



**Building a better
working world**

LAHORE KNOWLEDGE PARK COMPANY

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2020**

EY Ford Rhodes
Chartered Accountants
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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 2020

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 2020, 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 2020 and of excess of income over expenditure, 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.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Directors' report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

5/7/20

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.

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.

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, 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.



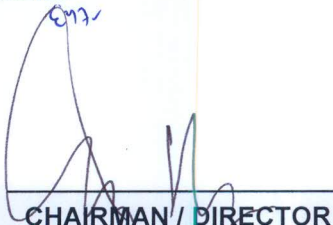
EY Ford Rhodes
Chartered Accountants
Lahore: 17 May 2021

LAHORE KNOWLEDGE PARK COMPANY
(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

ASSETS	Note	2020 Rupees	2019 Rupees
NON CURRENT ASSETS			
Property and equipment	6	435,065,938	283,795,355
Long term deposits	7	2,120,000	2,120,000
		437,185,938	285,915,355
CURRENT ASSETS			
Loans and advances	8	1,825,011	154,090,917
Grant receivable		-	250,000,000
Short term investments	9	1,085,006,864	802,269,109
Tax refunds due from Government		19,746,519	17,055,463
Cash and bank balances	10	41,174,169	51,820,729
		1,147,752,563	1,275,236,218
		1,584,938,501	1,561,151,573
LIABILITIES			
NON CURRENT LIABILITIES			
Retirement benefits obligation		17,241,001	15,073,312
Deferred grant	11	1,503,471,152	1,506,118,618
		1,520,712,153	1,521,191,930
CURRENT LIABILITIES			
Trade and other payables	12	10,504,151	9,797,619
		1,531,216,304	1,530,989,549
NET ASSETS			
		53,722,197	30,162,024
CONTINGENCIES AND COMMITMENTS			
	13	-	-
Represented by:			
Accumulated surplus		53,722,197	30,162,024
		53,722,197	30,162,024

The annexed notes, from 1 to 23, form an integral part of these financial statements.


CHIEF EXECUTIVE


CHAIRMAN / DIRECTOR

LAHORE KNOWLEDGE PARK COMPANY
(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 Rupees	2019 Rupees
INCOME			
Grant related to income recognized	14	-	46,025,391
Grant related to assets recognized	14	2,647,466	7,149,891
Interest income	15	124,440,532	72,470,138
Other income	16	1,367,970	774,630
		128,455,968	126,420,050
EXPENDITURE			
Salaries and benefits		(75,956,386)	(88,158,997)
Administrative and general expenses	17	(28,939,409)	(38,261,053)
		(104,895,795)	(126,420,050)
EXCESS OF INCOME OVER EXPENDITURE		23,560,173	-

The annexed notes, from 1 to 23, form an integral part of these financial statements.


 CHIEF EXECUTIVE


 CHAIRMAN / DIRECTOR

LAHORE KNOWLEDGE PARK COMPANY
(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	<u>2020</u> Rupees	<u>2019</u> Rupees
Excess of income over expenditure	23,560,173	-
Other comprehensive income	-	-
Total comprehensive income for the year	<u>23,560,173</u>	<u>-</u>

The annexed notes, from 1 to 23, form an integral part of these financial statements.


 CHIEF EXECUTIVE


 CHAIRMAN / DIRECTOR

LAHORE KNOWLEDGE PARK COMPANY

(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)

STATEMENT OF CHANGES IN FUND BALANCES

FOR THE YEAR ENDED 30 JUNE 2020

Accumulated
Surplus
Rupees

Balances as at 01 July 2018

30,162,024

Excess of income over expenditure

-

Other comprehensive income

-

-

Balances as at 30 June 2019

30,162,024

Excess of income over expenditure

23,560,173

Other comprehensive income

-

23,560,173

Balances as at 30 June 2020

53,722,197

The annexed notes, from 1 to 23, form an integral part of these financial statements.

