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DRAFT

REVIEW REPORT TO THE MEMBERS ON THE 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** for the year ended 30 June 2019.

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 2019.

EY Ford Rhodes
Chartered Accountants
Engagement Partner: Abdullah Fahad Masood
Lahore
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LA/2285/19
23 December 2019

The Board of Directors
Lahore Knowledge Park Company
15-Abu Bakar Block
New Garden Town
Main Ferozpur Road
Lahore

Dear Sirs

DRAFT REVIEW REPORT ON STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2019

We are pleased to enclose **draft review report** to the members on Statement of Compliance with Best practices of Corporate Governance duly initialed by us for identification.

We shall be pleased to issue and sign our report in present or amended form after:

a) the Chief Executive and Chairman of the board or any of the independent non-executive directors, has signed the Statement of Compliance with the Code of Corporate Governance; and

b) we have received the signed Director's Report for the year.

We wish to draw your attention to the following requirement of the Public Sector Companies (Corporate Governance) Rules, 2013 with which the company is non-compliant:

Rule no.	Requirement
2 (d)	The independent directors meet the criteria of independence, as defined under rules.
3 (2)	The Board has at least one third of its total members as independent directors.
3 (5)	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
6 (1)	The Board has meet at least four times during the year.
21(3) A	The chief financial officer, the chief internal auditor, and a representative of the external auditors attended all meetings of the audit committee at which issues relating to accounts and audit were discussed.
21(3) B	The audit committee met the external auditors, at least once a year, without the presence of the chief financial officer, the chief internal auditor and other executives.
21(3) C	The audit committee met the chief internal auditor and other members of the internal audit function, at least once a year, without the presence of chief financial officer and the external auditors.
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.

Management comments on non-compliances are mentioned in schedule II of annexed compliance statement.

Yours faithfully

EY Ford Rhodes

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LAHORE KNOWLEDGE PARK COMPANY

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2019

EY Ford Rhodes
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INDEPENDENT AUDITOR'S REPORT

To the members of Lahore Knowledge Park Company

Report on the Audit of the Financial Statements as at 30 June 2019

Opinion

We have audited the annexed financial statements of Lahore Knowledge Park Company (the Company), which comprise the statement of financial position as at 30 June 2019, the statement of income and expenditure, the statement of comprehensive income, the statement of changes in fund balances and the statement of cash flows together with the notes forming part thereof, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of income and expenditure, the statement of comprehensive income, the statement of changes in fund balances and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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 2019 and of the surplus, total comprehensive income, the changes in fund balances and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position and the statement of income and expenditure, the statement of comprehensive income, the statement of changes in fund balances and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Abdullah Fahad Masood.

EY Ford Rhodes
Chartered Accountants
Lahore

LAHORE KNOWLEDGE PARK COMPANY
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	2019 Rupees	2018 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment	6	**283,795,355**	73,943,418
Long term deposits	7	**2,120,000**	2,120,000
		285,915,355	76,063,418
CURRENT ASSETS			
Loans and advances	8	**154,090,917**	373,948,072
Interest accrued		**-**	1,258,903
Grant receivable		**250,000,000**	250,000,000
Short term investments	9	**802,269,109**	850,000,000
Tax refunds due from Government		**17,055,463**	9,908,171
Cash and bank balances	10	**51,820,729**	47,727,905
		1,275,236,218	1,532,843,051
		1,561,151,573	1,608,906,469
LIABILITIES			
NON CURRENT LIABILITIES			
Retirement benefits obligation		**15,073,312**	11,525,093
Deferred grant	11	**1,506,118,618**	1,559,293,900
		1,521,191,930	1,570,818,993
CURRENT LIABILITIES			
Trade and other payables	12	**9,797,619**	7,925,452
		1,530,989,549	1,578,744,445
NET ASSETS		**30,162,024**	30,162,024
CONTINGENCIES AND COMMITMENTS	13	**-**	-
Represented by:			
Accumulated surplus		**30,162,024**	30,162,024
		30,162,024	30,162,024

The annexed notes from 1 to 24 form an integral part of these financial statements.

