Technology Upgradation and Skill Development Company

Financial Statements for the year ended
30 June 2014

KPMG

KPMG Taseer Hadi & Co.
Chartered Accountants
2nd Floor,
Servis House
2-Main Gulberg Jail Road,
Lahore Pakistan

Telephone + 92 (42) 3579 0901-6
Fax + 92 (42) 3579 0907
Internet www.kpmg.com.pk

Auditors' Report to the Members

We have audited the annexed balance sheet of **Technology Upgradation and Skill Development Company ("the Company")** as at 30 June 2014 and the related income and expenditure account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

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

a) in our Opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

   i) the balance sheet and income and expenditure account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for a change in note 4 of the financial statements to which we concur;

   ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

KPMG

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 equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2014 and of the surplus, 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 (XVIH of 1980).

KPMG Taseer Hadi & Co.

Lahore

Date: 7 November 2014

KPMG Taseer Hadi & Co.
Chartered Accountants
(Kamran Iqbal Yousafi)

Technology Upgradation and Skill Development Company

(A Company registered under section 42 of the Companies Ordinance, 1984)

Balance Sheet

As at 30 June 2014

	Note	2014 Rupees	2013 Rupees
Equity and liabilities			
Share capital and reserves			
Authorized capital			
15,000,000 (2013: 15,000,000) ordinary shares of Rs. 10/- each		150,000,000	150,000,000
Issued, subscribed and paid-up capital	5	150,000,000	150,000,000
Accumulated deficit		(38,864,509)	(135,335,401)
		111,135,491	14,664,599
Surplus on revaluation of property and equipment	6	14,002,519	-
Project development fund	7	7,988,362	77,669,955
Non-current liabilities			
Deferred grant	8	33,675,588	-
Current liabilities			
Trade and other payables	9	146,525,918	167,055,781
Deferred income		6,654,817	2,829,889
		153,180,735	169,885,670
Contingencies and commitments	10		
		319,982,695	262,220,224

	Note	2014 Rupees	2013 Rupees
Assets			
Non-current assets			
Property and equipment	11	53,656,932	7,755,787
Capital work in progress		250,000	-
Long term investments	12	60	60
Long term deposits		300,000	-
		54,206,992	7,755,847
Current assets			
Trade receivables	13	4,760,514	4,583,014
Other receivables	14	1,119,978	1,235,791
Short term advances, deposits and prepayments	15	3,836,163	1,438,773
Interest accrued		347,344	169,649
Tax refunds due from Government		7,913,260	7,648,352
Cash and bank balances	16	247,798,444	239,388,798
		265,775,703	254,464,377
		319,982,695	262,220,224

The annexed notes from 1 to 26 form an integral part of these financial statements.

Lahore

Chief Executive Officer

Director

Technology Upgradation and Skill Development Company

(A Company registered under section 42 of the Companies Ordinance, 1984)

Income and Expenditure Account

For the year ended 30 June 2014

	Note	2014 Rupees	2013 Rupees
Income - Net	*17*	**82,683,263**	11,946,580
Expenditure			
Salaries and other benefits	*18*	**30,996,183**	23,907,414
Postage and telephone		**1,318,066**	548,093
Utilities		**2,775,757**	1,348,148
Legal and professional charges		**250,450**	242,305
Fee and subscription		**17,866**	35,200
Traveling and conveyance		**4,685,299**	3,196,451
Insurance		**685,005**	592,403
Auditors' remuneration	*19*	**235,950**	235,950
Printing and stationery		**372,674**	385,616
Repair and maintenance		**1,308,783**	639,719
Consumables		**766,018**	362,585
Advertisement and business development		**926,724**	1,260,358
Balances written-off		**-**	1,300,000
Depreciation	*11*	**7,516,040**	2,919,807
Janitorial services		**890,307**	685,150
Rent, rate and taxes		**2,090,896**	600,000
Security services		**524,279**	362,334
Miscellaneous expenses		**189,994**	125,694
		55,550,291	38,747,227
		27,132,972	(26,800,647)
Other income	*20*	**9,801,010**	9,951,946
Surplus/(deficit) before taxation		**36,933,982**	(16,848,701)
Taxation	*21*	**-**	-
Surplus/(deficit) after taxation		**36,933,982**	(16,848,701)

The annexed notes from 1 to 26 form an integral part of these financial statements.

