

**FOUNDATION UNIVERSITY
ISLAMABAD**

**AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
SEPTEMBER 30, 2019**



Independent Auditor's Report to the Board of Governors

Opinion

We have audited the financial statements of Foundation University Islamabad here-in-after referred to as ("the University"), which comprise of the balance sheet as at September 30, 2019, the income and expenditure account, statement of comprehensive income, statement of changes in University funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the balance sheet of the University as at September 30, 2019 and the income and expenditure account, statement of comprehensive income, statement of changes in University funds and its cash flows for the year then ended in accordance with the Approved Accounting Standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with the 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 University 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 Those Charged with Governance for the Financial Statements

The Board of Governors is responsible for the preparation and fair presentation of the financial statements in accordance with approved Accounting and Financial Reporting Standards as applicable in Pakistan, and for such internal control as the Board of Governors 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, Board of Governors is responsible for assessing the University'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 University or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the University'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 University'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 University'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 University 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 those charged with governance 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.

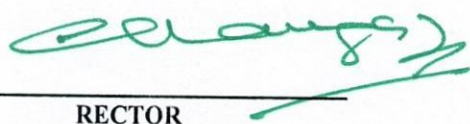
Date: 25-6-2020
Islamabad

HLB IJAZ TABUSSUM & CO.
Chartered Accountants
Engagement Partner:
Ijaz Akber – FCA

FOUNDATION UNIVERSITY ISLAMABAD
BALANCE SHEET
AS AT SEPTEMBER 30, 2019

	Note	2019 (Rupees)	2018 (Rupees)
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	4	591,064,375	282,302,024
Capital work in progress	5	33,112,983	163,955,369
Long term investments	6	-	-
Long term security deposits		2,156,669	1,852,243
		626,334,027	448,109,636
CURRENT ASSETS			
Stores, spares and loose tools	7	8,509,901	6,422,039
Tax deducted at source		482,516,250	75,268,698
Due from students		75,608,187	69,765,198
Advances	8	622,825,055	13,039,190
Security deposits and prepayments	9	2,968,032	2,536,151
Due from related party	10	-	-
Other receivables		10,095,010	8,321,229
Short term investments	11	265,366,046	2,934,312,840
Cash and bank balances	12	2,900,882,707	550,549,253
		4,368,771,188	3,660,214,598
TOTAL ASSETS		4,995,105,215	4,108,324,234
FUND AND LIABILITIES			
University funds		3,809,572,914	3,116,067,978
LIABILITIES			
NON - CURRENT LIABILITIES			
Deferred credit and restricted funds	13	16,731,491	14,987,423
Provision for employees' compensated absences		174,949,773	154,585,253
Long term security deposits	14	92,614,486	86,289,516
		284,295,750	255,862,192
CURRENT LIABILITIES			
Creditors, accrued and other liabilities	15	191,905,262	125,204,693
Unearned income		535,625,702	490,637,087
Due to related party	16	173,705,587	120,552,284
		901,236,551	736,394,064
TOTAL FUND AND LIABILITIES		4,995,105,215	4,108,324,234
CONTINGENCIES AND COMMITMENTS			
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The annexed notes from 1 to 22 form an integral part of these financial statements.


RECTOR


DIRECTOR FINANCE

FOUNDATION UNIVERSITY ISLAMABAD
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Note	2019 (Rupees)	2018 (Rupees)
INCOME			
Fee income	18	1,728,490,160	1,366,991,492
Other income	19	441,819,232	426,418,861
		2,170,309,392	1,793,410,353