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CHIEF EXECUTIVE **DIRECTOR**

LAHORE KNOWLEDGE PARK COMPANY
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 Rupees	2018 Rupees
INCOME			
Grant related to income recognized	14	**46,025,391**	106,899,717
Grant related to assets recognized	14	**7,149,891**	7,144,085
Interest income	15	**72,470,138**	70,322,940
Other income	16	**774,630**	87,450
		126,420,050	184,454,192
EXPENDITURE			
Salaries and benefits		**(88,158,997)**	(127,474,106)
Administrative and general expenses	17	**(38,261,053)**	(56,957,606)
Other operating expenses	18	**-**	(22,480)
		(126,420,050)	(184,454,192)
SURPLUS BEFORE TAX		**-**	-
Taxation	19	**-**	9,135,441
SURPLUS FOR THE YEAR		**-**	9,135,441

The annexed notes from 1 to 24 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 2019

	2019	2018
	Rupees	Rupees
Surplus for the year	-	9,135,441
Other comprehensive income	-	-
Total comprehensive income for the year	-	9,135,441

The annexed notes from 1 to 24 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 2019

	Accumulated Surplus
	---- Rupees ----
Balances as at 01 July 2017	21,026,583
Surplus for the year	9,135,441
Other comprehensive income	-
	9,135,441
Balances as at 30 June 2018	30,162,024
Surplus for the year	-
Other comprehensive income	-
	-
Balances as at 30 June 2019	**30,162,024**

The annexed notes from 1 to 24 form an integral part of these financial statements.

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CHIEF EXECUTIVE

DIRECTOR

LAHORE KNOWLEDGE PARK COMPANY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 Rupees	2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus before tax		-	-
Adjustment for non-cash items:			
- Depreciation	6.1	**7,149,891**	7,121,605
- Provision for gratuity		**3,548,219**	9,402,093
- Provision for leave encashment	12.1	**1,926,134**	5,053,455
- Grant related to income recognized		**(46,025,391)**	(106,899,717)
- Grant related to assets recognized		**(7,149,891)**	(7,144,085)
- Loss on disposal of fixed assets		-	22,480
		(40,551,038)	(92,444,169)
Net cash used before changes in working capital		**(40,551,038)**	(92,444,169)
Effect of working capital changes:			
Decrease / (increase) in loans and advances		**219,857,155**	(364,662,003)
(Increase) / decrease in interest accrued		**1,258,903**	1,694,522
Increase / (decrease) in trade and other payables		**2,125,558**	(2,535,354)
		223,241,616	(365,502,835)
Net cash generated from / (used in) operations		**182,690,578**	(457,947,004)
Tax paid		**(7,147,292)**	(7,205,540)
Leave encashment paid		**(2,179,525)**	(5,637,636)
Net cash generated from / (used in) operating activities		**173,363,761**	(470,790,180)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment	6.1	**(2,025)**	(971,241)
Additions to capital work in progress	6.2	**(216,999,803)**	(1,000,000)
Short term investment - net		**47,730,891**	500,000,000
Long term deposits		-	456,850
Net cash used in investing activities		**(169,270,937)**	498,485,609
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash generated from financing activities		-	-
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**4,092,824**	27,695,429
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**47,727,905**	20,032,476
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	10	**51,820,729**	47,727,905

The annexed notes from 1 to 24 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

LAHORE KNOWLEDGE PARK COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

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. 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.

1.3 During the financial year 2018-19, Government of the Punjab has convened a committee under the Chairmanship of Chairman Planning & Development Board for deciding fate and way forward of the LKPC. The other members of the committee were Secretary HED, Secretary Finance and Secretary Law. The committee after having detailed deliberations recommended for continuation of the organization. Later on another committee under the Chairmanship of Dr. Salman Shah, Advisor P & D and Economic Affairs to the Chief Minister, Govt of the Punjab, which also recommended for continuation and further development of the company to achieve its unique objectives. Therefore, these financial statements have been prepared on going concern assumption.

2 STATEMENT OF COMPLIANCE

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

• International Financial Reporting Standards (IFRSs Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

• Accounting Standards for Not for Profit Organizations (Accounting standards for NPOs) issued by Institute of Chartered Accountants of Pakistan (ICAP) as notified under the provisions of the Companies Act, 2017; and

• Provision of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.1 Basis of Measurement

These financial statements have been prepared under the historical cost convention except as 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.