Lahore

Chief Executive Officer

Director

Technology Upgradation and Skill Development Company

(A Company registered under section 42 of the Companies Ordinance, 1984)

Cash Flow Statement

For the year ended 30 June 2014

	Note	2014 Rupees	2013 Rupees
Cash flows from operating activities			
Surplus / (deficit) before taxation		36,933,982	(16,848,701)
Adjustment for:			
Gain on disposal of property and equipment		(24,383)	(272,839)
Interest income		(9,520,828)	(9,637,111)
Depreciation		7,516,040	2,919,807
Amortization of deferred grant		(4,822,525)	-
Software written-off		-	300,000
Debtors written-off		-	1,000,000
Deferred income		3,824,928	2,829,889
		(3,026,768)	(2,860,254)
Surplus / (deficit) before working capital changes		33,907,214	(19,708,955)
Changes in:			
Trade receivable		(177,500)	2,095,136
Other receivable		115,813	(659,665)
Advances, deposits and prepayments		(2,397,390)	(692,565)
Trade and other payables		11,052,384	4,038,886
		8,593,307	4,781,792
Cash generated from / (used in) operations		42,500,521	(14,927,163)
Interest income received		9,343,133	9,765,006
Taxes paid		(264,908)	(216,492)
		9,078,225	9,548,514
Net cash generated from / (used in) operating activities		51,578,746	(5,378,649)
Cash flows from investing activities			
Acquisition of property and equipment		(936,170)	(376,853)
Capital work in progress		(250,000)	-
Long term deposits		(300,000)	-
Proceeds from sale of property and equipment		43,994	272,839
Net cash used in investing activities		(1,442,176)	(104,014)
Cash flows from financing activities			
Funds transferred to project development fund		2,305,941	3,798,101
(Utilizations) / advances against projects		(31,582,247)	47,417,945
Utilization of project development fund		(12,450,618)	(26,878,747)
Decrease in long term deposits		-	(143,203)
Net cash (used in) / generated from financing activities		(41,726,924)	24,194,096
Net increase in cash and cash equivalents		8,409,646	18,711,433
Cash and cash equivalents at the beginning of the year		239,388,798	220,677,365
Cash and cash equivalents at the end of the year	16	247,798,444	239,388,798

The annexed notes from 1 to 26 form an integral part of these financial statements.

Lahore

Chief Executive Officer

Director

Technology Upgradation and Skill Development Company
(A Company registered under section 42 of the Companies Ordinance, 1984)
Statement of Changes in Equity
For the year ended 30 June 2014

	Note	Issued subscribed and paid-up capital	Accumulated deficit	Total
		-------------	Rupees	-------------
Balance at 1 July 2012		150,000,000	(118,486,700)	31,513,300
Deficit for the year		-	(16,848,701)	(16,848,701)
Balance at 30 June 2013		150,000,000	(135,335,401)	14,664,599
Surplus for the year		-	36,933,982	36,933,982
Transfer from project development fund	2	-	59,536,910	59,536,910
Balance at 30 June 2014		**150,000,000**	**(38,864,509)**	**111,135,491**

The annexed notes from 1 to 26 form an integral part of these financial statements.

Lahore

Chief Executive Officer

Director

1 Reporting entity

Technology Upgradation and Skill Development Company (TUSDEC) ("the Company") is a Company, limited by guarantee having share capital, incorporated in January 2005 and licensed under section 42 of the Companies Ordinance, 1984. The principal activity of TUSDEC is to upgrade technology and skills of key and strategic industrial clusters and connect Pakistan to the global value chain. TUSDEC is subsidiary of Pakistan Industrial Development Corporation (Private) Limited (PIDC). The principal office of TUSDEC is located at State Cement Corporation Building, Kot Lakhpat Lahore, Pakistan.

