

**KARAKORAM AREA DEVELOPMENT  
ORGANIZATION  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
DECEMBER 31, 2017**

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## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Karakoram Area Development Organization** as at December 31, 2017 and the related income and expenditure account, cash flow statement and statement of changes in fund together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the repealed Companies Ordinance, 1984 wide circular no. 23 dated October 04, 2017 promulgated by SECP . Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by the management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a. in our opinion, proper books of accounts have been kept by the Company as required by the repealed Companies Ordinance, 1984;
- b. in our opinion:
  - i. the balance sheet and income and expenditure account together with the notes thereon have been drawn up in conformity with the repealed Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
  - ii. the expenditure incurred during the year was for the purpose of the Company's business; and
  - iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.
- c. in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, income and expenditure account, cash flow statement and statement of changes in fund together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan, and, given the information required by the repealed Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2017 and of the deficit, and its cash flows and changes in equity for the year then ended; and

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

*Grant Thornton Anjum Rahman*  
**GRANT THORNTON ANJUM RAHMAN**  
Chartered Accountants  
Audit Engagement Partner: Nadeem Tirmizi

Islamabad  
Date: April 15, 2018

**KARAKORAM AREA DEVELOPMENT ORGANIZATION**  
*(A Company registered under section 42 of the Companies Ordinance, 1984)*  
**BALANCE SHEET**  
**AS AT DECEMBER 31, 2017**

	Note	2017 ..... Rupees .....	2016
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	4	10,233,440	14,289,108
Intangibles	5	294,400	371,200
Long term investments	6	-	20,000,000
		10,527,840	34,660,308
<b>Current assets</b>			
Stock in trade	7	1,527,107	1,791,933
Trade receivable	8	1,287,643	873,315
Short term advances	9	1,301,009	874,383
Short term deposits and prepayments	10	119,800	132,127
Other receivables	11	2,479,007	7,857,587
Other financial assets	12	24,000,000	12,000,000
Cash and bank balances	13	11,099,564	6,403,025
		41,814,130	29,932,370
<b>TOTAL ASSETS</b>		<b>52,341,970</b>	<b>64,592,678</b>

**FUND AND LIABILITIES**

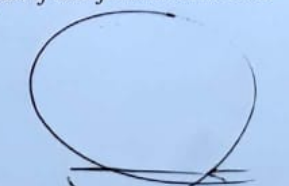
<b>Capital fund</b>	14	30,163,603	30,163,603
<b>Accumulated surplus</b>		12,875,371	26,136,615
<b>Non-current liabilities</b>			
Deferred grants	15	1,715,150	-
<b>Current liabilities</b>			
Short term loan	16	4,800,000	4,800,000
Staff retirement benefits-gratuity	17	791,917	350,576
Accrued and other liabilities	18	1,995,929	3,141,884
		7,587,846	8,292,460
<b>TOTAL FUND AND LIABILITIES</b>		<b>52,341,970</b>	<b>64,592,678</b>

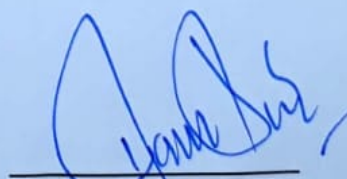
**CONTINGENCIES AND COMMITMENTS**

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*The annexed notes from 1 to 30 form an integral part of these financial statements.*

  
 \_\_\_\_\_  
 Chairman

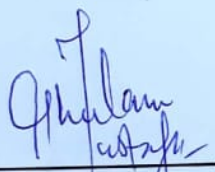
  
 \_\_\_\_\_  
 Director

  
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 Chief Executive Officer

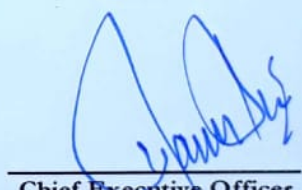
**KARAKORAM AREA DEVELOPMENT ORGANIZATION**  
*(A Company registered under section 42 of the Companies Ordinance, 1984)*  
**INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Note	2017 ..... Rupees .....	2016
<b>INCOME</b>			
Amortization of deffered grants-in kind contribution	15	515,050	-
Amortization of deffered grants-Restricted contribution		19,478,309	39,772,895
Grants and donations-Unrestricted	20	2,439,510	2,310,805
Sales from programme activities	21	2,631,254	2,659,198
Interest income		2,655,142	2,828,282
Management charges		600,000	600,000
Other income	22	1,695,060	667,214
		<b>30,014,325</b>	<b>48,838,394</b>
<b>EXPENDITURE</b>			
Cost of sales	23	2,035,256	1,242,511
Administrative costs	24	8,698,507	2,246,191
Programme costs	25	32,541,807	45,048,868
		<b>43,275,570</b>	<b>48,537,570</b>
		<b>(13,261,244)</b>	<b>300,825</b>
<b>(DEFICIT)/SURPLUS FOR THE YEAR</b>			
Other comprehensive income for the year		-	-
<b>TOTAL COMPREHENSIVE (DEFICIT)/SURPLUS FOR THE YEAR</b>		<b>(13,261,244)</b>	<b>300,825</b>

The annexed notes from 1 to 30 form an integral part of these financial statements.