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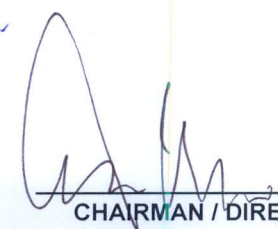

CHIEF EXECUTIVE
CHAIRMAN / DIRECTOR

LAHORE KNOWLEDGE PARK COMPANY
(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 Rupees	2019 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus before tax		23,560,173	-
Adjustment for non-cash items:			
- Depreciation	6.1	2,647,466	7,149,891
- Provision for gratuity		2,167,689	3,548,219
- Provision for leave encashment	12.2	1,837,818	1,926,134
- Grant related to income recognized		-	(46,025,391)
- Grant related to assets recognized		(2,647,466)	(7,149,891)
		4,005,507	(40,551,038)
Net cash used before changes in working capital		27,565,680	(40,551,038)
Effect of working capital changes:			
Increase in loans and advances		152,265,906	219,857,155
Increase in trade and other payables		21,608	2,125,558
		152,287,514	221,982,713
Net cash generated from operations		179,853,194	181,431,675
Tax paid		(2,691,056)	(7,147,292)
Leave encashment paid		(2,000,566)	(2,179,525)
Net cash generated from operating activities		175,161,572	172,104,858
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment	6.1	(70,180)	(2,025)
Additions to capital work in progress		(153,000,197)	(216,999,803)
Net cash used in investing activities		(153,070,377)	(217,001,828)
CASH FLOWS FROM FINANCING ACTIVITIES			
Grant received from Government of Punjab - net		250,000,000	-
Net cash generated from financing activities		250,000,000	-
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		272,091,195	(44,896,970)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		854,089,838	898,986,808
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	10.1	1,126,181,033	854,089,838

The annexed notes, from 1 to 23, form an integral part of these financial statements.


CHIEF EXECUTIVE


CHAIRMAN / DIRECTOR

LAHORE KNOWLEDGE PARK COMPANY
(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

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 repealed Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017). The registered office of the Company is situated 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** The Government of Punjab was facing litigation involving writ petitions filed in Lahore High Court, Suo moto notice by Supreme Court of Pakistan and National Accountability Bureau (NAB) inquiries against formation and operation of 56 state owned companies of Punjab, which also include Lahore Knowledge Park Company. In view of decision by Honorable Supreme Court of Pakistan, dated 16 January 2020, the inquiry against management, officers and officials of the Company was closed by NAB. Further, during the year, the Company has received Rs. 250 million as grant from the Government of Punjab.

The Company is carrying out operational activities in accordance with the requirements of the Act and applicable state laws and has sufficient funds to meet its financial obligations for the foreseeable future. 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) 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 the Institute of Chartered Accountants of Pakistan (ICAP) as notified under the provisions of 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 and accounting standards for NPO, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.1 New accounting standards, interpretations and amendments applicable to the financial statements for the year ended 30 June 2020

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 2019, as listed below. The Company has not early-adopted any standard, interpretation or amendment that has been issued but is not yet effective.

New Standards, Interpretations and Amendments

IFRS 14	Regulatory Deferral Accounts
IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
IFRS 9	Prepayment Features with Negative Compensation — (Amendments)
IAS 28	Long-term Interests in Associates and Joint Ventures — (Amendments)
IAS 19	Plan Amendment, Curtailment or Settlement — (Amendments)
IFRS 3	Business Combinations - Previously held Interests in a joint operation — (AIP)
IFRS 11	Joint Arrangements - Previously held Interests in a joint operation — (AIP)
IAS 12	Income Taxes - Income tax consequences of payments on financial instruments
IAS 23	Borrowing costs eligible for capitalization (AIP)

The nature and effect of the changes as a result of adoption of IFRS 16 are described below. The adoption of other standards, interpretations and amendments applied for the first time in the period did not have any material impact on the financial statements of the Company.

IFRS 16

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 determining whether an arrangement contains a Lease, SIC-15 operating leases-incentives and SIC-27 evaluating the substance of transactions involving the legal form of a lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases in the statement of financial position.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Company is the lessor.

The Company only has a single rental agreement (as lessee) of building with lease term of less than 12 months. The company applies the 'short-term lease' recognition exemption for this lease as continuation of lease is not expected. Hence, there is no material impact of the adoption of IFRS-16 on these financial statements.

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

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)
IAS 1	- Presentation of Financial Statements - (Amendments)	1-Jan-20
IAS 8	- Accounting Policies, Changes in Accounting Estimates and Errors - (Amendments)	1-Jan-20
IFRS 3	- Definition of a Business - (Amendments)	1-Jan-20
IFRS 7 & 9	- Interest Rate Benchmark Reform - (Amendments)	1-Jan-20

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.

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 2020.

The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements.

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 July 2009
IFRS 17 - Insurance Contracts	01 January 2022

The Company expects that the adoption of the above revision, amendments and interpretation of the standards will not affect the Company's financial statements in the period of initial application.

3 Basis of Measurement

3.1 Basis of preparation

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

3.2 Functional and presentation currency

These financial statements are presented in Pak Rupees which is the Company's functional and presentation currency. Figures have been rounded off to the nearest rupee.