2 Significant event during the year

During the year, National Institute of Design and Analysis (NIDA), a project sponsored by Ministry of Industries and Production (here in after referred to as " the Ministry"), has been merged into the Company subject to approval no. 3(15)2006-Plg dated 31 December 2013 granted by the Ministry. Subsequent to the approval, the Board of Directors of the Company in its meeting held on 07 February 2014 has approved the following matters:

- All operating and financial assets/activities and liabilities of NIDA are being merged into the Company w.e.f 01 January 2014.
- Operational decision shall be made by the Board of Directors of the Company.
- The operating fixed assets of NIDA shall be accounted in the books of account of the Company at fair value as determined by independent valuer.
- The amount of Project Development Fund (PDF) relating to NIDA as reflected in the books of account shall also be transferred to the Company.
- NIDA accounts shall be operated in the name of the Company.
- All employees of NIDA centers shall be considered as the employees of the Company.

A summary of fair value of assets and liabilities, that were transferred to the Company, as per the books of accounts of NIDA as at 31 December 2013, is as follows:

	31 Dec 2013 Rupees
Assets	
Non-current assets	
Fixed assets	38,498,113
Current assets	
Advances, prepayments and other receivables	3,361,151
Tax refunds due from Government	1,272,952
Cash and bank balances	62,662,184
	67,296,287
Current liabilities	
Trade and other payables	(782,212)
Net current assets	66,514,075
Total Net Assets	**105,012,188**
Represented by:	
Grant related to assets	38,498,113
Grant related to income	66,514,075
	105,012,188
Transfer from Project Development Fund to accumulated reserves	**59,536,910**

3 **Basis of preparation**

3.1 **Statement of compliance**

These financial statements have been prepared in accordance with accounting and financial reporting standards for Medium-Sized entities as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. These accounting standards are notified by the Securities and Exchange Commission of Pakistan. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

3.2 **Basis of measurement**

These financial statements have been prepared under the historical cost convention except for property and equipment which are stated at fair value. In these financial statements, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

3.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupee which is also the Company's functional currency.

3.4 Use of estimates and judgments

The preparation of financial statements is in conformity with the accounting and financial reporting standards for Medium-Sized Entities issued by Institute of Chartered Accountants of Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses. The estimates, associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result 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. Revision to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

- Note 4.2 - Property and equipment
- Note 4.7 - Employee Benefits
- Note 4.9 - Provisions
- Note 4.11 - Tax

4 Significant accounting policies

Except for the change in accounting policy, all the accounting policies have been applied consistently to all the periods presented in these financial statements. Certain comparative amounts in the financial statements have been reclassified to confirm with the current years presentation.

4.1 Change in accounting policy

During the year, the Company has changed its accounting policy in respect of measurement of property and equipment from cost model to revaluation model with effect from 30 June 2014 (also see note 4.2). This change in accounting policy has been applied prospectively in accordance with the requirements of International Accounting Standard (IAS) - 16 "Property, Plant and Equipment".

The impact of change in accounting policy on the current year financial statements is mentioned below.

	2014 Rupees
Increase in carrying value of Property and equipment	264,820,386
Increase in carrying value of accumulated depreciation	250,817,867
Increase in surplus on revaluation of fixed assets	14,002,519

4.2 Property and equipment

As per the new accounting policy all property and equipment are stated at revalued amount, being the fair value at the date of their revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Previously, all property and equipment were carried at cost less accumulated depreciation and accumulated impairment losses.

Depreciation on additions is charged from the month in which the asset is put to use and no depreciation is charged in the month of disposal. Where impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets revised carrying amount over its estimated useful life.

Depreciation on property and equipment is charged to income and expenditure account by applying straight line method so as to write off the revalued / historical cost of the assets over their estimated useful lives at the rates given in note 11.

Surplus on revaluation of property & equipment is credited to the surplus on revaluation account. Revaluation will be carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value.

The asset's residual values and useful lives are reviewed at each financial year end, and adjusted if impact on depreciation is significant.

Normal repairs and maintenance are charged to income as and when incurred. Major improvements and modifications are capitalized and the assets so replaced, if any, are retired.

