the company's code of conduct.</p>	5(5) (c) (ii)	√	√
13.	The Board has ensured compliance with the law as well as the company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services, in accordance with the PPRA Rules	5(5) (c) (iii)	√	
14.	The Board has developed a vision or mission statement, corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained	5(6)	√	
15.	The Board has quantified the outlay of any action in respect of any service delivered or goods sold by the Company as a public service obligation, and has submitted its request for appropriate compensation to the Government for consideration	5(8)	N/A	
16.	<p>a) The Board has met at least four times during the year.</p> <p>b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings.</p> <p>c) The minutes of the meetings were appropriately recorded and circulated</p>	<p>6(1)</p> <p>6(2)</p> <p>6(3)</p>	<p>√</p> <p>√</p> <p>√</p>	
17.	The performance evaluation of members of the Board including the chairman and the chief executive shall be undertaken annually by the Government.	8(1)		√

18.	The Board shall monitor and assess the performance of senior management on a periodic basis, at least once a year	8(2)		√																		
19.	The Board has reviewed and approved the related party transactions placed before it after recommendations of the audit committee. A party wise record of transactions entered into with the related parties during the year has been maintained	9	√																			
20.	The Board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end, and has placed the annual financial statements on the company's website. Monthly accounts were also prepared and circulated amongst the board members	10		√																		
21.	All the Board Members underwent an orientation course arranged by the Company to apprise them of the material developments and information as specified in the Rules.	11		√																		
22.	(a) The Board has formed the requisite committees, as specified in the Rules. (b) The Committees were provided with written term of reference defining their duties, authority and composition. (c) The minutes of the meetings of the Committees were circulated to all the Board Members. (d) The Committees were chaired by the following non-executive Directors: <table border="1"><thead><tr><th>Committee</th><th>Number of members</th><th>Name of Chair</th></tr></thead><tbody><tr><td>Audit Committee</td><td>3</td><td>Dr. Kamran Shams</td></tr><tr><td>Risk & Fund Management Committee</td><td></td><td>Not Applicable</td></tr><tr><td>Human Resources Committee</td><td>4</td><td>Prof. Dr Zafar Iqbal Quershi</td></tr><tr><td>Procurement Committee</td><td>4</td><td>Lt. Gen. (Retd.) Muhammad Akram Khan</td></tr><tr><td>Nomination Committee</td><td>3</td><td>Prof. Dr. Syed Sohail Hussain Naqvi</td></tr></tbody></table>	Committee	Number of members	Name of Chair	Audit Committee	3	Dr. Kamran Shams	Risk & Fund Management Committee		Not Applicable	Human Resources Committee	4	Prof. Dr Zafar Iqbal Quershi	Procurement Committee	4	Lt. Gen. (Retd.) Muhammad Akram Khan	Nomination Committee	3	Prof. Dr. Syed Sohail Hussain Naqvi	12	√ √ √ √	
Committee	Number of members	Name of Chair																				
Audit Committee	3	Dr. Kamran Shams																				
Risk & Fund Management Committee		Not Applicable																				
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Procurement Committee	4	Lt. Gen. (Retd.) Muhammad Akram Khan																				
Nomination Committee	3	Prof. Dr. Syed Sohail Hussain Naqvi																				
23.	The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, with their remuneration and terms and conditions of employment, and as per their prescribed qualifications	13/14		√																		
24.	The Company has adopted International Financial Reporting Standards notified by the Commission under clause (i) of sub- section (3) of section 234 of the Ordinance	16	√																			
25.	The Directors' report for this year has been prepared in compliance with the requirements of the Act and the Rules and fully describes the salient matters required to be disclosed	17	√																			
26.	The Directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding	18	NA (No Share Capital)																			