EXPENDITURE

Salaries, allowances and other benefits		927,665,344	897,912,212
Human resource development		5,869,954	3,589,315
Utilities		39,214,904	27,796,622
Repairs and maintenance charges		22,744,581	16,605,695
Communication charges		2,203,848	1,726,344
Vehicle running expenses		① 8,852,453	7,212,071
Financial assistance/ merit scholarship		22,847,871	20,810,115
Legal and professional charges		③ 6,486,870	2,572,672
Insurance		2,149,195	1,254,710
Printing and stationery		② 12,168,272	6,617,223
Stores consumed		② 6,715,230	4,807,869
Rent, rates and taxes		185,272,126	165,103,076
Travelling and conveyance charges		① 3,767,895	2,479,459
Teaching hospital charges		32,194,260	19,717,241
Students medical facility		947,891	848,466
Advertisement		2,706,883	3,912,795
Auditors' remuneration		③ 590,000	535,000
Depreciation	4	102,342,181	66,091,901
Campus management system licensing		830,000	1,162,000
Information technology center lab expense		11,067,445	3,996,137
Information resource center library		-	1,800
Janitorial services and items		15,539,586	13,071,839
Security expenses		14,444,495	13,758,308
Financial charges		632,370	657,855
Research and development		2,502,291	7,537,245
University events		2,417,197	1,494,981
Examination expenses		1,476,000	1,403,360
Loss on disposal of assets		16,605	217,448
Discount to students fee		7,773,210	5,504,100
Debit balance written off		-	19,407,696
Miscellaneous		35,365,499	28,138,052
		1,476,804,456	1,345,943,607

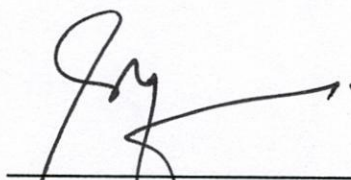
SURPLUS/ (DEFICIT) OF INCOME OVER EXPENDITURE

693,504,936	447,466,746
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The annexed notes from 1 to 22 form an integral part of these financial statements.



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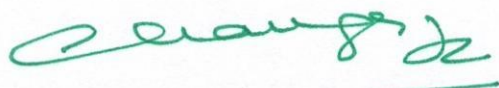


DIRECTOR FINANCE

FOUNDATION UNIVERSITY ISLAMABAD
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Note</u>	<u>2019</u> <u>(Rupees)</u>	<u>2018</u> <u>(Rupees)</u>
Surplus/ (deficit) of income over expenditure		693,504,936	447,466,746
Other comprehensive income		-	-
Total comprehensive income for the year		<u>693,504,936</u>	<u>447,466,746</u>

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



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DIRECTOR FINANCE

FOUNDATION UNIVERSITY ISLAMABAD
STATEMENT OF CHANGES IN UNIVERSITY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>*Endowment fund (Rupees)</u>	<u>General fund (Rupees)</u>	<u>Total (Rupees)</u>
Balance at 01 October 2017	524,773,409	2,123,827,823	2,648,601,232
Research fund - Endowment	20,000,000	-	20,000,000
Total comprehensive income	(15,492,378)	462,959,124	447,466,746
Balance at 30 September 2018	<u>529,281,031</u>	<u>2,586,786,947</u>	<u>3,116,067,978</u>
Research fund - Endowment	30,000,000	(30,000,000)	-
Total comprehensive income	(700,752)	694,205,688	693,504,936
Balance at 30 September 2019	<u><u>558,580,279</u></u>	<u><u>3,250,992,635</u></u>	<u><u>3,809,572,914</u></u>

* It is established in compliance with the requirements of the Higher Education Commission.

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


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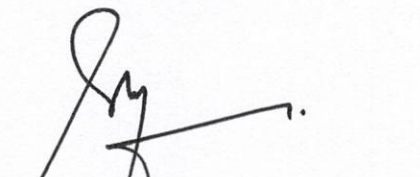
DIRECTOR FINANCE