Profit or loss on disposal of property and equipment represented by the difference between the sale proceeds and the carrying amount of the asset is included in income and expenditure account.

4.3 Capital work-in-progress (CWIP)

Capital work in progress is stated at cost including, where relevant, related financing costs less impairment losses, if any. These costs are transferred to fixed assets as and when assets are available for use.

4.4 Impairment

Financial assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flow of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available for sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Non financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

Impairment losses are recognized in income and expenditure account. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets of the unit on a pro-rata basis.

4.5 Trade and other receivables

Trade debts are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

4.6 Investments

Held to maturity investments

Investments with a fixed maturity that the company has the intent and ability to hold to maturity are classified as held-to-maturity investments. These are initially recognized on trade date at cost and derecognized by the Company on the date it commits to sell them off. At each balance sheet date held-to-maturity investments are stated at amortized cost using the effective interest rate method.

Investments at fair value through profit or loss

Investments which are acquired principally for the purpose of generating profits from short term fluctuations in price or dealer margin are classified as "Investments at fair value through income or expenditure account" these are initially recognized on trade date at cost and derecognized by the Company on the date it commits to sell them off. At each balance sheet date, fair value is determined on the basis of year-end bid prices obtained from stock exchange quotations. Any resultant increase / (decrease) in fair value is recognized in the income and expenditure account for the year.

Investments are treated as current assets where the intention is to hold these for less than twelve months from the balance sheet date, otherwise investments are treated as long-term assets.

4.7 Employee benefits

Defined contribution plan

The Company operates a recognized provident fund for all its regular employees. Equal monthly contributions are made to the fund both by the Company and the employees at the rate of 10% of the basic salary. Obligation for contributions to defined contribution plan is recognized as an expense in the income and expenditure account as and when incurred.

Compensated absences

The Company provides for accumulating compensated absences up to two years, when the employees render services that increase their entitlement to future compensated absences.

4.8 Trade and other payables

Liabilities for trade and other payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

4.9 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognized as a provision reflects the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimates.

4.10 Revenue recognition

Revenue represents the fair value of the consideration received or receivable for services rendered, net of discounts and direct cost. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the entity and the amount of revenue, and the associated cost incurred, or to be incurred, can be measured reliably.

Income from project implementation (service fee) is recognized over the period for which the activities on projects are going on, based upon percentage of completion method.

Income on bank deposits and investment is recognized on accrual basis.

4.11 Tax

Current

There is no provision for tax against income from business for this year as Company has been granted exemption from tax by Director General, Regional Tax Office, Lahore under sub clause (3) of clause 58 of Part I of the second schedule to the Income Tax Ordinance, 2001 read with sub rule 2 of Rule 220A of the Income Tax rules, 2002 with effect from Tax Year 2007.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax asset is not being recognized for all deductible timing differences as the Company has been granted exemption from income tax under clause 58(3) of Part I of Second Schedule to the Income Tax Ordinance, 2001 by the relevant tax authorities.

4.12 Foreign currency transactions

All monetary assets and liabilities in foreign currency are translated in Pak rupees at the exchange rates approximating those prevailing at the balance sheet date, while foreign currency transactions are converted into Pak Rupees at exchange rates prevailing on the date of the transaction. All exchange gains or losses are taken to current year's income and expenditure account.

4.13 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current and deposit accounts and other short term highly liquid instruments that are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value.

4.14 Financial instruments

All financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the Company loses control of the contractual right that comprise the financial assets. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income and expenditure account.

4.15 Off setting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on net basis, or to recognize the assets and to settle the liabilities simultaneously.