27.	A formal and transparent procedure for fixing the remuneration packages of individual Directors has been set in place. The annual report of the company contains criteria and details of remuneration of each Director.	19	√													
28.	The financial statements of the Company were duly endorsed by the Chief Executive and Chief Financial Officer, before approval of the Board	20	√													
29.	<div>The Board has formed an audit committee, with defined and written terms of reference, and having the following members:</div> <table><tr><th>Name of Member</th><th>Category</th><th>Professional Background</th></tr><tr><td>Dr. Kamran Shams</td><td>Non-executive</td><td>CEO PEEF</td></tr><tr><td>Prof. Dr. Syed Sohail Hussain Naqvi</td><td>Non-Executive</td><td>VC LUMS</td></tr><tr><td>Barrister Nabeel Awan</td><td>Non-Executive</td><td>Secretary HED</td></tr></table> <div>The Chief Executive and Chairman of the Board are not members of the Audit Committee.</div>	Name of Member	Category	Professional Background	Dr. Kamran Shams	Non-executive	CEO PEEF	Prof. Dr. Syed Sohail Hussain Naqvi	Non-Executive	VC LUMS	Barrister Nabeel Awan	Non-Executive	Secretary HED	21	√ √	
Name of Member	Category	Professional Background														
Dr. Kamran Shams	Non-executive	CEO PEEF														
Prof. Dr. Syed Sohail Hussain Naqvi	Non-Executive	VC LUMS														
Barrister Nabeel Awan	Non-Executive	Secretary HED														
30.	The Board has set up an effective internal audit function, which has an audit charter, duly approved by the Audit Committee, and which worked in accordance with the applicable standards.	22		√												
31.	The Company has appointed its external auditors in line with the requirements envisaged under the Rules.	23	√													
32.	The external auditors of the Company have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan	23(4)	√													
33.	The external auditors have not been appointed to provide non- audit services and the auditors have confirmed that they have observed applicable guidelines issued by IFAC in this regard.	23(5)	√													
34.	The Company has complied with all the corporate and financial reporting requirements of the Rules.	24	√													



DR. ZUBAIR IQBAL
Chief Executive Officer

SCHEDULE II
[See paragraph 2(3)]

**Explanation for Non-Compliance with the
Public Sector Companies (Corporate Governance) Rules, 2013**

I. This statement is being presented to comply with the Public Sector Companies (Corporate Governance) Rules, 2013 (hereinafter called "the Rules") issued for the purpose of establishing a framework of good governance, whereby a public sector company is managed in compliance with the best practices of public sector governance.

II. The company has complied with the provisions of the Rules in the following manner:

Sr. No.	Rule/sub-rule no.	Reasons for non-compliance	Future course of action
1	2(d) & 3(2)	Declaration of Directors regarding independence is not obtained.	Observation has been noted. Such confirmation shall be circulated to the directors in upcoming BOD. Further, if any non-compliance will be noted, matter shall be taken into consideration for taking action for such compliance with respect to the Code
2	3(4)	Declaration of Directors regarding not serving as director of more than five public sector companies is not obtained.	Observation has been noted. Such confirmation shall be circulated to the directors in upcoming BOD. Further, if any non-compliance will be noted, matter shall be taken into consideration for taking action for such compliance with respect to the Code
3	5(4)	Specific code of conduct has been developed but not placed on website of LKPC	Specific code of conduct has been developed and shall be placed on website after approval from BOD in upcoming meeting
4	5(5)	The Company does not have internal audit function	The CIA has joined the company during the month of August 2017. He is in process of making such controls.
5	5(5) (c) (ii)	No committee has been formed to investigating deviations from the company code of conduct.	Observation has been noted. Such committee shall be formed by the directors in upcoming BOD.
6	8(1)	No such evaluation has been Developed and exercise by the Government	Evaluation Criteria shall be developed by the Got of Punjab which is in process and company shall implement it once it will be communicated to the company

7	8(2)	The committee for conducting performance evaluation of senior management has not been established.	Observation has been noted. Such committee shall be formed by the directors in upcoming BOD.
8	10	Quarterly financial statements are not circulated in to the BOD and annual financial statements are not posted on company website.	MS Excel based financial reporting mechanism is followed for monthly, quarterly, semi annually and annual accounts with web based accounting software (My Xero) for financial reporting till the implementation of ERP.
9	11	No orientation program has been held during the year by the company.	On the recommendation of Audit Committee held on July 21st, 2017 the matter has been placed before BOD for information and necessary steps to be taken.
10	13/14	The positions of Company Secretary and CIA remained vacant for the most of the year.	CIA has joined the Company on 02-Aug-2017 and CFO/ Company Secretary has joined subsequently on 11-Oct-2017.
11	22	The Company does not have internal audit function with audit charter.	The CIA has joined the company during the month of August 2017. He has prepared charter and approval is under process from respective forums

CONTENTS

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OUR VISION

Applying knowledge to address national challenges and capture opportunities for innovation present in industry and society.