FOUNDATION UNIVERSITY ISLAMABAD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Note	2019 Rupees	2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus of income over expenditure		693,504,936	447,466,746
Adjustments for non-cash items:			
Depreciation	4	102,342,181	66,091,901
Amortisation of deferred credit and restricted funds		1,640,279	15,971,277
(Gain)/ loss on disposal of property, plant and equipment		16,605	132,229
Exchange (gain)/ loss		(248,572,638)	(127,700,195)
Provision for employees' compensated absences - net		27,071,965	32,006,223
Financial charges		632,370	657,855
Debit balance written off		-	19,407,696
		(116,869,238)	6,566,986
Operating surplus before working capital changes		576,635,698	454,033,732
Changes in working capital			
(Increase)/ decrease in current assets:			
Stores, spares and loose tools		(2,087,862)	(719,547)
Tax deducted at source		(407,247,552)	(37,847,725)
Due from students		(5,842,989)	5,032,554
Advances		(609,785,865)	7,232,768
Deposits and prepayments		(431,881)	(241,159)
Other receivables		(1,773,781)	17,480,886
		(1,027,169,930)	(9,062,223)
Increase/ (decrease) in current liabilities:			
Creditors, accrued and other liabilities		66,700,569	49,089,041
Liabilities against assets subject to finance lease		-	(916,388)
Unearned income		44,988,615	41,943,217
Due to related party		53,153,303	63,356,598
		164,842,487	153,472,468
Cash generated from operations		(285,691,745)	598,443,977
Long term security deposits		(304,426)	(1,072,640)
Long term security deposits from students		(6,324,970)	(8,528,702)
Financial charges		(632,370)	(657,855)
		(7,261,766)	(10,259,197)
Net cash flow from operating activities		(292,953,511)	588,184,780
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures on property, plant and equipment		(411,104,532)	(120,146,560)
Capital expenditures on capital work in progress		130,842,386	(100,671,794)
Long term investments		-	276,265,583
Short term investments-net		2,668,946,794	(1,097,297,101)
Exchange gain		248,572,638	-
Proceeds from sale of property, plant and equipment		-	896,720
Net cash used in investing activities		2,637,257,286	(1,040,953,152)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease rental paid		-	(449,564)
Research fund - Endowment		-	20,000,000
Deferred credit and restricted funds		6,029,679	23,021,647
Net cash generated from financing activities		6,029,679	42,572,083
Net increase/ (decrease) in cash and cash equivalents		2,350,333,454	(410,196,289)
Cash and cash equivalents at beginning of the year		550,549,253	960,745,542
Cash and cash equivalents at end of the year	12	2,900,882,707	550,549,253

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


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DIRECTOR FINANCE

1. STATUS AND NATURE OF BUSINESS

Foundation University Islamabad ("the University") was established under the Foundation University Ordinance, 2002. The University is engaged in providing education through its colleges in the field of medicine, engineering, developing technologies, arts and sciences.

These financial statements include Endowment Fund established in compliance with the requirements of the Higher Education Commission and the result of following campuses:

- Foundation University Islamabad - Secretariat;
- Foundation University Islamabad Campus;
- Foundation University Rawalpindi Campus

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the Approved Accounting Standards as applicable in Pakistan.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the University operates. The financial statements are presented in Pakistani Rupees which is the University's functional and presentation currency.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with the guidelines requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, 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 estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by the management in application of the guidelines that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the ensuing paragraphs.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment

These are stated at cost, which includes purchase price, import duties and directly attributable costs less accumulated depreciation and impairment loss, if any.

Normal repairs and maintenance are charged to income and expenditure account as and when incurred whereas major improvements and modifications are capitalized.

Depreciation is charged on straight line basis. Depreciation is charged to the income and expenditure account over its estimated useful life at the rates given in Note 4. Full year's depreciation is charged on the assets if addition is made during the first half of the year, whereas half year's depreciation is charged if addition is made in second half of the year. No depreciation is charged in the year in which the assets are disposed off.

Gains and losses on disposals of property, plant and equipment are charged to income and expenditure account.

3.2 Assets subject to finance lease

Assets subject to finance lease are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of such assets. The related obligations under the lease are accounted for at net present value of liabilities. The assets so acquired are depreciated over their expected useful life. The depreciation is charged to current year's income and expenditure account.

3.3 Impairment

The carrying amounts of the University's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any indication exists, the recoverable amount of such assets is estimated and impairment losses are recognized in the income and expenditure account. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the initial cost of the asset. A reversal of the impairment loss is recognized in income and expenditure account.

3.4 Provision for employees' compensated absences

The University accounts for the liability in respect of employees' compensated absences in the year in which these are earned. Provision to cover the obligations is made using the current salary level of employees.

3.5 Intangible assets

Intangible assets, which are non-monetary assets without physical substance, are recognized at cost, which comprises purchase price, non-refundable purchase taxes and other directly attributable expenditures relating to their implementation and customization. After initial recognition, an intangible asset is carried at cost less accumulated amortization and impairment losses, if any. Intangible assets are amortized from the month, when these assets are available for use, using the straight line method, whereby the cost of the intangible asset is amortized over its estimated useful life over which economic benefits are expected to flow to the University. The useful life and amortization method is reviewed and adjusted, if appropriate, at each balance sheet date.

3.6 Investments

Investments are classified as loans and receivables which have fixed or determinable payments and are not quoted in an active market. These investments are measured at amortized cost using effective interest method, less any impairment losses.