	Note	2014 Rupees	2013 Rupees
5 Issued, subscribed and paid-up capital			
15,000,000 (2013: 15,000,000) ordinary shares of Rs. 10/- each fully paid in cash		**150,000,000**	150,000,000
6 Surplus on revaluation of property and equipment			
Balance at 01 July		-	-
Revaluation surplus during the year	*11*	**14,002,519**	-
Balance as at 30 June		**14,002,519**	-

	Note	2014 Rupees	2013 Rupees
7 Project development fund			
Opening balance		**77,669,955**	100,750,601
Interest earned during the year	*7.2*	**1,501,364**	3,798,101
Adjustments		**804,577**	-
Transfer / utilization of fund	*7.3*	**(71,987,534)**	(26,878,747)
Closing balance		**7,988,362**	77,669,955

7.1 Project development fund was formed on 28 August 2008 in pursuance of a resolution passed by the Board, this represents the interest earned on investments made out of reserves money given by Government for use at different projects. The board in its 27 meeting held on 30 June 2012 passed a resolution, according to which the Company will be able to use this fund for purpose of, research and development activities, to finance PC-1 which is not funded by Government and for operating expenditure if required by the Company.

7.2 This represents interest earned on term deposit receipts and saving accounts amounting to Rs. 598,688 (2013: Rs. 2,878,827) and Rs. 902,676 (2013: Rs. 919,274) respectively.

7.3 This includes amount of Rs. 59,536,910 related to NIDA project which has been transferred to the accumulated reserve and amount of Rs. 2,500,000 paid to Ceramics Development and Training Complex (CDTC) against their surplus funds.

	Note	2014 Rupees	2013 Rupees
8 Deferred grant			
Government grant	*8.1*	**38,498,113**	-
Amortization for the period	*17*	**(4,822,525)**	-
		33,675,588	-

8.1 This amount represents grant related to assets as mentioned in note 2.

9 Trade and other payables

	Note	2014 Rupees	2013 Rupees
Advances against projects	9.1	124,815,135	156,397,382
Trade creditors		500	377,320
Other creditors		2,951,472	953,282
Accrued liabilities		1,559,770	892,947
Other liabilities	9.2	17,132,799	7,868,608
Payable to PIDC (a related party)		66,242	66,242
Security deposits		-	500,000
		146,525,918	167,055,781

9.1 Advances against projects

Particulars	National Institute of Design and Analysis	Project Monitoring Unit	Skill Tech - KHI	European Commission / EC Project	GIZ / FIT	ACTED	ESCs / Asian Development Bank	2014	2013
	Rupees								
Opening balance at 1 July 2013	71,331,522	21,127,252	1,720,242	43,566,597	4,530,534	14,121,235	-	156,397,382	108,979,437
Funds received during the period	-	-	-	94,613,311	4,288,676	26,330,000	59,975,134	185,207,121	120,178,860
Funds utilized									
Capital expenditure:									
Building improvements	-	-	52,000	-	-	-	52,136,037	52,188,037	947,836
Machinery and equipment	-	129,980	228,856	1,185,490	-	3,537,714	-	5,082,040	1,892,082
Advances to suppliers	-	-	(188,856)	-	-	-	11,375,260	11,186,404	188,856
Other assets	67,700	(180,054)	34,100	286,654	-	-	73,000	281,400	9,990,048
	67,700	(50,074)	126,100	1,472,144	-	3,537,714	63,584,297	68,737,881	13,018,822
Operational expenditure:									
Employees cost	9,096,974	6,963,273	4,295,852	15,099,689	-	11,250,859	-	46,706,647	34,590,340
TUSDEC / PMU service fee	-	-	-	2,135,711	-	-	-	2,135,711	12,766,021
Building rent	2,095,240	-	-	1,631,000	-	(351,132)	80,000	3,455,108	5,729,755
Vehicle running and maintenance cost	732,210	2,598,045	244,602	1,620,864	-	3,470,397	-	8,666,118	3,778,184
Electricity, fuel and power	1,362,850	-	434,689	-	-	-	-	1,797,539	2,406,446
Consumables	51,639	22,634	-	-	-	-	-	74,273	294,869
Advertisement	64,796	199,317	138,130	276,490	-	50,332	1,137,703	1,866,768	948,419
Other expenses	1,222,618	1,248,043	4,619,634	16,106,592	9,010,877	7,020,821	18,156	39,246,741	9,615,045
Prepayments and other receivables	104,940	302,361	1,827,403	13,324,386	1,111	(304,551)	-	15,255,650	8,868,508
Accrued expenses payables	(450,296)	(220,163)	(687,310)	(5,623,708)	257,408	(1,993,824)	(4,845,022)	(13,562,915)	2,621,985
	14,280,971	11,113,510	10,873,000	44,571,024	9,269,396	19,142,902	(3,609,163)	105,641,640	81,619,572
	14,348,671	11,063,436	10,999,100	46,043,168	9,269,396	22,680,616	59,975,134	174379,521	94,638,394
Other receipts									
Course fee / other income	6,952,285	-	9,428,867	3,669,501	105,213	1,369,423	-	21,525,289	21,868,441
Remaining funds	63,935,136	10,063,816	150,009	95,806,241	(344,973)	19,140,042	-	188,750,271	156,388,344
Less: Project transfer due to merger	(63,935,136)	-		-	-	-	-	(63,935,136)	9,038
Closing balance as at 30 June 2014	-	10,063,816	150,009	95,806,241	(344,973)	19,140,042	-	124815,135	156,397,382