3 New accounting standards, interpretations and amendments applicable to the financial statements for the year ended 30 June 2019

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended standards and interpretations effective for annual period beginning on 1 July 2018, as listed below. The Company has not early-adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

New Standards, Interpretations and Amendments

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IFRIC 22	Foreign Currency Transactions and Advance Considerations
IFRS 2	Classification and Measurement of Share-based Payment Transactions (Amendment)
IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
IAS 40	Transfers of Investment Property (Amendments)

These amendments are either not relevant to the Company's operations or did not have significant impact on the Company's financial statements other than certain additional disclosures.

4 Standards, interpretations and amendments to approved accounting standards that are not yet effective:

The following revised 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 16	Leases	1 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019
IFRS 9	Prepayment Features with Negative Compensation (Amendments)	1 January 2019
IAS 28	Long-term Interests in Associates and Joint Ventures (Amendments)	1 January 2019
IAS 19	Plan Amendment, Curtailment or Settlement (Amendments)	1 January 2019
IFRS 3	Business Combinations - Previously held Interests in a joint operation — (Amendments)	1 January 2019
IFRS 11	Joint Arrangements - Previously held Interests in a joint operation	1 January 2019
IAS 12	Income Taxes - Income tax consequences of payments on financial instruments classified as equity	1 January 2019
IAS 23	Borrowing Costs - Borrowing costs eligible for capitalization	1 January 2019
IAS 1	Presentation of Financial Statements — (Amendments)	1 January 2019
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors — (Amendments)	1 January 2019

The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application except for IFRS 16 for which the Company is in process of assessing the impact.

In addition to the above standards and amendments, improvements to various accounting standards and conceptual framework have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2019.

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 1	First-time adoption of IFRS	1 January 2009
IFRS 14	Regulatory Deferral Accounts	01 January 2016
IFRS 17	Insurance Contracts	01 January 2021

The Company expects that the adoption of the above revision, amendments and interpretation of the standards will nc affect the Company's financial statements in the period of initial application.

5 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements require management to make judgments, estimates and assumptions that affec the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates an associated assumptions are based on historical experience and various other factors that are believed to be reasonabl under the circumstances, the results of which form the basis of making the judgments about carrying values of asset and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Th estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates ar 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 c depreciable assets. However, assumptions and judgments made by management in the application of accountin policies that have significant affect on the financial statements are not expected to result in material adjustment to th carrying amounts of assets and liabilities in the next year.

5.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.2 Changes in accounting policies

IFRS 15 - Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires relevant disclosures. The management reviewed and assessed the Company's existing contracts with the customer in accordance with the guidance included in IFRS 15 and concluded that there is no material impact on the revenue recognition of the Company.

Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Company elected to apply the standard to all contracts as at 1 July 2018.

The cumulative effect of initially applying IFRS 15 is recognized at the date of initial application as an adjustment to the opening balance of unappropriated profit. Therefore, the comparative information is not restated and continues to be reported under IAS 18 and related Interpretations.

Below are the details of key impacts arising from the adoption of the standard:

Statement of financial position and Statement of comprehensive income

The application of IFRS 15 did not have a material impact on amounts in the statement of financial position, statement of comprehensive income, the statement of changes in equity and the statement of cash flows as the current methodology for revenue recognition adequately reflects timing of satisfaction of performance obligations under requirements of the new standard.

IFRS 9 - Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 July 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company applied IFRS 9 prospectively, with an initial application date of 1 July 2018. The Company has not restated the comparative information, which continues to be reported under IAS 39. Differences (if any) arising from the adoption of IFRS 9 have to be recognized directly in retained earnings and other components of equity.

Classification and measurement

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortized cost, or fair value through OCI. The classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Company's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

In summary, upon the adoption of IFRS 9, the Company had the following reclassifications as at 1 July 2018:

IAS 39 measurement category **Held to maturity**		**IFRS 9 measurement category** ***Amortized Cost***
	(Rupees)	**(Rupees)**
Short term investment	**802,269,109**	**802,269,109**
Accrued interest	**1,258,903**	**-**

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Impairment

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach as mentioned in note 4.1. IFRS 9 requires the Company to recognize an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets. The impairment requirements of IFRS 9 did not have a significant impact to the Company.