These investments are initially recognized at cost which comprises of fair value of consideration paid and cost of transaction. Subsequent to initial recognition these investments are measured at amortized cost. The amortized cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization, using the effective interest method, of any difference between the initially recognized amount and the maturity amount. Gains and losses are recognized in income and expenditure account when the investments are derecognized or impaired, as well as through the amortization process.

3.7 Stores, spares and loose tools

Useable stores and spares are valued principally at moving average cost, while items considered obsolete are carried at nil value. In- transit stores and spares are valued at cost comprising invoice value plus other charges paid thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less cost necessary to be incurred in order to make a sale.

3.8 Income

Income from tuition fee is recognized over the period of instruction and the amount received against which tuition is not provided till the year end is recognized as received in advance in balance sheet. Revenue from admission fee is recognized at the time of admission. Profit on bank deposit is recognized on a time proportion basis taking into account the principal outstanding and the interest applicable. Return on investment is recognized on accrual basis at the rates specified in respective investment instrument assuming that such investment will be held till maturity.

3.9 Provision

Provisions are recognized when the University has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimates.

3.10 Liability against assets subject to finance lease

Lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.11 Foreign currency transactions and translations

Foreign currency transactions are translated into Pakistani Rupee at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupee at the exchange rates prevailing at the balance sheet date. All non-monetary items are translated into Pakistani Rupee at exchange rate prevailing on the date of transaction or the date when the fair values are determined. Exchange differences are taken to income and expenditure account.

3.12 Deferred credit - grants

Deferred credit represents the amount received from Higher Education Commission and from different Companies of Fauji Foundation group for scholarship purposes. Grants are recognized at their fair value where there is a reasonable assurance that the grant will be received and the University will comply with all attached conditions.

Grants relating to expenses are deferred and recognized in the income and expenditure account in the period in which the related expense is incurred.

Grants relating to property, plant and equipment are deducted from the carrying amount of the assets and recognized as income equal to the amount of respective asset's depreciation or amortization charge.

3.13 Financial instruments

Non-derivative financial assets

These are initially recognized on the date the University becomes a party to the contractual provisions of the instrument.

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or when the University transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the University is recognized as a separate asset or liability.

The University classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss and loans and receivables.

Loans and receivables

Loans and receivables comprise investments classified as loans and receivables, cash and cash equivalents and due from students and other receivables.

Due from students and other receivables

Due from students and other receivables are stated initially at the fair value, subsequent to initial recognition these are stated at their fair value as reduced by appropriate provision for impairment. Known impaired receivables are written off, while receivables considered doubtful of recovery are fully provided for.

The allowance for doubtful accounts is based on the University's assessment of the collectability of counterparty accounts. The University regularly reviews its receivables that remain outstanding past their applicable payment terms and establishes allowance and potential write-offs by considering factors such as historical experience, credit quality, age of the accounts receivable balances and current economic conditions that may affect a student's ability to pay.

Cash and cash equivalents

Cash and cash equivalents comprises of cash and bank balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the University in the management of its short-term commitments.

Non-derivative financial liabilities

The University initially recognizes non- derivative financial liabilities on the date that the University becomes a party to the contractual provisions of the instrument. The University derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

These financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. Non-derivative financial liabilities comprise of markup bearing borrowings including obligations under finance lease, bank overdrafts and trade and other payables.

3.14 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the University has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

FOUNDATION UNIVERSITY ISLAMABAD
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

PROPERTY, PLANT AND EQUIPMENT

	Cost				Rate %	Accumulated Depreciation		Written down value
	As at 01 Oct 2018	Additions	Adjustments/ Disposal	As at 30 Sep 2019		Charge for the year	As at 30 Sep 2019	
	-----Rupees-----							
Building	59,446,862	193,111,255	-	252,558,117	5	11,412,335	18,623,840	233,934,277
Motor vehicles	54,625,924	40,049,753	(1,358,945)	93,316,732	25	11,937,056	58,330,203	34,986,529
Furniture and fixtures	119,146,307	39,070,012	(1,032,725)	157,183,594	10	11,770,811	75,878,048	81,305,546
Office and other equipments	107,844,637	49,489,989	(838,681)	156,495,945	10-15	17,179,502	79,337,981	77,157,964
Laboratory equipments	265,696,036	32,852,221	(146,166)	298,402,091	15-33	35,778,372	216,608,999	81,793,092
Computer equipments	60,894,723	33,050,627	-	93,945,350	33	9,470,047	65,203,506	28,741,844
Library books	46,086,596	14,897,738	-	60,984,334	5	2,873,158	17,560,130	43,424,204
FM radio	-	11,641,819	-	11,641,819	33	1,920,900	1,920,900	9,720,919
	713,741,085	414,163,414	(3,376,517)	1,124,527,982		102,342,181	533,463,607	591,064,375