9.2 This includes Rs. 16.44 million being the Company's contribution for European Commission Project - DCI-ASIE 2012/299-277 (EC Project)

10 **Contingencies and commitments**

10.1 Contingencies

10.1.1 A commercial bank has issued guarantee on behalf of the Company in favor of M/s Punjab Skills Development Fund (PSDF) against mobilization advance for the execution of services amounting to Rs. 1,907,880.

		2014 Rupees	2013 Rupees
10.2	**Commitments**		
10.2.1	Commitments in respect of capital expenditure.	29,532,906	-
10.2.2	Commitments in respect of contribution towards European Commission / EC Project.	37,307,235	46,143,555

11 **Property and equipment**

Particulars	Building Improvements	Office equipment	Computer equipment	Furniture and fixture	Vehicles	Library books	Total
	-----	-----	-----	(Rupees)	-----	-----	-----
Cost							
Balance at 1 July 2012	14,565,382	4,409,358	8,785,335	2,598,911	7,838,804	250,775	38,448,565
Additions	-	65,550	186,528	54,000	70,775	-	376,853
Disposals	-	-	-	-	(1,532,359)	-	(1,532,359)
Balance at 30 June 2013	14,565,382	4,474,908	8,971,863	2,652,911	6,377,220	250,775	37,293,059
Balance at 1 July 2013	14,565,382	4,474,908	8,971,863	2,652,911	6,377,220	250,775	37,293,059
Additions	59,800	49,440	787,930	39,000	-	-	936,170
Acquisition through merger (note 2)	7,245,420	1,380,460	24,109,733	3,262,500	2,500,000	-	38,498,113
Disposals	-	(107,000)	(766,500)	-	-	-	(873,500)
Impact of revaluation	37,001,078	450,349	44,149,031	3,305,030	179,914,898	-	264,820,386
Balance at 30 June 2014	58,871,680	6,248,157	77,252,057	9,259,441	188,792,118	250,775	340,674,228
Depreciation							
Balance at 01 July 2012	9,450,071	1,496,525	8,432,328	1,678,567	6,846,522	245,811	28,149,824
Depreciation for the year	1,456,540	445,057	205,982	261,842	547,548	2,838	2,919,807
Disposals	-	-	-	-	(1,532,359)	-	(1,532,359)
Balance at 30 June 2013	10,906,611	1,941,582	8,638,310	1,940,409	5,861,711	248,649	29,537,272
Balance at 01 July 2013	10,906,611	1,941,582	8,638,310	1,940,409	5,861,711	248,649	29,537,272
Depreciation for the year	1,824,291	507,526	4,166,496	431,266	584,335	2,126	7,516,040
Disposals	-	(87,383)	(766,500)	-	-	-	(853,883)
Impact of revaluation	31,292,096	233,741	41,776,848	2,711,576	174,803,606	-	250,817,867
Balance at 30 June 2014	44,022,998	2,595,466	53,815,154	5,083,251	181,249,652	250,775	287,017,296
Carrying amounts							
At 30 June 2013	3,658,771	2,533,326	333,553	712,502	515,509	2,126	7,755,787
At 30 June 2014	14,848,682	3,652,691	23,436,903	4,176,190	7,542,466	-	53,656,932
Depreciation rates (%)	10%	10%	33%	10%	20%	20%	