5.3 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 6.

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.

5.4 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.

5.5 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.

5.6 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.

5.7 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 six month of their service with the organization. Provision of the gratuity is being calculated as one month gross salary for each completed year of service on proportionate basis.

5.8 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.

5.9 Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

5.9.1 Financial assets

Financial assets - initial recognition

The Company has adopted IFRS 9 Financial Instruments with effect from 1 July 2018. Accordingly, financial assets are classified, at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

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The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

The Company's financial assets include short term investment and bank balances.

Financial assets - subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

a) Financial assets at fair value through profit or loss
b) Financial assets at amortized cost (debt instruments)
c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
d) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss. The Company does not have any financial assets designated at fair value through profit and loss.

b) Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

• The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. The Company's financial assets at amortized cost include only short term investment.

c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Company does not have any financial assets designated at fair value through OCI (equity instruments).

d) Financial assets at fair value through OCI with recycling of cumulative gains and losses

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

• The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

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For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss. The Company does not have debt instruments recorded at fair value through OCI with recycling of cumulative gains and losses.

Financial assets - Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized when:

• The rights to receive cash flows from the asset have expired; or
• The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial assets - Impairment

The Company recognizes an allowance for expected credit losses ("ECL") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company considers a financial asset in default when contractual payments are past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For bank balances, the Company applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Company reviews internal and external information available for each bank balance to assess expected credit loss and the likelihood to receive the outstanding contractual amount. The expected credit losses are recognized in the statement of profit or loss.

5.9.2 Financial liabilities

Financial liabilities - initial recognition

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include payable to vendor, provision for leave encashment and witholding tax payble

Financial liabilities - subsequent measurement

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of comprehensive income.

Financial liabilities - derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of profit or loss.

5.9.3 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.

5.10 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.

5.11 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. However, no provision for taxation has been considered necessary for the year as Company is exempt from tax under section Section 2(36) and 100C of the Income Tax Ordinance, 2001.

6 PROPERTY AND EQUIPMENT

	Note	2019 Rupees	2018 Rupees
Operating fixed assets	6.1	6,857,949	14,005,815
Capital work-in-progress	6.2	276,937,406	59,937,603
		283,795,355	73,943,418

6.1 Operating fixed assets

2019

	Note	COST: As at 01 July 2018	COST: Additions	COST: Disposal / Write off	COST: As at 30 June 2019	DEPRECIATION: Accumulated as at 01 July 2018	DEPRECIATION: Charge for the year	DEPRECIATION: Disposal / Write off	DEPRECIATION: Accumulated as at 30 June 2019	NET BOOK VALUE: As at 30 June 2019	Useful life
		(Rupees)									Years
Land	6.1.1	-	-	-	-	-	-	-	-	-	-
Office equipment		4,186,701	2,025	-	4,188,726	1,424,865	837,747	-	2,262,612	1,926,114	5
Computer and accessories		17,539,579	-	-	17,539,579	10,391,878	5,808,491	-	16,200,369	1,339,210	3
Electrical equipment		3,982,721	-	-	3,982,721	749,012	398,272	-	1,147,284	2,835,437	10
Furniture and fixtures		920,837	-	-	920,837	112,564	92,084	-	204,648	716,189	10
Vehicle		66,485	-	-	66,485	12,189	13,297	-	25,486	40,999	3
		26,696,323	2,025	-	26,698,348	12,690,508	7,149,891	-	19,840,399	6,857,949	

2018

	COST: As at 01 July 2017	COST: Additions	COST: Disposal	COST: As at 30 June 2018	DEPRECIATION: Accumulated as at 01 July 2017	DEPRECIATION: Charge for the year	DEPRECIATION: Disposal	DEPRECIATION: Accumulated as a 30 June 2018	NET BOOK VALUE: As at 30 June 2018	Useful life
	(Rupees)									Years
Land	-	-	-	-	-	-	-	-	-	
Office equipment	3,948,652	268,703	(30,654)	4,186,701	626,511	806,528	(8,174)	1,424,865	2,761,836	5
Computer and accessories	17,241,592	297,987	-	17,539,579	4,562,945	5,828,933	-	10,391,878	7,147,701	3
Electrical equipment	3,982,721	-	-	3,982,721	350,740	398,272	-	749,012	3,233,709	10
Furniture and fixtures	582,771	338,066	-	920,837	36,881	75,683	-	112,564	808,273	10
Vehicle	-	66,485	-	66,485	-	12,189	-	12,189	54,296	3
	25,755,736	971,241	(30,654)	26,696,323	5,577,077	7,121,605	(8,174)	12,690,508	14,005,815	