OUR MISSION

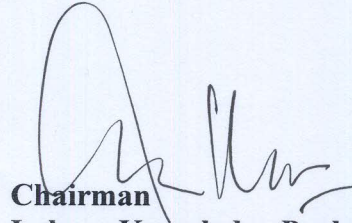
Cluster interaction of universities, industry and R&D to drive innovation and entrepreneurship ecosystem.

Chair's Message

Lahore Knowledge Park is being developed to lead Punjab and by extension Pakistan towards a knowledge-based economy where the greater reliance will be on intellectual capabilities than on physical inputs or natural resources. Knowledge and research parks are a proven tool to escalate economic activity through the promotion of cluster interaction of industry and academia. China, Korea, Singapore and Malaysia present excellent examples of economic growth through science and research parks.

Lahore Knowledge Park Company is setting-up the first knowledge park of the country in Lahore. As an unprecedented initiative by the provincial government, the project faced few challenges both at the policy and implementation level. I am pleased to share that the project is effectively progressing towards its milestones. I am glad to acknowledge the extraordinary support of the Govt. of Punjab to make Lahore Knowledge Park as a reality for youth of Pakistan.

As it is developing, Lahore Knowledge Park will turn out to be an academic and innovation hub for key economic clusters of Pakistan and will act as a precursor to transform Pakistan into a knowledge economy. The Board is committed to extend full support to eliminate any bottlenecks to successfully establish the first Science & Technology Park of the country. Lahore Knowledge Park Company is pursuing as a central forum to offer world-class, growth-centric education opportunities to the country's youth and to create a strong human resource base which is critical for the economic growth of Pakistan.



Chairman
Lahore Knowledge Park Company

CEO's Message

Innovation and entrepreneurship are key differentiators of economic prosperity. Lahore Knowledge Park is going to be a momentous development to enable an ecosystem to foster a culture of innovation and research.

This was a year of significant challenges and development for Lahore Knowledge Park Company (LKPC). As an iconic project of national interest, we have toiled to structure the frameworks of service delivery in synchronization with the local laws and regulations which would facilitate optimization of our national assets and development on our potentials.

Considering the unique nature of the project in Pakistan's context and its forthcoming socioeconomic impacts, we have been very conscious and scrupulous in our business planning, financial and legal modeling to enter contractual arrangements specifically with international entities. As part of setting the baseline, we have taken few reputed consultancy firms to advise on company's complex international transactions with the universities, R&D centers, business incubation and innovation groups.

Recruitment and induction of a robust team, planning and launch of an extensive academic outreach drive, contracting for civil works are few of the most imperative milestones which we have successfully accomplished.

On the fronts of policy development, we have articulated our value proposition which will spur the concentration of high-technology firms and top-ranking universities at Lahore Knowledge Park (LKP). In this regard, we have proposed to the relevant authorities to designate LKP as a Special Development and Special Economic Zone. We are also working to devise highly concessional rates for land lease and land transfer to populate LKP with the frontrunners from academia and industry.

We are in constructive discussion with universities at France, Italy, UK and Sweden aimed at hosting their campuses and R&D centers. We are hopeful to convert our leads in Italy, Sweden and UK in the coming year. To ensure excellence, transparency and public beneficiation, we have mobilized advisory support local from expert bodies and competent authorities.

Lastly, I would take the opportunity to reaffirm our commitment to spur and sustain an outstanding entrepreneurial and innovation culture through Lahore Knowledge Park that would breed continuous stream of innovations and knowledge spillover among the academia and industry to accelerate economic activity.