11.1 The property & equipment of the the Company were revalued on 30 June, 2014 by an independent valuer (Empire Enterprises (Pvt.) Ltd- Valuers, Engineers & Surveyors), using market and forced sale value. The impact of valuation has been incorporated in financial statements and has resulted in an increase in revaluation surplus of Rs. 14,002,518 over the written down value of Rs. 5,502,647 of these assets (total revalued amount being Rs. 19.505,166). The details of revalued amounts are as follows:

	2014
	Rupees
Building improvements	7,965,535
Office equipment	2,341,255
Computer equipment	2,829,095
Furniture & Fixture	1,076,816
Vehicles	5,292,465
	19,505,166

Had the property and equipment not been revalued, the total carrying amounts at 30 June would have been as follows:

	2014
	Rupees
Building improvements	2,256,553
Office equipment	2,124,647
Computer equipment	456,912
Furniture & Fixture	483,362
Vehicles	181,173
	5,502,647

12 Long term investments

	Note	2014 Rupees	2013 Rupees
Investments in associates - at cost:			
Gujranwala Tools, Dies and Moulds Centre (GTDMC)	*12.1*	30	30
Ceramics Development and Training Complex (CDTC)	*12.2*	30	30
		60	60

12.1 It represents 3 (2013:3) ordinary shares of Rs. 10 each in GTDMC. The Company holds 0.003% (2013: 0.003%) equity shares in GTDMC.

12.2 It represents 3 (2013:3) ordinary shares of Rs. 10 each in CDTC. The Company holds 0.003% (2013: 20%) equity shares in CDTC.

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	Note	2014 Rupees	2013 Rupees
13 Trade receivable			
Unsecured - considered good			
Related party:			
Pakistan Industrial Development Corporation (PIDC)	*13.1*	**4,164,514**	4,164,514
Others:			
Descom		**418,500**	418,500
Research and Development Foundation		**177,500**	-
		4,760,514	4,583,014

13.1 This amount represents receivable from PIDC in respect of expenses incurred by the Company on their behalf for Skills Development Centre (SDC) Khaki and Battgram in Khyber Pakhtunkhwa.

	Note	2014 Rupees	2013 Rupees
14 Other receivable			
Receivable from related parties	*14.1*	**111,119**	85,252
Others		**1,008,859**	1,150,539
		1,119,978	1,235,791

14.1 This amount represents receivable from Gunjrawala Tools, Dies and Mould Centre (GTDMC) amounting to Rs. 111,119 (2013: 85,252)

	Note	2014 Rupees	2013 Rupees
15 Short term advances, deposits and prepayments			
Advances to staff - considered good	*15.1 & 15.2*	**46,682**	182,148
Short term deposits and prepayments	*15.3*	**3,789,481**	1,256,625
		3,836,163	1,438,773

15.1 These are interest free advances to the Company's employees for travelling and other operating activities.

15.2 Advance does not include any amount due from chief executive or chairman of the Company.

	Note	2014 Rupees	2013 Rupees

15.3 Short term deposits and prepayments

	Note	2014 Rupees	2013 Rupees
Security deposits	15.3.1	**2,538,435**	550,800
Prepayments		**1,251,046**	705,825
		3,789,481	1,256,625

15.3.1 This includes amount of Rs. 1,907,880 (2013: Nil) held as guarantee margin with a commercial bank as security.

16 Cash and bank balances

	Note	2014 Rupees	2013 Rupees
Cash in hand		**158,774**	95,000
Cash at banks:			
- current accounts		**610**	1,000,774
- saving accounts	16.1	**117,639,060**	36,293,024
Investment in Term Deposit Receipts	16.2 & 16.3	**130,000,000**	202,000,000
		247,798,444	239,388,798

16.1 The deposits in saving accounts carry mark-up at the rate ranging from 6% to 8% (2013: 7% to 10 %) per annum.

16.2 These represent "Term Deposits Receipts (TDRs)" placed with different commercial banks on roll-over basis, having maturity period of one month. These carry mark-up at the rate of 7% to 9.50% (2013: 8% to 11.25 %) per annum.