6.1.1 The Lahore Knowledge Park Company has been given possession of a piece of land measuring 6,826 Kanals situated at Rakh Dera Chal by Government of Punjab (GOP) through Higher Education Department (HED) of GOP from which total 560 Kanal is transfered to Pakistan Kindney and Liver Institute (PKLI) on direction of Chief Minister of Punjab. In accordance with Notification of Colonies Department of GOP 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 GOP. 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 value.

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6.2 Capital work-in-progress

	Note	2019 Balances as at 01 July 2018	Additions during the year	Transfers	Impairment	Balance as at 30 June 2019
		(Rupees)				
Consultancy fee		**51,719,603**	**-**	**-**	**-**	**51,719,603**
Payment to TEPA		**1,000,000**	**-**	**-**	**-**	**1,000,000**
Barbed wire & boundary	6.2.1	**7,218,000**	**-**	**-**	**-**	**7,218,000**
Construction of entrance gates, security road, boundary wall and watching tower	6.2.2	**-**	**216,999,803**	**-**	**-**	**216,999,803**
		59,937,603	**216,999,803**	**-**	**-**	**276,937,406**

	2018 Balances as at 01 July 2017	Additions during the year	Transfers	Impairment	Balance as at 30 June 2018
	(Rupees)				
Consultancy fee	51,719,603	-	-	-	51,719,603
Payment to TEPA	-	1,000,000	-	-	1,000,000
Barbed wire & boundary	-	7,218,000	-	-	7,218,000
	51,719,603	8,218,000	-	-	59,937,603

6.2.1 This relates to payment made to Communication and Works Department by Higher Education Department for installation of barbed wire on the boundary walls around the site of Lahore Knowledge Park and has been treated as grant in kind.

6.2.2 Advance was paid to IDAP (Infrastructure Development Authority of Punjab) in the prior year, amounting to Rs. 370 million for construction of entrance gate, boundary walls, watch towers and security roads at Lahore Knowledge Park site. During the year, an amount of Rs. 216.9 million has been transferred to capital work in progress which represent around 32% on the basis of stage of completion.

7 LONG TERM DEPOSITS

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

8 LOANS AND ADVANCES

	Note	2019 Rupees	2018 Rupees
Advances - considered good - unsecured			
- To staff		**32,990**	681,072
- To Construction Supervisor - IDAP	6.2.2	**153,000,197**	370,000,000
- To Landlord		**-**	3,267,000
- To LESCO	8.1	**1,057,730**	-
		154,090,917	373,948,072

8.1 This represents the payments made to LESCO in respect of shifting of 11 KVA energized electrical poles at the work site to an alternate location. Partial work has been done at the site for the shifting of poles as at 30 June 2019.

9 SHORT TERM INVESTMENTS

	Note	2019 Rupees	2018 Rupees
Term deposits	9.1	**802,269,109**	850,000,000

9.1 These represent investment in term deposits certificates maintained with The Bank of Punjab. These term deposit certificates have maturity date latest by 23 July 2019 and carry interest rates ranging from 6.10% to 11.25% per annum (2018: 5.50% to 5.95%).

9.1.1 These includes an interest amounting to Rs. 2,269,109 (2018: Rs Nil).

10 CASH AND BANK BALANCES

	Note	2019 Rupees	2018 Rupees
Cash in hand		**54,685**	19,113
Cash at bank			
- Current account		**51,766,044**	47,708,792
		51,820,729	47,727,905

11 DEFERRED GRANT

	Note	2019 Rupees	2018 Rupees
Grant related to income deferred	11.1	**1,222,323,263**	1,485,350,482
Grant related to assets deferred	11.2	**283,795,355**	73,943,418
		1,506,118,618	1,559,293,900

