Annual Report for the Year ended 2015

TUSDEC

COMPANY INFORMATION

Board of Directors

Independent Directors

Rana Nasir Mehmood
Chairman

Mr. Iftikhar Ahmed Jogezai
Director

Mr. Nooruddin F. Daud
(Tamgh-i-Imtiaz-Civil)
Director

Dr. Muhammad Aslam
Director

Mr. Abdul Malik
Director

Mr. Muhammad Ilyas
Director

Prof. Dr. Younus Javed
Director

Executive Directors

Mr. Basit Maqsood Abbasi
Chief Executive Officer

Non-Executive Directors

Mr. Zarar Haider
Director

Mr. Muhammad Alamgir Chaudhry
Director

Representative, Ministry of Finance
Director

Board Audit Committee

Mr. Iftikhar Ahmed Jogezai
Chairman

Mr. Zarar Haider
Director

Representative, Ministry of Finance
Director

Dr. Muhammad Aslam
Director

Mr. Muhammad Ilyas
Director

Board Human Resource Committee

Mr. Nooruddin F. Daud
(Tamgh-i-Imtiaz-Civil)
Chairman

Mr. Zarar Haider
Director

Mr. Iftikhar Ahmed Jogezai
Director

Mr. Muhammad Alamgir Chaudhry
Director

Mr. Basit Maqsood Abbasi
Chief Executive Officer

Board Procurement Committee

Mr. Muhammad Ilyas
Chairman

Representative, Ministry of Finance
Director

Dr. Muhammad Aslam
Director

Mr. Basit Maqsood Abbasi
Chief Executive Officer

Board Nomination Committee

Mr. Abdul Malik
Chairman

Mr. Zarar Haider
Director

Rana Nasir Mehmood
Director

Mr. Basit Maqsood Abbasi
Chief Executive Officer

Auditors

Ernst and Young Ford Rhodes Sidat Hyder
Chartered Accountants

Registered/Head Office

State Cement Corporation Building, Kot Lakhpat,
Lahore

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Board of Directors of **Technology Upgradation and Skill Development Company** (Your Company) is pleased to present the Annual Report along with the audited financial statements for the year ended June 30, 2015.

OVERVIEW

The countries surfing in the global limelight have adopted knowledge management as an element to build and uphold their competitive advantages. Accomplishment of knowledge directs the achievement of national aspirations and builds on national integrity. TUSDEC has synchronized its visionary streams with the enlightened goals of Government of Pakistan aimed at building a National Skill Base. In collaboration with Federal and Provincial Governments, various international donors and local nonprofit organizations, TUSDEC has been striving to shift the TVET mechanism of Pakistan from a supply driven to a training system that is compelled by the industry's demand for skill in the curricula, training methodologies and foremost the areas of training. From training the managers, machine workers and acute product design engineers to employable skills disbursement for vulnerable groups, TUSDEC has successfully carried through each strand of industrial support. Interpolating the service profile, the company has broadened the ambit of its operations by implementing TVET reform projects of the Delegation of European Union in KP, FATA Sindh and AJK.

The GDP growth accelerates to 4.24 percent in 2014-15 against the growth of 4.03 percent recorded in the same period last year. The growth momentum is broad based, as all sectors, namely agriculture, industry and services have supported economic growth. The agriculture sector accounts for 20.9 percent of GDP and 43.5 percent of employment, the sector has strong backward and forward linkages. The industrial sector contributes 20.30 percent in GDP; it is also a major source of tax revenues for the Government and contributes significantly in the provision of job opportunities to the labor force. Industrial sector continued growth process and recorded growth at 3.62 percent as compared to 4.45 percent last year.

The Public Sector Development Program (PSDP) is the main instrument for providing budgetary resources for development projects and programs. PSDP helps to achieve the macroeconomic and development objectives and targets set by the government. For the year 2015-16, National Economic Council (NEC) has approved an overall size of PSDP at Rs. 1514 billion. The development programme 2015-16 includes Rs. 700 billion as federal PSDP including foreign assistance of Rs. 146 billion. To benefit from the historic opportunity offered by CPEC, PSDP 2015-16 offers ample funds for the projects under China – Pakistan Economic Corridor. However, no new projects have been allocated to Ministry of industries and Production. Further development funding may be reduced due to military operation in the tribal areas and Govt. may not be able to Re-appropriate funds of PSDP or allocate supplementary grants to new initiatives in the development sector at least during the first half of the FY 2015-16.