Chief Executive Officer

Lahore Knowledge Park Company

COMPANY INFORMATION

BOARD OF DIRECTORS

1. Lt. Gen. (Retd) Mohammad Akram Khan
(Chairman)
Chairman, Punjab Textbook Board
2. Syed Raza Ali Gillani
*Minister, Higher Education Department,
Government of Punjab*
3. Mr. Muhammad Jehanzeb Khan
*Chairman, Planning & Development Department,
Government of Punjab*
4. Mr. Hamed Yaqoob Sheikh
*Secretary, Finance Department,
Government of Punjab*
5. Mr. Nasim Nawaz
*Secretary, Higher Education Department,
Government of Punjab*
6. Ambassador (Retd) M. Haroon Shaukat
CEO, Punjab Board of Investment & Trade
7. Prof. Dr. S. Sohail H. Naqvi
VC, LUMS
8. Mr. Abdul Razzak Dawood
Chairman, DESCON
9. Prof. Dr. Zafar Iqbal Quershi
Chairman, BOG, Nur International University
10. Prof. Dr. Faisal Masud
Ex-Vice Chancellor, King Edward Medical University
11. Mr. Kamran Shams
CEO, PEEF
12. Mr. Muhammad Zubair Iqbal
(CEO)

NOMINATION COMMITTEE

- i. Prof. Dr. Faisal Masud
- ii. Mr. Addul Razzak Dawood
- iii. Mr. Muhammad Zubair Iqbal

AUDIT COMMITTEE

- i. Mr. Kamran Shams
- ii. Mr. Nasim Nawaz
- iii. Prof. Dr. S. Sohail H. Naqvi

HR COMMITTEE

- i. Prof. Dr. Zafar Iqbal Quershi
- ii. Mr. Nasim Nawaz
- iii. Mr. Kamran Shams
- iv. Mr. Muhammad Zubair Iqbal

PROCUREMENT COMMITTEE

- i. Lt. Gen. (Retd) Mohammad Akram Khan
- ii. Mr. Nasim Nawaz
- iii. Mr. Kamran Shams
- iv. Mr. Muhammad Zubair Iqbal

CHIEF FINANCIAL OFFICER

Mr. Muhammad Nasir-ACA

BANKERS

The Bank of Punjab

AUDITORS

EY Ford Rhodes

Chartered Accountants

REGISTER OFFICE

15-Abu Bakar Block, New Garden Town, Lahore

Ph # +92-42-99075000 Fax # +92-42-99233338

PROJECT LOCATION

Dera Rakh Chahl near Defense Housing

Authority, Phases VI, Lahore

COMPANY WEBSITE

www.lkpc.com.pk

The directors of the Company, are pleased to present the Company's Annual Audited Report for the year ended June 30, 2017. These financial statements have been endorsed by the Chief Executive Officer and Chief Finance Officer in accordance with the Code of Corporate Governance, have been recommended for approval by the Audit Committee of the Board and approved by the Board of Directors for presentation.

Business Review

Principal Activities

- Stimulate, facilitate and coordinate the flow of knowledge and technology between the universities, research centers and industry.
- Create enabling environment and growth opportunities to evolve a culture of innovation, invention and income generation.
- Facilitate the creation of new businesses via incubation and spin-off mechanisms to accelerate the growth of small and medium sized companies.
- Strategize and work to position LKP as a nucleolus of technology and innovation on the national, regional and international fronts.
- Work to develop a conducive environment at LKPC as required in order to attract colossal technology and research ventures at the Park.

Year in Review

Financial Results

	30 th June 2017	30 th June 2016
Amortized Grant	182,278,804	19,685,015
Operating Expenses	182,278,804	19,685,015
Other Income	30,051,024	11,000
Surplus before Tax	30,051,024	11,000

Developments in 2017

The company has made significant accomplishments during the FY 2016-17. In order to activate the academic outreach drive to partner with international universities, LKPC engaged the services of Integrated Equities Limited in September 2016 to take advice on international transactions, development of company's value proposition and partnership packages, business and financial models. In December 2016, LKPC hired the services of a top-ranking firm to perform the urban design of Lahore Knowledge Park. In December 2016, LKPC held a Public Hearing on the Environment Impact Assessment of LKP, which led to the environment approval of LKP by the Punjab Environment Protection Agency (EPA). In May 2017, LKPC signed agreement with ECSP (Engineering Consulting Services Punjab) to perform the feasibility study for Pak-Italy University of Engineering Science & Technology. In April 2017, call for Expression of Interest was floated internationally for the European and American universities to become a part of Lahore Knowledge Park.