	Cost				Rate %	Accumulated Depreciation		Written down value
	As at 01 Oct 2017	Additions	Adjustments/ Disposal	As at 30 Sep 2018		Charge for the year	As at 30 Sep 2018	
	-----Rupees-----							
Building	39,614,637	19,832,225	-	59,446,862	5	2,299,351	7,211,505	52,235,357
Motor vehicles	51,330,169	5,390,285	(3,741,530)	52,978,924	25	5,352,625	46,098,397	6,880,527
Motor vehicles - Leased	1,647,000	-	-	1,647,000	25	411,750	(1,235,250)	1,647,000
Furniture and fixtures	101,373,865	19,727,191	(1,954,749)	119,146,307	10	8,281,682	64,323,220	54,823,087
Office and other equipments	83,167,554	26,898,328	(2,221,245)	107,844,637	10-15	9,401,916	62,457,812	45,386,825
Laboratory equipments	232,060,335	33,845,732	(210,031)	265,696,036	15-33	33,942,878	180,927,696	84,768,340
Computer equipments	56,416,386	4,538,037	(59,700)	60,894,723	33	4,286,885	55,733,459	5,161,264
Library books	36,171,834	9,914,762	-	46,086,596	5	2,114,814	14,686,972	31,399,624
	601,781,780	120,146,560	(8,187,255)	713,741,085		66,091,901	431,439,061	282,302,024

FOUNDATION UNIVERSITY ISLAMABAD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Note	2019 (Rupees)	2018 (Rupees)
5 CAPITAL WORK IN PROGRESS			
Opening balance		163,955,369	63,283,575
Additions during the year		21,014,490	102,077,577
Transferred during the year		(151,856,876)	(1,405,783)
		<u>33,112,983</u>	<u>163,955,369</u>

6 LONG TERM INVESTMENTS

Special saving certificates	6.1	265,366,046	265,366,046
United bank limited		-	100,000,000
Current maturity of long term investments	11	(265,366,046)	(365,366,046)
		<u>-</u>	<u>-</u>

6.1 These represent National Saving Certificates (NSCs) invested for the period of three years with National Saving Centre carrying mark up @ 9.60% to 11.20% (2018: 9.60% to 11.20%) per annum.

	Note	2019 (Rupees)	2018 (Rupees)
7 STORES, SPARES AND LOOSE TOOLS			
Stores and spares		1,202,767	588,856
Lab consumables		2,560,464	1,881,696
Loose tools		34,375	34,375
Dental material		3,388,173	2,710,870
Dental instrument		1,174,362	1,056,482
Sports gear/ items		149,760	149,760
		<u>8,509,901</u>	<u>6,422,039</u>

8 ADVANCES

To employees (advances and loans)		12,655,669	4,468,424
To suppliers		5,420,274	8,570,766
To contractors		50,000	-
Advance to fauji foundation (head office) for the purchase of FUI land		601,699,112	-
For the purchase of land		3,000,000	-
		<u>622,825,055</u>	<u>13,039,190</u>

9 SECURITY DEPOSITS AND PREPAYMENTS

Security deposits		550,868	510,368
Prepaid insurance		956,207	1,029,572
Other prepayments		1,460,957	996,211
		<u>2,968,032</u>	<u>2,536,151</u>

10 DUE FROM RELATED PARTY

The Board of Trustees of Endowment Fund of the University has approved in its 13th board meeting which was held on 17th August 2018 to write-off the unsecured balance of Rs.18.013 million from Fauji Foundation ("FF") recognized during the year 2014 under letter GMF/2244/Fin dated 12 December 2008 on account of property rent being paid by the University to Fauji Foundation under agreement dated 01 December 2005.