The year under review was the 10th operational year of your Company in which **three** projects, namely NIDA (Lahore, Quetta & Sialkot) completed Eight years of successful operations. **Two** NIDA Centers (Karachi & Peshawar) have completed Seven years of operations. **SkillTech Karachi** has completed 6th year of its operational activities. The
A detailed report on the achievements of your Company during the year is given as under.

Establishment of NIDA (Advanced CAD/CAM) Centres Rs 321.12 Million

NIDA Centres are providing basic to advanced design techniques applicable in various industry segments -mechanical, electrical, civil, plant, process, garment, fashion, jewelry and the array reach infinity incorporating the academic aspects together with social interaction during the training. NIDA training facilities are flexible and technologically advanced learning environment is provided that are safe, healthy, comfortable, aesthetically pleasing and accessible. NIDA centres have state of art lab rooms, contemporary building, licensed software and office equipment that are essential for a modern training centre.

NIDA (Eight (8) Advanced CAD/CAM training centres), the project was initially approved for 3 years as per PC-I to establish five(5) CAD/CAM centres in Lahore, Karachi, Sialkot, Peshawar and Quetta under management of TUSDEC in the first phase. NIDA Centres at Lahore, Quetta and Sialkot have successfully completed their 8 years of operations; Peshawar & Karachi have started their 8th Year of operations.

These centres were planned to teach ‘Design’ rather than commercial software training and impart skills of critical importance to help Pakistan’s industry move to the other side of the digital divide. CAD/CAM Centres also design and develop courses on internationally renowned design software’s to make full use of existing "proven" technologies and offers reasonably priced, justifiable, supportable costs to its clients/students. CAD/CAM technologies, not only reduce the time to design & produce quality, but also enhance the capacities of Pakistani skilled manpower & increase their competitiveness. In pursuit of this objective the CAD/CAM Centres have conducted 1465 trainings and 14747 CAD/CAM skilled workforce has been provided to the economy. Revenue upto June, 2015 is Rs. 99.7 Million.

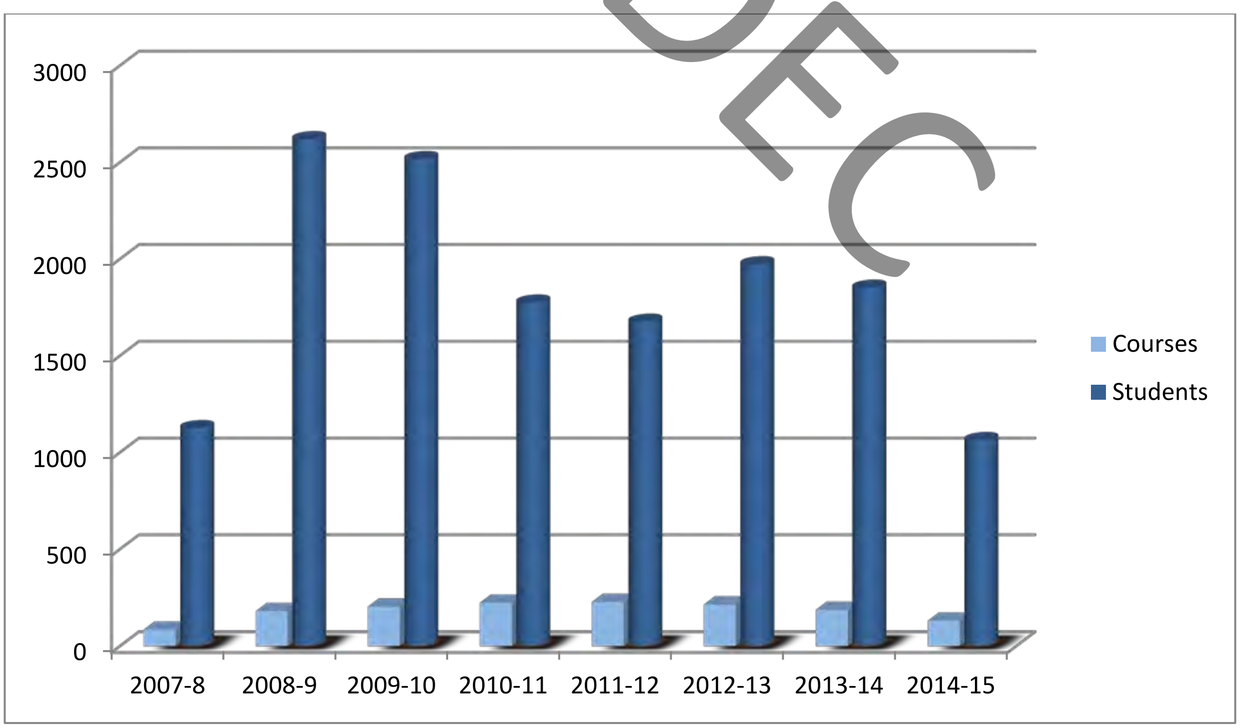
During the reporting year, Contracts were also signed with National Vocational and Technical Training Commission (NAVTTC), Benazir Bhutto Shaheed Youth Development Program (BBSYDP), Basic Education for Afghan Refugees (*BEFARe*) and Directorate of Science and Technology (DOST) KP Government to impart vocational and technical training to almost 500 students.