To activate the company's mission of enabling cluster interaction between the academia and industry, LKPC launched its academic outreach drive. With the consultative engagement of Integrated Equities Limited, as consultants to advice on international transactions, value offering packages, business and financial models

were formulated to engage the top-ranking varsities and R&D centers. Currently LKPC is in advance level talks with King's College Hospital London to set-up King's College Hospital at LKP. To ensure the transparency and to address the multifaceted legal implications of complex international transactions, CLM, the consortium partner of IEL is on board with LKPC. Consultations have been held with multiple Turkish, Chinese, Korean and Swedish universities and techno-parks to partner with Lahore Knowledge Park Company.

Corporate Governance and Financial Reporting Framework

Being a Public Sector Company under the framework of Public Sector Companies (Corporate Governance) Rules, 2013. The Board of Directors ensures that the Company fulfils all reporting and disclosure requirements as envisaged in the Companies Ordinance, Rules, Regulations and the Code. Specific statements to comply with the requirements of the Code of Corporate Governance are as follows:

- i. **Presentation of Financial Statements**
The financial statements, prepared by the management of the Company, fairly present its state of affairs, the results of its operations, cash flows and changes in equity
- ii. **Books of Accounts**
The Company has maintained proper books of accounts.
- iii. **Accounting Policies**
Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- iv. **International Financial Reporting Standards (IFRS)**
International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements.
- v. **Accounting Year**
The accounting year of the Company is from 1st July to 30th June.
- vi. **Going Concern**
There is no significant doubt upon the Company's ability to continue as a going concern.
- vii. **Internal Control System**
The system of internal control is under the process of implementation.
- viii. **Outstanding Statutory Dues**
There are no outstanding statutory dues
- ix. **Principal risks and uncertainties facing by the Company**
Currently LKPC is not facing any risk and uncertainties.
- x. **Composition of the Board of Directors**
Keeping in mind the legal and regulatory framework defining the factors regarding qualification and composition of the Board of Directors, the Company has on its Board highly capable and dedicated personnel with vast experience, knowledge, integrity, and strong sense of responsibility for safeguarding of stakeholders' interest.
The Board consists of 12 Directors including the Chief Executive Officer, effectively representing the interest of stakeholders. There are Six (6) non-executive Directors, one (1) executive Director i.e. the CEO and Five (5) independent Directors.
- xi. **Board of Directors Meetings**
The Board held 16 meetings during the year, agendas of which were circulated in a timely manner. The decisions made by the Board during the meetings were recorded and were duly circulated to all the Directors for endorsement and were approved in the following Board meetings. All meetings of the Board had minimum quorum for attendance prescribed by the Code of Corporate Governance and were also attended by the Chairman.
During the year under review, nine (16) meetings of the Board of Directors were held and the attendance of Directors was as follows:

Director	No. of Meeting	Attended
Lt. Gen. (Retd) Mohammad Akram Khan (Independent Director)	16	16
Minister, Higher Education Department, Government of Punjab	16	10

Chairman, Planning & Development Board, Government of Punjab(through REP)	16	15
Secretary, Finance Department, Government of the Punjab(through REP)	16	6
Secretary, Higher Education Department, Government of the Punjab	16	15
CEO, Punjab Board of Investment & Trade	16	7
Syed Sohail Hassan Naqvi (Independent Director)	16	11
Mr. Almas Hyder (Independent Director)	16	3
Mr. Abdul Razzak Dawood (Independent Director)	16	8
Prof. Dr. Zafar Iqbal Qureshi (Independent Director)	16	10
Prof. Dr. Faisal Masud (Independent Director)	16	8
Mr. Kamran Shams (Independent Director)	16	7
Chief Executive Officer (LKPC)	16	14

xii. External Auditors

Messers. EY Ford Rhodes, Chartered Accountants, completed its tenure of appointment with the Company. The auditors will retire at the conclusion of the Annual General Meeting. The appointment of upcoming external auditors is subject to approval of the BOD of the LKPC on recommendation of Audit Committee.

xiii. Remuneration & Term of Appointment

The appointment of the Chairman and other members of Board and the terms of their members of Board and the terms of their appointment along with the remuneration policy adopted are in the best interests of the Company as well as in line with best practices.