11.1 GRANT RELATED TO INCOME DEFERRED

	2019	2018
Balance as at 01 July	**1,485,350,482**	1,344,221,440
Add: Received / receivable during the year	**-**	250,000,000
Less: Transferred to grant related to assets deferred	**(217,001,828)**	(1,971,241)
Less: Recognized as income in current year	**(46,025,391)**	(106,899,717)
Balance as at 30 June	**1,222,323,263**	1,485,350,482

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		Note	2019 Rupees	2018 Rupees
11.2	**GRANT RELATED TO ASSETS DEFERRED**			
	Balance as at 01 July		**73,943,418**	71,898,262
	Add: Additions during the year			
	- Operating fixed assets		**2,025**	971,241
	- Capital work-in-progress (TEPA)		**-**	1,000,000
	- Grant received in kind (Barbed wire)		**-**	7,218,000
			216,999,803	
	Less: Grant related to assets recognized			
	- Against depreciation of operating fixed assets		**(7,149,891)**	(7,121,605)
	- Against write off of operating fixed asset		**-**	(22,480)
			(7,149,891)	(7,144,085)
	Balance as at 30 June		**283,795,355**	73,943,418
12	**TRADE AND OTHER PAYABLES**			
	Payable to vendors		**5,469,818**	4,262,977
	Accrued expenses		**3,194,955**	2,276,240
	Provision for leave encashment	**12.1**	**1,132,828**	1,386,219
	Withholding tax payable		**18**	16
			9,797,619	7,925,452
12.1	**Provision for leave encashment**			
	Balance as at 01 July		**1,386,219**	1,970,400
	Add: Allocation for the year		**1,926,134**	5,053,455
	Less: Amount paid during the year		**(2,179,525)**	(5,637,636)
	Balance as at 30 June		**1,132,828**	1,386,219

13 **CONTINGENCIES AND COMMITMENTS**

13.1 **Contingencies**

There are no contingencies to report at the year end (2018: Nil).

13.2 **Commitments**

13.2.1 As at year end the Company's commitments related to contracts amounting to Rs. Rs. 487,377,945 (2018: Rs. 487,377,945).

13.2.2 **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	2019 Rupees	2018 Rupees
	Not later than one year		**5,390,550**	9,882,675
	Later than one year and not later than five years		**-**	-
	Later than five years		**-**	-
			5,390,550	9,882,675
14	**GRANT**			
	Grant related to income recognized	**11.1**	**46,025,391**	106,899,717
	Grant related to assets recognized	**11.2**	**7,149,891**	7,144,085
			53,175,282	114,043,802

15 **INTEREST INCOME**

This represents income generated from the investment in term deposit certificates.

		Note	2019 Rupees	2018 Rupees
16	**OTHER INCOME**			
	Tender fee		**21,000**	87,000
	Other income		**753,630**	450
			774,630	87,450

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		Note	2019 Rupees	2018 Rupees
17	**ADMINISTRATIVE AND GENERAL EXPENSES**			
	Travelling and conveyance		**1,721,132**	4,974,5
	Utilities		**2,117,561**	3,452,8
	Repairs and maintenance		**217,806**	1,941,2
	Advertisement and promotion		**208,000**	2,458,4
	Rent, rates and taxes		**9,882,675**	8,984,2
	Tax consultancy fee		**405,032**	9,774,5
	Printing and stationery		**124,524**	843,05
	Marketing and promotions		**-**	1,380,89
	Legal and professional		**1,157,365**	244,83
	Auditors' remuneration		**775,000**	775,00
	Entertainment expenses		**308,733**	786,34
	Depreciation	6.1	**7,149,891**	7,121,60
	Security charges		**14,024,448**	13,918,14
	Fuel expense		**108,530**	153,03
	Other expenses		**60,356**	145,37
	Bank charges		**-**	3,48
			38,261,053	56,957,60

		2019	2018
18	**OTHER OPERATING EXPENSES**		
	Asset written off	**-**	22,480
19	**TAXATION**		
	Current tax for the year	**-**	-
	Prior year tax adjustment	**-**	(9,135,441)
		-	(9,135,441)

20 **FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**

20.1 **Financial risk management objectives**

The Company finances its operations through funds provided by Government of Punjab. 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.

20.2 **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.