11 SHORT TERM INVESTMENTS

	Note	2019 (Rupees)	2018 (Rupees)
Local currency			
Bank alfalah limited		-	522,110,959
Bank al-habib limited		-	77,709,168
National bank of Pakistan		-	507,078,551
Askari bank limited		-	646,613,803
Samba bank limited		-	102,739,726
JS bank limited		-	58,455,816
		-	1,914,708,023
Foreign currency			
The bank of Punjab		-	132,844,030
Habib metropolitan bank		-	521,394,741
		-	654,238,771
Current maturity of long term investment			
Special saving certificates	6	265,366,046	365,366,046
		<u>265,366,046</u>	<u>2,934,312,840</u>

FOUNDATION UNIVERSITY ISLAMABAD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

6.1 These represent National Saving Certificates (NSCs) invested for the period of three years with National Saving Centre carrying mark up @ 9.60% to 11.20% (2018: 9.60% to 11.20%) per annum.

12 CASH AND BANK BALANCES	Note	2019 (Rupees)	2018 (Rupees)
Cash at banks in:			
Saving accounts			
Local currency		1,658,996,709	346,219,233
Foreign currency		1,239,025,386	204,030,945
		2,898,022,095	550,250,178
Cash in hand		2,860,612	299,075
		2,900,882,707	550,549,253

13 DEFERRED CREDIT AND RESTRICTED FUNDS		2019 (Rupees)	2018 (Rupees)
Deferred credit - for capital expenses			
Opening balance		12,013,817	2,391,548
Received during the year		60,000	9,934,800
Amortised during the year		(941,438)	(312,531)
		11,132,379	12,013,817
Restricted funds - for revenue expenses			
Opening balance		2,973,606	8,067,562
Received during the year			
Financial assistant programme		1,000,000	8,103,687
Fund earning		1,105,147	768,207
To identify retraction in breast cancer (HEC project)		-	351,786
Ultrasound guided verses blind corticosteroid (HEC project)		-	321,952
Effectiveness of treadmill training (HEC project)		-	283,666
Effect of antigravity tread mill (HEC project)		-	281,666
Histopathological and immunohistochemical study (HEC project)		-	333,826
Alternate dispute resolution (HEC project)		979,200	-
HEC lab support (FURC)		240,000	120,000
		3,324,347	10,564,790
Adjustment			
Returned to HEC (Estrogen and Progesterone project)		(72,750)	(161,312)
Transferred to FUI (indirect cost/ bank profit) - Estrogen and Progesterone project		(71,890)	
Amortized during the year		(554,201)	(15,497,434)
		(698,841)	(15,658,746)
		5,599,112	2,973,606
		16,731,491	14,987,423

14 LONG TERM SECURITY DEPOSITS

These represent security deposited by the students at the time of admission to the University. These securities are refundable upon the completion of the program.

15 CREDITORS, ACCRUED AND OTHER LIABILITIES	Note	2019 (Rupees)	2018 (Rupees)
Creditors		25,419,502	12,379,849
Accrued liabilities		32,107,804	17,848,253
Current portion: long term security deposits		18,430,000	19,225,000
Other liabilities		115,947,956	75,751,591
		191,905,262	125,204,693

16 DUE TO RELATED PARTY

Fauji Foundation - unsecured		173,705,587	120,552,284
		173,705,587	120,552,284

16.1 This represents amount charged by the Fauji Foundation on account of rent for the use of its premises and other expenditure incurred on the behalf of University.

17 CONTINGENCIES AND COMMITMENTS

Foundation University was allowed exemption from levy of income tax under clause 126 of Part I of Second Schedule of Income Tax Ordinance, 2001. The tax deductible under section 151, 231-A and 236 of Income Tax Ordinance, 2001 on bank profits, cash withdrawals and electricity bills was exempt from deduction of withholding tax. Therefore, no tax was withheld till June 30, 2015 when the exemption expired.

Foundation University applied for renewal of exemption from withholding taxes under section 159 along with tax exemption from levy of income tax under section 100c but were denied by Chief Commissioner Inland Revenue (CCIR) via order number 258c.c.

Later Honorable Islamabad High Court also confirmed the order passed by Chief Commissioner Inland Revenue (CCIR) and rejected University's petition number 1199/2016 in this regard.