xiv. Investment in retirement benefits

There is no approved policy of investment in retirement plan, however company has planned to maintain gratuity fund as retirement benefit.

xv. HR & Remuneration Committee

The Board of Directors in compliance to the Code of Corporate Governance has established a HR & remuneration committee. The composition of committee is;

HR & Remuneration Committee Members	
i.	Prof. Dr. Zafar Iqbal Quershi
ii.	Mr. Nasim Nawaz
iii.	Mr. Kamran Shams
iv.	Mr. Muhammad Zubair Iqbal

xvi. Audit Committee

The Board of Directors in compliance to the Code of Corporate Governance has established an audit committee. The composition of committee is;

Audit Committee Members	
i.	Mr. Kamran Shams
ii.	Mr. Nasim Nawaz
iii.	Prof. Dr. S. Sohail H. Naqvi

xvii. Web Presence

Updated information regarding the Company can be accessed at Company website:
www.lkpc.com.pk

STATEMENT OF COMPLIANCE

with the Code of Corporate Governance

This statement is being presented to comply with the Public Sector Companies (Corporate Governance) Rules, 2013 (hereinafter called "the Rules") issued for the purpose of establishing a framework of good governance, whereby a public sector company is managed in compliance with the best practices of public sector governance.

S/ No.	Rule/ sub- rule	Rule/sub-rule	Y	N	Reasons for non-compliance	Future course of action
1	2(d)	The independent directors meet the criteria of independence, as defined under the Rules.		✓	Declaration of Directors regarding independence is not obtained..	Observation has been noted. Such confirmation shall be circulated to the directors in upcoming BOD. Further, if any non-compliance will be noted, matter shall be taken into consideration for taking action for such compliance with respect to the Code
2	3(2)	The Board has the requisite percentage of independent directors. Five (5) Independent Director, One (1) Executive Director and Six (6) Non-Executive Director.		✓	Declaration of Directors regarding independence is not obtained.	Observation has been noted. Such confirmation shall be circulated to the directors in upcoming BOD. Further, if any non-compliance will be noted, matter shall be taken into consideration for taking action for such compliance with respect to the Code
3	3(4)	The Directors have confirmed that none of them is serving as a director on more than five public sector companies and listed companies simultaneously, except their subsidiaries		✓	Declaration of Directors regarding not serving as director of more than five public sector companies is not obtained.	Observation has been noted. Such confirmation shall be circulated to the directors in upcoming BOD. Further, if any non-compliance will be noted, matter shall be taken into consideration for taking action for such compliance with respect to the Code
4	3(6)	The appointing authorities have applied the fit and proper criteria given in the Annexure in making nominations of the persons for election as Board Members under the provisions of the Ordinance.	✓			

5	4(1)	The Chairman of the Board is working separately from the Chief Executive of the Company	✓			
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S/ No.	Rule/ sub-rule	Rule/sub-rule	Y	N	Reasons for non-compliance	Future course of action
6	4(4)	The chairman of the Board shall be elected by the Board of Directors of the Public Sector Company. However, this provision shall not apply where chairman of the Board is appointed by the Government.	✓			
7	5(2)	The Board shall evaluate the candidates based on fit and proper criteria and the guidelines specified by the Commission, for the position of the Chief Executive and recommend at least three candidates to the Government. However, this provision shall not apply where Chief Executive is nominated by the Government.	✓			
8	5(4)	(a) The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures, including posting the same on the company's website. (www.lkpc.com.pk)	✓		Specific code of conduct has been developed but not placed on website of LKPC	Specific code of conduct has been developed and shall be placed on website after approval from BOD in upcoming meeting
		(b) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.	✓			
9	5(5)	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	✓		The Company does not have internal audit function	The CIA has joined the company during the month of August 2017. He is in process of making such controls.
10	5(5) (b) (ii)	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest	✓			
11	5(5) (b) (vi)	The Board has developed and implemented a policy on anti- corruption to minimize actual or perceived corruption in the company	✓			