20.2.1 **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:

	2019 Rupees	2018 Rupees
Security deposit	**2,120,000**	2,120,000
Loans and advances	**32,990**	681,072
Interest accrued	**-**	1,258,903
Short term investments	**802,269,109**	850,000,000
Bank balances	**51,766,044**	47,708,792
	856,188,143	901,768,767

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 rating or to historical information about counterparty default rate:

	Rating Agency	Rating: Short term	Rating: Long term	2019 Rupees	2018 Rupees
The Bank of Punjab					
-Bank balance	PACRA	A1+	AA	**51,766,044**	47,708,792
-Term deposit receipt	PACRA	A1+	AA	**802,269,109**	850,000,000

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20.2.2 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:

	2019		
	Maturity up to one year	**Maturity after one year**	**Total**
	Rupees	**Rupees**	**Rupees**
Trade and other payables	**9,797,619**	**-**	**9,797,619**

	2018		
	Maturity up to one year	Maturity after one year	Total
	Rupees	Rupees	Rupees
Trade and other payables	7,925,436	-	7,925,436

20.2.3 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.

(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:

	2019	2018
Fixed rate instruments	**Rupees**	Rupees
Financial assets		
Bank balances - operational account	**51,766,044**	47,708,792
Short term investments	**802,269,109**	850,000,000
	854,035,153	897,708,792

20.2.4 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.

20.2.5 Classification of financial instruments	**2019** **Rupees**	2018 Rupees
ASSETS		
NON CURRENT ASSETS		
Security deposits	**2,120,000**	2,120,000
CURRENT ASSETS		
Loans and advances	**32,990**	681,072
Interest accrued	**-**	1,258,903
Short term investments	**802,269,109**	850,000,000
Cash and bank balances	**51,766,044**	47,708,792
	856,188,143	901,768,76
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	**9,797,619**	7,925,436
	9,797,619	7,925,436

21 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 12. Remuneration of Chief Executive, Directors and Executives is disclosed in note 22. Other significant transactions with related parties are as follows:

	2019				
	Traffic Engineering & Transport Planning Agency	**Lahore Electricity Supply Company Limited (LESCO)**	**Infrastructure Development Authority of Punjab**	**Director General Public Relations**	**The Bank of Punjab**
21.1 Basis of relationship	**Under Common Control**	**Under Common Control**	**Under Common Control**	**Under Common Control**	**Under Common Control**
Transactions during the year			(Rupees)		
Investments made	-	-	-	-	**47,730,891**
Profits earned	-	-	-	-	**72,470,138**
Advance made for relocation of electricity polls	-	**1,057,730**			
Advertisement expense paid	-		-	**508,000**	-
	-	**1,057,730**	-	**508,000**	**120,201,029**

	2018				
	Traffic Engineering & Transport Planning Agency	Lahore Electricity Supply Company Limited (LESCO)	Infrastructure Development Authority of Punjab	Director General Public Relations	The Bank of Punjab
Basis of relationship	Under Common Control		Under Common Control	Under Common Control	Under Common Control
Transactions during the year			(Rupees)		
Investments made	-	-	-	-	850,000,000
Profits earned	-	-	-	-	70,322,940
Advertisement expense paid	-	-	-	3,163,158	-
Advance made for construction	-	-	370,000,000	-	-
Payment made for NOC	1,000,000	-	-	-	-
	1,000,000	-	370,000,000	3,163,158	920,322,940

22 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND KEY MANAGEMENT PERSONNEL

	2019		
	Chief Executive	**Directors**	**Executives**
		(Rupees)	
Managerial remuneration and allowances	**5,067,794**	-	**60,062,100**
Number of person(s)	-	**9**	**12**

During the year Chief Executive officer remained in office only from 1 July 2018 to 02 September 2018.

	2018		
	Chief Executive	Directors	Executives
		(Rupees)	
Managerial remuneration and allowances	17,554,286	-	67,160,805
Number of person(s)	1	11	14

22.1 Directors of the Company are not drawing any salary.

22.2 No fee was paid to directors for attending meetings.

23 NUMBER OF EMPLOYEES

	2019	2018
	(No. of persons)	
Total employees at year end	**38**	42
Average employees	**41**	45

24 DATE OF AUTHORIZATION FOR ISSUE

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

Chief Executive **Director**