Students certified by CAD/CAM Centres are working in different sectors of Industry and providing valuable services to the industry of Pakistan. Many of them are working aboard and sending precious foreign remittance to Pakistan.

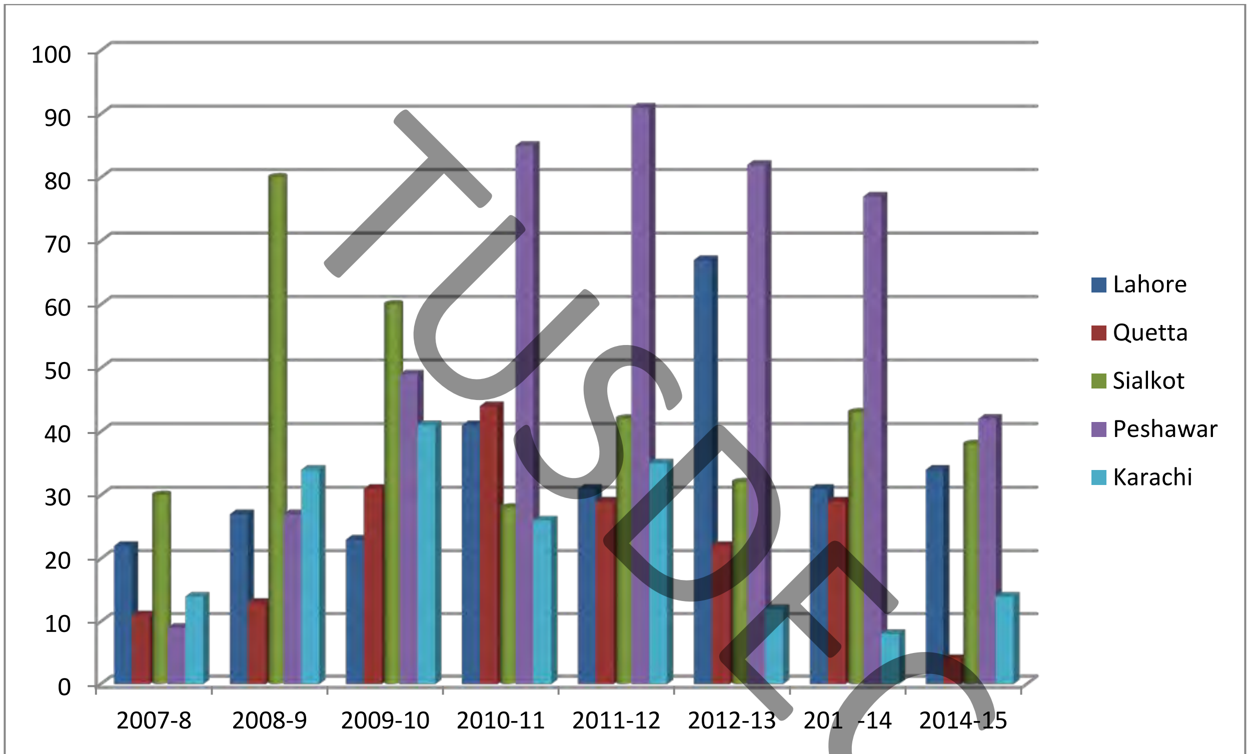
A brief table of operational results of five NIDA Centres is as under:

PARTICULARS	Completed 8th year of Operations			Completed 7th year of Operations		TOTAL
	Lahore	Quetta	Sialkot	Karachi	Peshawar	
Courses Conducted	276	88	355	184	462	1465
Student Passed Out	2125	2757	3181	2464	4220	14747

National Institute of Design & Analysis (Course-Students)



National Institute of Design & Analysis (Year Wise Courses)



Cement Research and Development Institute (CR&DI)

After upgradation and revitalization of the CR&DI laboratory and building, the laboratory started functioning under TUSDEC management and control in January 2006. Since then, 4454 samples have been tested and generated revenue of Rs.26.55 Million.

Renovation of existing facility and the transformation to modern laboratory under Phase-2 & Phase-3 is pending due to approval of PC-1 and release of project funds from PIDC.

During the financial year ended June 30, 2015, CR&DI received 785 samples, conducted tests and earned revenue of Rs.4.14 M.

CR&DI is successfully conducting test on European Cement Standards, Sri Lanka Cement Standards, Pakistan's latest Standards for common & Masonry Cements for testing and has also initialized comprehensive strength of Concrete, Dry shrinkage & Fire Bricks Crushing Strength & Chemical Analysis of Silica fumes, Fly Ash, Cylinder testing, Concrete Expansion testing and Testing of Dolomite.

CR&DI credibility has been acknowledged by

34 - Consultants
90 - Construction Firms
29 - Cement Factories.

A comparison of CR&DI activi[illegible]es over the last Nine years have been depicted

9-Years Performance

Year	Revenue	Samples
2005-06	531,500	92
2006-07	1,458,800	245
2007-08	[illegible],970,300	298
2008-09	2,555[illegible]00	392
2009-10	2[illegible]5[illegible]4,500	405
2010-11	2,256 500	360
2011-12	3,619,700	594
2012-13	3,097,300	541
2013-14	4,365,200	742
2014-15	4,139,537	785
Total		

Future Initiatives of CR&DI:

To meet the basic objective of substantial increase in revenue following new proposal has been suggested & PC-1 has been revised for upgradation of the laboratory.

ISO Accreditation
Concrete testing
Research & Development on modern Cements
Water Analysis
Coal Analysis
Iron Bars Testing

Supporting TVET Sector in KP and FATA- European Union € 3.90 Million Euro

European Union approached TUSDEC through its direct grant award to design a project that contributes to the improvement of technical and vocational training in support of economic development and employment opportunities in Pakistan. The objective of the project is to improve the involvement of private sector in technical and vocational training in KP and FATA by promoting demand and making the supply of courses more demand oriented.

TUSDEC is the implementing organization for this four year project worth 3.9 Million Euros. It will facilitate in establishing linkages among TVET institutes, private sector and the target group for the provision of trainings and employability of the graduates, thus contributing to the economic development of the region and country in whole. TUSDEC will contribute towards improving the economic situation of FATA and KP and will also provide livelihood opportunities to at least 12000 employable men and women through linking them to demand driven TVET system and with the private sector for paid and self-employability. The contract was signed in August 2012.

In the pilot phase, 2050 students in 16 different trades at 31 institutes of FATA & KPK were trained and exams were taken by Trade Testing Board (TTB) & Skill Development Council (SDC), KPK. Certificates distributed amongst successful student. Linkages activities with the Industry and Micro Finance Institutes for employability/self-employability are in progress.