4 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. 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.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND EVENTS

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:

5.1 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 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

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5.2 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.

5.3 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.

5.4 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.

5.5 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.

5.6 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.

5.7 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.

5.7.1 Financial assets

Financial assets - initial recognition

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.

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 (debt instruments)

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

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.

5.7.2 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 withholding tax payable.

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.

5.7.3 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.

5.8 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.

5.9 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 made for the year as the Company is recognized as "non-profit organization" under section 2(36) of the Income Tax Ordinance, 2001 and the Company is entitled to tax credit under section 100C of the Income Tax Ordinance, 2001.

5.10 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as Lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation, impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Lease liabilities - rented premises

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

5.11 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, balances with banks in current and saving accounts, investments having maturity of three months or less from the date of acquisition and short term borrowings.

2024

6 PROPERTY AND EQUIPMENT

Operating fixed assets
Capital work-in-progress

Note	2020 Rupees	2019 Rupees
6.1	4,280,663	6,857,949
6.2	430,785,275	276,937,406
	435,065,938	283,795,355

6.1 Operating fixed assets

			COST		DEPRECIATION				NET BOOK VALUE		
2020	Note	As at 01 July 2019	Additions	Disposal / Write off	As at 30 June 2020	As at 01 July 2019 (Rupees)	Charge for the year	Disposal / Write off	As at 30 June 2020	As at 30 June 2020	Useful life Years
Land	6.1.1	-	-	-	-	-	-	-	-	-	-
Office equipment		4,188,726	62,530	-	4,251,256	2,262,612	847,384	-	3,109,996	1,141,260	5
Computer and accessories		17,539,579	7,650	-	17,547,229	16,200,369	1,296,429	-	17,496,798	50,431	3
Electrical equipment		3,982,721	-	-	3,982,721	1,147,284	398,272	-	1,545,556	2,437,165	10
Furniture and fixtures		920,837	-	-	920,837	204,648	92,084	-	296,732	624,105	10
Vehicle		66,485	-	-	66,485	25,486	13,297	-	38,783	27,702	3
		26,698,348	70,180	-	26,768,528	19,840,399	2,647,466	-	22,487,865	4,280,663	
COST											
		As at 01 July 2018	Additions	Disposal	As at 30 June 2019	As at 01 July 2018 (Rupees)	Charge for the year	Disposal	As at 30 June 2019	As at 30 June 2019	Useful life Years
DEPRECIATION											
NET BOOK VALUE											
(Rupees)											

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 Chah by Government of Punjab (GoP) through Higher Education Department (HED) of GoP from which total 560 Kanal is transferred to Pakistan Kidney 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 said 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.

6.1.2 The cost of fully depreciated assets which are still in use as at 30 June 2020 is Rs. 17,197,090.

6.2 Capital work-in-progress

Note	2020				
	Balances as at 01 July 2019	Additions during the year	Transfers	Impairment	Balance as at 30 June 2020
	(Rupees)				
Consultancy fee	51,719,603	-	-	-	51,719,603
Payment to TEPA	1,000,000	-	-	-	1,000,000
Barbed wire and 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	153,847,869	-	-	370,847,672
	<u>276,937,406</u>	<u>153,847,869</u>	<u>-</u>	<u>-</u>	<u>430,785,275</u>
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	7,218,000	-	-	-	7,218,000
Construction of entrance gates, security road, boundary wall and watching tower	-	216,999,803	-	-	216,999,803
	<u>59,937,603</u>	<u>216,999,803</u>	<u>-</u>	<u>-</u>	<u>276,937,406</u>

6.2.1 This relates to payment made to Communication and Works Department of Government of Punjab 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 year 2018, amounting to Rs. 370 million for construction of entrance gate, boundary walls, watch towers and security roads at Lahore Knowledge Park site. An amount of Rs. 370.8 million has been transferred to capital work in progress from advances till 30 June 2020 on the basis of completion of work, which represents 54.09% of total contract price.

7 LONG TERM DEPOSITS

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

8 LOANS AND ADVANCES

Advances - considered good - unsecured
- To staff
- To Construction Supervisor - IDAP
- To LESCO

Note	2020 Rupees	2019 Rupees
	767,281	32,990
6.2.2	-	153,000,197
8.1	<u>1,057,730</u>	<u>1,057,730</u>
	<u>1,825,011</u>	<u>154,090,917</u>

8.1 This represents amount paid to LESCO for relocation of 11 KVA energized electrical poles at the work site.

9 SHORT TERM INVESTMENTS

Term deposits

Note	2020 Rupees	2019 Rupees
9.1	<u>1,085,006,864</u>	<u>802,269,109</u>

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 2020 and carry interest rates ranging from 7.40% to 12.50% per annum (2019: 6.10% to 11.25%).