S/ No.	Rule/ sub- rule	Rule/sub-rule	Y	N	Reasons for non- compliance	Future course of action
12	5(5) (c) (ii)	(a) The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.	✓			
		(b) A Committee has been formed to investigating deviations from the company's code of conduct.		✓	No committee has been formed to investigating deviations from the company code of conduct..	Observation has been noted. Such committee shall be formed by the directors in upcoming BOD.
13	5(5) (c) (iii)	The Board has ensured compliance with the law as well as the company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services, in accordance with the PPRA Rules	✓			
14	5(6)	The Board has developed a vision or mission statement, corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained	✓			
15	5(8)	The Board has quantified the outlay of any action in respect of any service delivered or goods sold by the Company as a public service obligation, and has submitted its request for appropriate compensation to the Government for consideration		N/A		
16	6(1)	a) The Board has met at least four times during the year.	✓			
	6(2)	b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings.	✓			
	6(3)	c) The minutes of the meetings were appropriately recorded and circulated	✓			
17	8(1)	The performance evaluation of members of the Board including the chairman and the chief executive shall be undertaken annually by the Government.		✓	No such evaluation has been Developed and exercise by the Government	Evaluation Criteria shall be developed by the Govt of Punjab which is in process and company shall implement it once it will be communicated to the company

S/ No.	Rule/ sub- rule	Rule/sub-rule	Y	N	Reasons for non-compliance	Future course of action
18	8(2)	The Board shall monitor and assess the performance of senior management on a periodic basis, at least once a year		✓	The committee for conducting performance evaluation of senior management has not been established.	Observation has been noted. Such committee shall be formed by the directors in upcoming BOD.
19	9	The Board has reviewed and approved the related party transactions placed before it after recommendations of the audit committee. A party wise record of transactions entered into with the related parties during the year has been maintained	✓			
20	10	The Board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end, and has placed the annual financial statements on the company's website. Monthly accounts were also prepared and circulated amongst the board members		✓	Quarterly financial statements are not circulated in to the BOD and annual financial statements are not posted on company website.	MS Excel based financial reporting mechanism is followed for monthly, quarterly, semi annually and annual accounts with web based accounting software (My Xero) for financial reporting till the implementation of ERP.
21	11	All the Board Members underwent an orientation course arranged by the Company to apprise them of the material developments and information as specified in the Rules.		✓	No orientation program has been held during the year by the company.	On the recommendation of Audit Committee held on July 21st, 2017 the matter has been placed before BOD for information and necessary steps to be taken.
22	12	(a) The Board has formed the requisite committees, as specified in the Rules.	✓			
		(b) The Committees were provided with written term of reference defining their duties, authority and composition.		✓		
		(c) The minutes of the meetings of the Committees were circulated to all the Board Members.		✓		

S/ No	Rule/ sub- rule	Rule/sub-rule	Y	N	Reasons for non-compliance	Future course of action																		
22	12	<p>(d) The Committees were chaired by the following non-executive Directors:</p> <table><tr><th>Committee</th><th>No. of Members</th><th>Name of Chair</th></tr><tr><td>Audit Committee</td><td>3</td><td>Dr. Kamran Shams</td></tr><tr><td>Risk & Fund Management Committee</td><td></td><td>Not Applicable</td></tr><tr><td>Human Resources Committee</td><td>4</td><td>Prof. Dr Zafar Iqbal Quershi</td></tr><tr><td>Procurement Committee</td><td>4</td><td>Lt. Gen. (Retd.) Muhammad Akram Khan</td></tr><tr><td>Nomination Committee</td><td>3</td><td>Prof. Dr. Syed Sohail Hussain Naqvi</td></tr></table>	Committee	No. of Members	Name of Chair	Audit Committee	3	Dr. Kamran Shams	Risk & Fund Management Committee		Not Applicable	Human Resources Committee	4	Prof. Dr Zafar Iqbal Quershi	Procurement Committee	4	Lt. Gen. (Retd.) Muhammad Akram Khan	Nomination Committee	3	Prof. Dr. Syed Sohail Hussain Naqvi	✓			
Committee	No. of Members	Name of Chair																						
Audit Committee	3	Dr. Kamran Shams																						
Risk & Fund Management Committee		Not Applicable																						
Human Resources Committee	4	Prof. Dr Zafar Iqbal Quershi																						
Procurement Committee	4	Lt. Gen. (Retd.) Muhammad Akram Khan																						
Nomination Committee	3	Prof. Dr. Syed Sohail Hussain Naqvi																						
23	13/14	The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, with their remuneration and terms and conditions of employment, and as per their prescribed qualifications		✓	The positions of Company Secretary and CIA remained vacant for the most of the year.	CIA has joined the Company on 02-Aug-2017 and CFO/ Company Secretary has joined subsequently on 11-Oct-2017.																		
24	16	The Company has adopted International Financial Reporting Standards notified by the Commission under clause (i) of sub-section (3) of section 234 of the Ordinance	✓																					
25	17	The Directors' report for this year has been prepared in compliance with the requirements of the Act and the Rules and fully describes the salient matters required to be disclosed	✓																					
26	18	The Directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding		NA (No Share Capital)																				
27	19	A formal and transparent procedure for fixing the remuneration packages of individual Directors has been set in place. The annual report of the company contains criteria and details of remuneration of each Director.	✓																					