Second Phase of trainings is in progress. 24 training institutes selected through competitive bidding out of 115 institutes to train 2700 students in FATA & KPK regions. Classes are in progress. Four Community Mobilization Organizations (CBOs)/NGOs have been selected through tendering to mobilize and select students for trainings and support in post training services. Call for proposal for 3rd Phase of trainings also advertised in national newspaper. Two sessions of TOT on Know About Business (KAB) conducted for 28 instructors from 15 institutes. These trainers will deliver this training further in their institutes

Supporting TVET Sector in Seven Districts of Pakistan and AJK – ACTED (EU)

€ 682,039 Euro

European Union invited proposal to support TVET (Technical and Vocational Education and Training) Sector in Pakistan. The objective of the project is to improve access, quality and service delivery of the TVET sector to marginalized rural communities through innovative approaches.

TUSDEC established a partnership with ACTED (Agency for Technical Cooperation and Development) being the lead partner for this project. The European Union is financing this project in the areas of Upper Dir, Lower Dir, Swat, Jacobabad, Kashmore, Shikarpur and Muzaffarabad. The three year project is aimed at the socioeconomic uplift of the rural marginalized communities residing in the targeted regions. TUSDEC in collaboration with ACTED will improve the livelihood opportunities of at least 8000 direct beneficiaries through improving their access to demand driven TVET services and linking them with employers and micro-finance institutes for paid and self-employability. TUSDEC share in this project is

682,039 EUR. The major activities include identification of trades, selection of institutes, development of curricula/manuals, Training of Trainers (ToT), Lab upgradation of selected training institutes, training to 8,000 men and women and their linkages to micro-finance institutes.

The contract was signed in December 2012. After a detailed baseline survey, eight trades and twenty institutes were identified. Selected institutes were upgraded after the supply of required equipment at centres. All the Training equipment of 08 trades supplied to the selected institutes for their upgradation. T.O.T on selected trades was conducted & curriculum was updated and developed for the identified eight trades. T.O.T of two new trades (KAB & Computer Application) identified by ACTED has also been completed.

TUSDEC participated in Expo Pakistan 2015 exhibition in Karachi and showcased approx. 300 products prepared by the beneficiaries of ACTED project for embroidery and dress making trades under the supervision of TUSDEC expert in order to market the products of designated institutes which will help their students for self-employment.

Skill For Job 2013-14 – PSDF Funded Project Rs. 19.78 Million

The project is aimed at providing technical and vocational trainings on City & Guilds approved curricula to the 200 unemployed/marginalized youth of pre-selected districts of Punjab to improve their livelihood chances through better employment prospects in national and international market.

The contract was signed with PSDF for training of 200 students in one year in “Electrical” & “Electronic” trade at Skilltech International Karachi. Contract completed in Feb, 2015 with output of around 160 students who appeared in City and Guilds exams. The hostel facility was acquired to accommodate these students.

Skilltech International Karachi– PIDC Funded Project Rs.22.5 Million

TUSDEC established SkillTech International Karachi as its constituent unit in 2009 through funding from PIDC. The centre started its operations in April 2010. The centre aims at equipping the youth with international level technical skills to enable them compete in national and international job markets. The centre provides various short technical courses in specified engineering fields and also provides vocational and management trainings. The centre also prepares students for various exams of City & Guilds UK in Pakistan.

The centre has provided trainings to the corporate sector and students from engineering universities as well. The list includes some of the prestigious organizations like SUPARCO, Pakistan Air Force, Pakistan Navy, Maritime Technologies Islamabad, Pakistan Refinery and

Benazir Bhutto Shaheed Youth Development Program (BBYSDP) etc., The students from different universities like NED University of Engineering & Technology, Sir Syed University of Engineering & Technology, DAWOOD college of Engineering, Indus University and Mehran University of Engineering also attended the courses.

SkillTech International Karachi has also won Punjab Skills Development Fund (PSDF) project to train workforce in Electrical, Electronic and Industrial trades in City & Guilds certified curriculum. SkillTech International Karachi is also participating in various Technical Education and Vocational Training (TVET) programs launched by BBYSDP, NAVTTC and PSDF etc.

Due to a fast and cut-throat competition in the Karachi market, the centre is implementing multi throng marketing strategies and offering trainings in high tech and basic TVET courses. Since its inception SkillTech has trained around 1799 students in more than 61 different courses/trades. The centre has trained 30[illegible] students in the year 2014-15.