10 CASH AND BANK BALANCES

Cash in hand
Cash at bank
- Current account

	2020 Rupees	2019 Rupees
	11	54,685
	<u>41,174,158</u>	<u>51,766,044</u>
	<u>41,174,169</u>	<u>51,820,729</u>

10.1 CASH AND CASH EQUIVALENT

- Cash and bank balances
- Short-term investment

	41,174,169	51,820,729
	<u>1,085,006,864</u>	<u>802,269,109</u>
	<u>1,126,181,033</u>	<u>854,089,838</u>

	Note	2020 Rupees	2019 Rupees
11 DEFERRED GRANT			
Grant related to income deferred	11.1	1,068,405,214	1,222,323,263
Grant related to assets deferred	11.2	435,065,938	283,795,355
		<u>1,503,471,152</u>	<u>1,506,118,618</u>
11.1 GRANT RELATED TO INCOME DEFERRED			
Balance as at 01 July		1,222,323,263	1,485,350,482
Add: Received / receivable during the year		-	-
Less: Transferred to grant related to assets deferred	11.2	(153,918,049)	(217,001,828)
Less: Recognized as income in current year		-	(46,025,391)
Balance as at 30 June		<u>1,068,405,214</u>	<u>1,222,323,263</u>
11.2 GRANT RELATED TO ASSETS DEFERRED			
Balance as at 01 July		283,795,355	73,943,418
Add: Additions during the year			
- Operating fixed assets		70,180	2,025
- Capital work-in-progress		153,847,869	216,999,803
	11.1	153,918,049	217,001,828
- Grant received in kind (Barbed wire)		-	-
Less: Grant related to assets recognized			
- Against depreciation of operating fixed assets		(2,647,466)	(7,149,891)
- Against write off of operating fixed asset		-	-
		<u>(2,647,466)</u>	<u>(7,149,891)</u>
Balance as at 30 June		<u>435,065,938</u>	<u>283,795,355</u>
12 TRADE AND OTHER PAYABLES			
Payable to vendors	12.1	6,101,936	5,469,818
Accrued expenses		3,432,135	3,194,955
Provision for leave encashment	12.2	970,080	1,132,828
Withholding tax payable		-	18
		<u>10,504,151</u>	<u>9,797,619</u>
12.1	This includes payable to Infrastructure Development Authority of Punjab, a related party, amounting to Rs. 847,672 (2019: Rs. Nil).		
12.2 Provision for leave encashment			
Balance as at 01 July		1,132,828	1,386,219
Add: Charge for the year		1,837,818	1,926,134
Less: Amount paid during the year		(2,000,566)	(2,179,525)
Balance as at 30 June		<u>970,080</u>	<u>1,132,828</u>
13 CONTINGENCIES AND COMMITMENTS			
13.1 Contingencies			
There are no contingencies to report at the year end (2019: Nil).			
13.2 Commitments			
As at year end the Company's commitments related to contracts amount to Rs. 421,153,663 (2019: Rs. 575,001,532).			
14 GRANT			
Grant related to income recognized	11.1	-	46,025,391
Grant related to assets recognized	11.2	2,647,466	7,149,891
		<u>2,647,466</u>	<u>53,175,282</u>
15 INTEREST INCOME			
This represents income generated from the investment in term deposit certificates.			
16 OTHER INCOME			
Tender fee		6,000	21,000
Write-back of liability		1,361,970	753,630
		<u>1,367,970</u>	<u>774,630</u>

17	ADMINISTRATIVE AND GENERAL EXPENSES	Note	2020 Rupees	2019 Rupees
	Travelling and conveyance		1,062,819	1,721,132
	Utilities		1,178,569	2,117,561
	Repair and maintenance		481,290	217,806
	Advertisement and promotion		25,900	208,000
	Rent, rates and taxes		10,781,100	9,882,675
	Tax consultancy fee		479,700	405,032
	Printing and stationery		161,497	124,524
	Legal and professional		983,215	1,157,365
	Auditors' remuneration		775,000	775,000
	Entertainment expenses		105,338	308,733
	Depreciation	6.1	2,647,466	7,149,891
	Security charges		9,938,055	14,024,448
	Fuel expense		254,992	108,530
	Other expenses		64,468	60,356
			<u>28,939,409</u>	<u>38,261,053</u>

18 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

18.1 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.