The University has filed a review petition (No. 1651/2017) in honorable Supreme Court of Pakistan against this decision, where the Federal Board of Revenue (Member Legal) proposed that the University's status of Non-profit organization (NPO) will be considered by the concerned Commissioner Inland Revenue (CIR) on the basis of aforementioned stance of the Member Legal. The University did not press its petition before the honorable Supreme Court and filed application with Commissioner Inland Revenue (CIR) for approval under section 2(36) of the Income Tax Ordinance 2001. The application was rejected by Commissioner Inland Revenue (CIR) and Federal Board of Revenue recovered Rs. 386,369,387 through assessment proceedings for the tax years 2014 to 2018. Later the Assessment Orders for the tax years 2014 to 2018 were remanded back by the Commissioner (Appeals-II). Commissioner Inland Revenue (CIR) has filed appeal before the Appellate Tribunal Inland Revenue, Islamabad and the case is under hearing process. The University also filed an appeal against the order of Commissioner Inland Revenue (CIR) before the Chief Commissioner Inland Revenue (CCIR) under rule 218 of the Income Tax Rules, 2002 (Rules). The Chief Commissioner Inland Revenue (CCIR) has remanded the case back to Commissioner Inland Revenue (CIR) (order dated 29/11/2019). According to legal consultant case is still under hearing process so no provision for taxation has been made in these accounts.

18 FEE INCOME

Registration fee
Examination fee
College fee
Hostel fee

Note	2019 (Rupees)	2018 (Rupees)
	3,618,500	19,330,750
	10,473,216	48,874,350
	1,656,540,021	1,246,718,087
	57,858,423	52,068,305
	<u>1,728,490,160</u>	<u>1,366,991,492</u>

19 OTHER INCOME

Income from financial assets

Profit on bank accounts and investments
Exchange gain

	81,260,204	153,117,789
other	* 248,572,638	127,700,195
	<u>329,832,842</u>	<u>280,817,984</u>

Income from non- financial assets

Sale of prospectus
Fines and penalties
Pick and drop facility
Histo path lab income
Grant income
Amortization of deferred credit and restricted funds
Clinical training charges
Clinical teaching charges
Gain on sale of property, plant and equipment
Other income

	5,824,800	10,627,500
	71,819	122,741
	6,100,855	9,344,788
	7,949,100	7,662,100
	1,495,639	2,143,829
	4,389,400	7,050,370
	31,661,775	45,649,325
	758,310	-
	-	85,219
	<u>53,734,692</u>	<u>62,915,005</u>
other	* 111,986,390	145,600,877
	<u>441,819,232</u>	<u>426,418,861</u>

20 RELATED PARTY TRANSACTIONS

Related parties comprise of directors, key management personnel and entities having common directors. Transactions and balances with related parties during the year are as follows:

Relationship with the related parties	Nature of transaction	Name of related parties	2019 (Rupees)	2018 (Rupees)
Associated undertakings	Security services	Askari Guards and Fauji Security Services	14,444,495	13,758,308
	Teaching Hospital charges	Fauji Foundation Pakistan (Head Office)	32,194,260	19,717,241
	Grant for Endowment Fund on account of Freeze Rental of FUI Premises (Oct-13 to Dec-13)	Fauji Foundation Pakistan (Head Office)	-	-
	Rent of FUI Premises and other expenses incurred by FFHO on behalf of University	Fauji Foundation Pakistan (Head Office)	173,705,587	120,552,284
Retirement benefit plans	Provident fund contribution		16,340,982	14,751,641
Nature of balance				
Retirement benefit plans	Provident fund (receivable)/payable		3,932,730	2,183,174
	Compensated absences (receivable)/payable		174,949,773	154,585,253

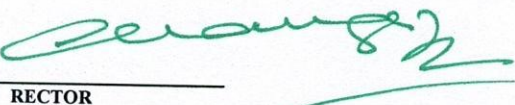
All transactions with the related parties are carried out on commercial terms and conditions.

21 DATE OF AUTHORIZATION

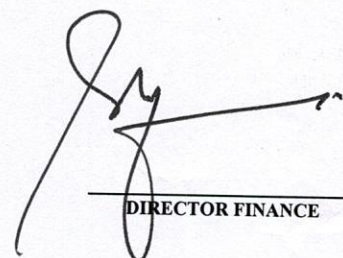
These financial statements were authorized for issue on 15th June, 2020 by the Board of Governors of the University.

22 GENERAL

Figures in these financial statements have been rounded off to the nearest Rupee.



RECTOR



DIRECTOR FINANCE