Skills for Job 2014-15 – *PSDF Funded Project* **_Rs. 2.36 Million_**

TUSDEC has joined hands with Punjab Skills Development Fund (PSDF) in energy sector and has been successfully awarded a contract "SKILLS FOR JOB 2014-15" by PSDF to develop modern skills in the field of solar technology among educated youth of Punjab who want to pursue their careers as a solar technician or an entrepreneur in this field. Under the agreement, TUSDEC will train 75 trainees on Solar Photovoltaic system in one year time period. The target areas for the trainings are districts of Lahore, Sheikhupura, Faisalabad, Chiniot, Sargodha, Gujranwala and Narowal. Two batches of the training have been completed successfully and the third batch is in progress.

The project objective is to generate more resourceful manpower and capacity building in Solar Photovoltaic sector in Pakistan. The project is also an attempt to support financially handicap fragment of our society, especially who cannot afford such trainings. These trainings are free of cost to financially weak but semi-skilled people. Under the project, Rs. 1500 stipend is also given to trainees to cover their transportation cost to the training facility. Trainees are also provided with free uniforms, books and bags.

The graduates will be equipped enough to set up their own workshops and service centres for solar equipment and to run their businesses. The lab was recently established at NIDA – Lahore, a project of TUSDEC, which is equipped with all the latest gadgets of solar training.

Skills for Job 2015 – *PSDF Funded Project* ***Rs. 10.95 Million***

TUSDEC is implementing a project under Punjab Skills Development Fund (PSDF) Skills for Job 2015 scheme. The project is under implementation phase through SkillTech International platform and TUSDEC aims to train 100 unemployed youth of Bahawalpur, Bahawalnagar, Muzaffargarh, Lodhran, Rahimyar Khan, Khanewal and Vehari in internationally recognized trades of 'Industrial Automation' and ' Electronics Level II'. The trainings of the first batch concluded whereas the second batch training is in process. The project will improve the socioeconomic conditions of the trainees through engaging private sector for On-Job Trainings and linkages for employability. The project will improve the livelihood prospects of the trainees and their region through international qualifications and better job prospects at the national and international sphere

Engineering Support Centres Rs. 671.9 Million

- ***Peshawar Light Engineering Centre (PLEC)*** ***Rs 230.56 Million***
- ***Light Engineering Upgradation Centre for SMEs in Balochistan (LEUC)*** ***Rs 217.89 Million***
- ***Hyderabad Engineering Support Centre (HESC)*** ***Rs 223.49 Million***

Engineering Support Centres (ESCs) were planned to be set up in Peshawar, Hub/Lesbela and Hyderabad with a project cost as shown above are sponsored by Asian Development Bank (ADB) funding through Government of Pakistan.

Engineering Support Centers (ESCs) shall provide the following services;

- Design, development and manufacture of tools, products and rapid prototyping
- Technical Services in conventional and CNC Machining, Heat Treatment, CAD/CAM and CAE solutions, Precision Grinding and Inspection
- Technical literature, books, journals, software, research on tools and technical assistance

Advanced technical & management training courses for manufacturing & production oriented industries will be offered. Advisory services for improvement of products, processes, quality and productivity will be provided through experts hired by the three ESCs.

For FY 2015-16, funds amounting to Rs. 50 Million each has been allocated for LEUC, HESC and PLEC respectively. However, no funds released yet for current physical year 2015-16. The delay in release of funds is affecting timely implementation of Projects.

The construction phase of Light Engineering Upgradation Centre for SMEs in Balochistan (LEUC) has been completed. The finishing works of the building are completed and building is also furnished as per requirement, all utilities are being installed. Machinery and equipment's have been ordered to the successful bidders for the available funds. Office and IT equipment's delivered at site.

For the establishment of Peshawar Light Engineering Centre (PLEC), construction phase has been completed including structure of building and finishing works. The furnishing works of building are also completed. Machinery and equipment's for the available funds being ordered to the bidders. Office and IT equipment's delivered at site. The delivery of machines and equipment's will be start by the end of September 2015 at site.

For establishment of Hyderabad Engineering Support Centre (HESC) Civil works for construction of building of Centre including (Workshop, Laboratories, Class rooms and administration department were carried out through the year. However the structural works have been completed and finishing works are under progress at site. Construction of boundary wall works are almost completed upto 75% at site and remaining works are under progress.