16.3 This includes TDR's related to TUSDEC amounting to Rs. 106 million, PMU Rs. 9 million, and EC Rs. 15 million.

17 Income

	Note	2014 Rupees	2013 Rupees
Trainings and service fee		**2,883,450**	4,923,864
Course fee	17.1	**4,342,211**	-
Examination fee		-	3,957,096
Laboratory test fee		**4,121,002**	3,065,620
Grant income	17.2	**66,514,075**	-
Amortization of deferred grant	8	**4,822,525**	-
		82,683,263	11,946,580

17.1 This includes amount of Rs. 682,500 charged as course fee from European Commission Project (EC project) during the year.

17.2 This amount represents grant related to income as explained in note 2.

18 **Salaries and other benefits**

During the year amount of Rs. 1,743,050 (2013: Rs. 1,350,113) has been recognized as an expense by the Company in respect of Provident Fund and Rs. 554,845 (2013: Rs. 598,726) has been recognized as an expense by the Company in respect of compensated absences.

19 **Auditors remuneration**

This represents annual audit fees amounting to Rs. 235,950 (2013: 235,950) excluding out of pocket expenses amounting to Rs. 23,500 (2013: 23,500).

	Note	2014 Rupees	2013 Rupees
20 Other income			
Profit / gain on :			
Saving accounts	*16.1*	**1,254,838**	1,744,270
Term deposits receipts	*16.2*	**8,265,990**	7,892,841
Disposal of property and equipment		**24,383**	272,839
Miscellaneous	*20.1*	**255,799**	41,996
		9,801,010	9,951,946

20.1 This includes amount of Rs. 81,427 charged to project ACTED against charges for using office space for the purpose of training during the year.

21 **Taxation**

There is no provision for tax for this year as the Company has been granted exemption from tax by Director General, Regional Tax Office, Lahore under clause 58 and 59 of Part I of the second schedule to the Income Tax Ordinance, 2001.

22 Related party transactions

The related parties comprise parent company, other associated companies, companies in which directors are interested, staff retirement fund, directors and key management personnel. Significant transactions with related parties otherwise disclosed elsewhere in these financial statements are as under:

	2014				2013			
	Holding company	**Associated company**	**Provident fund**	**Total**	Holding company	Associated company	Provident fund	Total
	Rupees							
Balances included in:								
Share capital	**149,999,980**	-	-	**149,999,980**	149,999,980	-	-	149,999,980
Trade debts	**4,164,514**	-	-	**4,164,514**	4,164,514	-	-	4,164,514
Receivables	-	**111,119**	-	**111,119**	-	85,252	-	85,252
Trade and other payables	**66,242**	-	-	**66,242**	66,242	-	3,674	69,916
	154,230,736	**111,119**	-	**154,341,855**	154,230,736	85,252	3,674	154,319,662
Transactions included in:								
Expenses	-	-	-	-	-	-	-	-
Contribution to provident fund	-	-	**1,743,050**	**1,743,050**	-	-	1,350,113	1,350,113
	-	-	**1,743,050**	**1,743,050**	-	-	1,350,113	1,350,113

23 Remuneration of Chief Executive

	2014 Rupees	2013 Rupees
Managerial remuneration	**2,800,000**	2,543,759
Contribution to provident fund	**280,000**	254,374
Housing and utilities	**1,400,000**	1,843,885
Medical reimbursements	**279,926**	261,657
	4,759,926	4,903,675
Number of persons	**1**	1

24 **Number of Employees**

The average number of employees during the year and as at 30 June, 2014 and 2013 are as follows:

	2014	2013
	--- No. of employees ---	
Average number of employees during the year		
- TUSDEC	**27**	35
- Projects	**90**	81
	117	116
Total number of employees at 30 June		
- TUSDEC	**23**	36
- Projects	**87**	92
	110	128

25 **Date of authorization for issue**

These financial statements were authorized for issue on 07 NOV 2014 by the Board of Directors of the Company.

26 **General**

Figures have been rounded off to the nearest rupee.

Lahore

Chief Executive Officer

Director