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:

	2020 Rupees	2019 Rupees
Security deposit	2,120,000	2,120,000
Loans and advances	767,281	32,990
Interest accrued	-	-
Short-term investments	1,085,006,864	802,269,109
Bank balance	<u>41,174,158</u>	<u>51,766,044</u>
	<u>1,129,068,303</u>	<u>856,188,143</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 rating or to historical information about counterparty default rate:

	Rating Agency	Rating		2020 Rupees	2019 Rupees
		Short term	Long term		
The Bank of Punjab					
-Bank balance	PACRA	A1+	AA	41,174,158	51,766,044
-Term deposit certificates	PACRA	A1+	AA	1,085,006,864	802,269,109

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 and profit receipt on TDRs therefore the company is not exposed to liquidity risk.

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

	2020		
	Maturity up to one year Rupees	Maturity after one year Rupees	Total Rupees
Trade and other payables	10,504,151	-	10,504,151

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

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.

(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:

	2020 Rupees	2019 Rupees
Fixed rate instruments		
Financial assets		
Cash at bank - Current account	41,174,158	51,766,044
Short-term investments	1,085,006,864	802,269,109
	<u>1,126,181,022</u>	<u>854,035,153</u>

18.2.4 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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.

18.2.5 Classification of financial instruments

	2020 Rupees	2019 Rupees
ASSETS		
NON CURRENT ASSETS		
Security deposits	2,120,000	2,120,000
CURRENT ASSETS		
Loans and advances	767,281	32,990
Short-term investments	1,085,006,864	802,269,109
Cash and bank balances	41,174,158	51,766,044
	<u>1,129,068,303</u>	<u>856,188,143</u>
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	10,504,151	9,797,619
	<u>10,504,151</u>	<u>9,797,619</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 12. Remuneration of Chief Executive, Directors and Executives is disclosed in note 21. Other significant transactions with related parties are as follows:

19.1 Basis of relationship

Transactions during the year

Investments made in TDR

Profits earned

Capital work in progress

2020			
Infrastructure Development Authority of Punjab	Lahore Electricity Supply Company limited (LESCO)	Director General Public Relations	The Bank of Punjab
Under Common Control	Under Common Control	Under Common Control	Under Common Control
(Rupees)			
-	-	-	282,737,755
-	-	-	124,440,532
153,847,869	-	-	-
153,847,869	-	-	407,178,287

Basis of relationship

Transactions during the year

Investments made

Profits earned

Capital work in progress

Advertisement expense paid

Advance made for relocation of electricity polls

2019			
Infrastructure Development Authority of Punjab	Lahore Electricity Supply Company limited (LESCO)	Director General Public Relations	The Bank of Punjab
Under Common Control	Under Common Control	Under Common Control	Under Common Control
(Rupees)			
-	-	-	47,730,891
-	-	-	72,470,138
216,999,803	-	-	-
-	-	508,000	-
-	1,057,730	-	-
216,999,803	1,057,730	508,000	120,201,029

20 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND KEY MANAGEMENT PERSONNEL

Managerial remuneration and allowances

Leave encashment

Gratuity

Number of person(s)

2020		
Chief Executive	Directors	Executives
(Rupees)		
-	-	44,037,696
-	-	2,373,679
-	-	3,960,321
-	-	72,240,019
1	9	13

Managerial remuneration and allowances

Number of person(s)

2019		
Chief Executive	Directors	Executives
(Rupees)		
5,067,794	-	60,062,100
1	9	12

20.1 The Acting Chief Executive and Directors of the Company are not drawing any salary from the Company.

20.2 No fee was paid to directors for attending meetings.

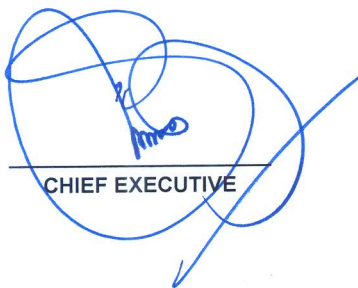
21	NUMBER OF EMPLOYEES	2020	2019
		(No. of persons)	
	Total employees at year end	29	38
	Average employees	33	41

22 IMPACT OF COVID-19

Company's business was not majorly affected by Covid-19 pandemic as construction works in Company's premises were immediately restored after the Government had eased down lockdown on construction sector at the end of financial year 2020. The company has reviewed its exposure to business risks and related accounting considerations. Consequently, the Company believes that there is no material impact on the recognition and measurement of assets and liabilities in these financial statements.

23 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on April 29, 2021 *anj*



CHIEF EXECUTIVE



CHAIRMAN