Procurement of office items for the Project has been completed. Order has been placed for three items of Machinery for HESC. One machine out of three items being placed at site.

Tender advertised and opened for procurement of remaining items of first batch of machinery and equipment for HESC. Agreement finalized and order placed with successful bidders. The arrival of machines and equipment's will be in near future at site.

PC-1 for National Institute of Solar Energy:

Rs 521 Million

To reduce its dependency on imported oil, Pakistan aims to add small and micro hydropower plants as well as solar and wind energy to its existing energy mix of nuclear, hydro, coal, gas and oil. According to international estimates, energy-sector investments are set to double over the next twenty-five years.

Solar power will play a central role in the coming years to meet Pakistan's energy needs, thus the rapid growth in solar sector would require an extensive pool of competent manpower (knowledgeable and skilled) to design, install and maintain the Solar systems.

The availability of trained manpower is a pre-requisite for Pakistan to be able to generate significant amount of electric power through solar energy. Various reports suggest that approximately 20,000 to 50,000 trained people would be required in the area of solar technologies by the year 2020, of which about 5,000 would be at the graduate and post-graduate levels. Already, we are witnessing a severe shortage of available manpower in the PV industry. The National Centre for Solar Education and Research aims to provide the platform to meet this need.

The Solar Training center will provide training of solar energy and will promote and create the awareness of advanced solar technologies in other parts of the country.

- Produce qualified graduates to fill the gap between growing industry demand for renewable energy experts and the skills currently available in the Pakistani job market.
- Provide education and training to those working in the renewable energy sector.
- Foster a research platform on renewable energy

PC1 for the National Institute of Solar Energy has been submitted to Ministry of Industries and Production for consideration

PC-1 for the Value Addition in Construction Industry:

Rs 62.51 Million

Construction is the second largest industry in Pakistan's economy after agriculture. Approximately 30-35% of employment is directly or indirectly affiliated with the construction industry. This industry plays an important role in developing the economy and reducing unemployment in Pakistan. Quality in the construction industry has been a foremost problem in Pakistan. It has been reflected in certain serious accidents in the past like collapse of high rise building in Islamabad during an earthquake in 2005 and collapse of a highway bridge in Karachi in 2010 which resulted in heavy loss of life and assets. These incidents have raised many questions related to the quality of cement and other allied materials that were used in the construction. Cement has a significant position in the construction industry and used as a binding material in the construction. Pakistan's Cement Industry is showing healthy recovery after waging a long struggle to survive in the past decade. The investment in the sector has jumped $ 38.3 billion at the end of 2014-15[1]. Domestic demand which was 10.98 Million Tons in 2002-03 climbed to 28.2 Million Tons at the end of 2014-15, while export increased from 0.472 to 7.193 Million Tons from 2002-03 to 2014-15. This situation generated confidence about the future prospects of cement industry in the country. The increase in demand of cement in the last decay is due to many reasons like reconstruction of earthquake affected areas, continuous export to Afghanistan, heavy investment in real estate business, construction in public and private sectors and some mega projects. But, increased demand has also raised the issue of raw-materials quality in construction industry as some mega projects of national interest e.g. **China-Pakistan Economic Corridor**, Diamer Bhasha Dam, Neelum Jhelum Hydropower project are being carried out which cannot tolerate low quality. **China-Pakistan Economic Corridor (CPEC)** is a mega infrastructure based project

[1] APCMA

involving $46 billion USD of investment, that link Gwadar Port, Pakistan to Kashgar, China with network of highways, railways and pipelines. This project demands lot of infrastructure built up that will automatically boost the local construction and related industries including cement, iron, steel etc. Any compromise on quality in this type mega project may not only result in huge monetary loss but loss of valuable lives too.