S/ No	Rule/ sub-rule	Rule/sub-rule	Y	N	Reasons for non-compliance	Future course of action												
28	20	The financial statements of the Company were duly endorsed by the Chief Executive and Chief Financial Officer, before approval of the Board	✓															
29	21	<p>The Board has formed an audit committee, with defined and written terms of reference, and having the following members:</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Category</th> <th>Professional Background</th> </tr> </thead> <tbody> <tr> <td>Dr. Kamran Shams</td> <td>Non-Executive</td> <td>CEO PEEF</td> </tr> <tr> <td>Prof. Dr. Syed Sohail Hussain Naqvi</td> <td>Non-Executive</td> <td>VC LUMS</td> </tr> <tr> <td>Barrister Nabeel Awan</td> <td>Non-Executive</td> <td>Secretary HED</td> </tr> </tbody> </table>	Name	Category	Professional Background	Dr. Kamran Shams	Non-Executive	CEO PEEF	Prof. Dr. Syed Sohail Hussain Naqvi	Non-Executive	VC LUMS	Barrister Nabeel Awan	Non-Executive	Secretary HED	✓			
Name	Category	Professional Background																
Dr. Kamran Shams	Non-Executive	CEO PEEF																
Prof. Dr. Syed Sohail Hussain Naqvi	Non-Executive	VC LUMS																
Barrister Nabeel Awan	Non-Executive	Secretary HED																
		The Chief Executive and Chairman of the Board are not members of the Audit Committee.	✓															
30	22	The Board has set up an effective internal audit function, which has an audit charter, duly approved by the Audit Committee, and which worked in accordance with the applicable standards.	✓		The Company does not have internal audit function with audit charter.	The CIA has joined the company during the month of August 2017. He has prepared charter and approval is under process from respective forums												
31	23	The Company has appointed its external auditors in line with the requirements envisaged under the Rules.	✓															
32	23(4)	The external auditors of the Company have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan	✓															
33	23(5)	The external auditors have not been appointed to provide non-audit services and the auditors have confirmed that they have observed applicable guidelines issued by IFAC in this regard.	✓															
34	24	The Company has complied with all the corporate and financial reporting requirements of the Rules.	✓															

LOOKING FORWARD

The year approaching will see the start of civil works at the site of Lahore Knowledge Park under which basic infrastructure, boundary wall, watch towers, entry gates will be constructed.

As an inaugural project, Lahore Knowledge Park is going to host Pak-Italy University of Engineering and Technology, a consortium of Italian Universities. The foreign varsity will be offering Bachelors, Masters and PhD degree programs in the areas of Infrastructure & Civil Engineering, Power & Energy Engineering, Mechatronics / Industrial Engineering, Information & Communication Technology.

Proposal from leading foreign Medical College and Hospital to setup Medical College and Hospital is in advanced stages of review by the experts. Detailed business planning will be leading to mutually acceptable contractual arrangements.

There are vibrant prospects to host leading foreign Cancer Research Institute and Hospital, Technopark in partnership with TIKA (Turkish Cooperation & Coordination Agency) and Pak-China University under the CPEC Knowledge Corridor. Currently, the company is in talks with the relevant foreign counterparts to prepare prospective partnership packages which will fulfill LKP's aim of public beneficiation and enabling R&D driven academic culture.