  
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 Chairman

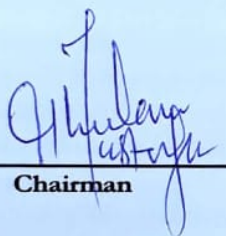
  
 \_\_\_\_\_  
 Director

  
 \_\_\_\_\_  
 Chief Executive Officer

**KARAKORAM AREA DEVELOPMENT ORGANIZATION**  
*(A Company registered under section 42 of the Companies Ordinance, 1984)*  
**STATEMENT OF CHANGES IN FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Capital fund	Accumulated Surplus	Total
	..... Rupees .....		
Balance as at January 1, 2016	30,163,603	25,835,790	55,999,393
Total comprehensive surplus for the year	-	300,825	300,825
Balance as at December 31, 2016	30,163,603	26,136,615	56,300,218
<b>Balance as at December 31, 2016</b>	<b>30,163,603</b>	<b>26,136,615</b>	<b>56,300,218</b>
Total comprehensive deficit for the year	-	(13,261,244)	(13,261,244)
<b>Balance as at December 31, 2017</b>	<b>30,163,603</b>	<b>12,875,371</b>	<b>43,038,974</b>

*The annexed notes from 1 to 30 form an integral part of these financial statements.*

  
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**Chairman**

  
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**Director**

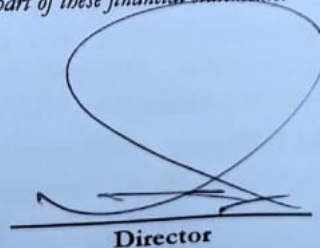
  
 \_\_\_\_\_  
**Chief Executive Officer**

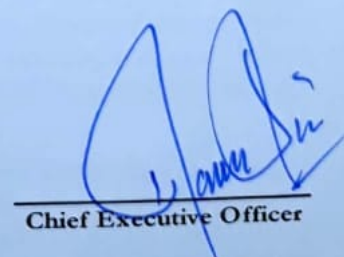
**KARAKORAM AREA DEVELOPMENT ORGANIZATION**  
*(A Company registered under section 42 of the Companies Ordinance, 1984)*  
**STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Note	2017 Rupees	2016
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
(Deficit)/Surplus for the year		(13,261,244)	300,825
Adjustments for			
Depreciation		5,050,478	6,423,830
Amortization		76,800	12,800
Provision for doubtful debts		266,260	44,500
Provision for gratuity		605,747	347,773
Exchange gain		(331,148)	(188,140)
Gain on disposal of assets		(984,200)	-
Loss on disposal of assets		1,212,020	-
		5,895,957	6,640,763
Net Increase/(decrease) before working capital changes		(7,365,287)	6,941,588
<b>Working capital changes</b>			
(Increase)/decrease in current assets			
Stock-in-trade		264,826	73,607
Trade debts-considered good		(479,978)	(110,290)
Advances		(426,626)	(599,984)
Trade deposits and short term prepayments		12,327	185,410
Other receivables		5,177,970	(6,121,388)
Other financial assets		(12,000,000)	(2,500,000)
Increase/(decrease) in current liabilities			
Deferred grants		1,715,150	(1,000,000)
Accrued and other liabilities		(1,145,955)	1,168,647
Cash used in operations		(6,882,286)	(8,903,998)
Gratuity paid		(164,406)	(274,227)
Net cash used in operating activities		(14,411,979)	(2,236,637)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(4,391,630)	(662,500)
Proceeds from sale of property and equipment		3,169,000	-
Decrease in Long term investment		20,000,000	-
Net cash used in/generated from investing activities		18,777,370	(662,500)
Net (decrease)/increase in cash and cash equivalents		4,365,391	(2,899,137)
Effect of change in exchange rate on cash and cash equivalents		331,148	188,140
Cash and cash equivalents at beginning of the year		6,403,025	9,114,022
<b>Cash and cash equivalents at end of the year</b>	13	11,099,564	6,403,025

The annexed notes from 1 to 30 form an integral part of these financial statements.

  
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 Chairman

  
 \_\_\_\_\_  
 Director

  
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 Chief Executive Officer