This situation provides a base for the dedicated centre which may act as hub to offer testing solutions under one roof and act as a standardization body for construction & cement industry. Keeping in view the above scenario, TUSDEC developed a PC-1 for new testing services to construction & cement as per BSS/ASTM/PSS/EN/IS/SLS/ISO to ensure product quality according to national/international standards.
PC1 for the Value Addition in Construction Industry has been submitted to Ministry of Industries and Production for consideration

PC-1 for the Up-gradation of Tableware Industry

Rs 60 Million

Tableware is an important part of cultural heritage of Pakistan. Major cluster lies mainly in Gujrat and in Gujranwala. Major products are tea cups, saucers, tea pots, coffee and tea mugs. Earlier the industry was producing dinner sets, but now those units have gone out of production because of being unable to compete with Chinese products. The industry is mainly suffering because of ill-designed kilns, unavailability of qualified personal, skilled manpower, sub-standard plaster of paris, lack of access to international markets and strong competition.
Pakistan’s tableware/pottery industry merely contributed 0.03% to world ceramics exports in year 2013. Pakistan exported USD 0.78 Million in comparison to world exports of USD 2.336 Billion Keeping in view the world demand, there is a large potential for local industry to enhance its share in world trade. (Source: UNSD Comtrade)
A survey by TUSDEC revealed that the industry relies on primitive production and firing techniques. The major problems confronted by the industry are

1. Inefficient and ill-designed kilns wasting heat energy
2. Workers not qualified for technical jobs
3. Use of substandard plaster of paris
4. Due to financial constraints ceramics institutes are unable to help the sector.

Most critical of the above, happens to be wastage of heat energy through ill-designed kilns. For reduction of heat losses a common facility centre (CFC) is needed where modern firing techniques are taught to Industry through a Roller Hearth Kiln along with other production machinery. The CFC will carry out firing of pieces; managed by Govt. College of Technology for Glass, Ceramics & Pottery Development, SHAHDARA.

The key objective of the project is to transform the existing **Govt. College of Technology for Glass, Ceramics & Pottery Development, SHAHDARA** into a state of the art production facility for the Tableware industry. That can add value in the Tableware industry for enhancement in the productivity. The project will house state-of-the-art Roller Hearth Kiln designed specifically for firing tableware/pottery products. The project will fire the pieces produced by the local industry this will enable the industry to reduce their firing cost and become competitive in local market, which has been captured mainly by Chinese products. Cost of the project including operations cost for three years is approx. PKR. 60 million.
PC-1 has been shortlisted for MoIP's "Value addition in Industrial - Cluster Development Approach" Initiative

PC-1 for the Development of Surgical Instrument Cluster through Skill Enhancement: Rs 38.91 Million

Sialkot city is considered as a major industrial hub of Punjab. A vast majority of the manufacturing units in the city belong to the category of SMEs. The city is known for wide variety of products including Sports Goods, Leather Products and Surgical & Dental Products. Over the years, the Surgical & Dental industry has been confronting challenges on multiple fronts including, power crisis, reduction in demand, dearth of skilled labor and stiff competition from China & India. TUSDEC carried out need assessment study of the surgical sector of Sialkot in July 2014 to define the problems being faced in Upgradation required to meet upcoming demands and current & required resources. Findings from these need analyses justify the lack of skilled labor in surgical industry. Also in meeting with SIMAP (Surgical Instrument Manufacturers Association of Pakistan), the members highlighted the Declining level of skilled workers entering into the industry
To mitigate the impact of skill shortage confronting the Surgical & Dental Industry of Pakistan, Technology Upgradation and Skill Development Company (TUSDEC) develops a PC-1 for the establishment of technical training facility for the surgical instrument industry. This center will act as a catalyst for the enhancement, Up-gradation and Strengthening Capacity of the Surgical Sector of Sialkot with the focus on enhancement of Skill Development of Training Services.

SIMAP representatives would be actively involved at every stage. To ensure a high-level participation from all stakeholders the training program is designed in a manner that every trainee will spend a significant portion of the training period in the industry, where the trainee would be getting hands on practical experience in the industry. The trainees upon completion of the training program will be empowered by skills which would enable them to improve their income and ultimately enhance their livelihood.

PC1 for Development of Surgical Instrument Cluster through Skill Enhancement has been submitted to Ministry of Industries and Production for consideration

PC-1 for the Skill Development for Enhancing Productivity and Competitiveness of Fan Sector:

Rs. 55.2 million

Pakistan fan industry can be summarized in four major clusters; Gujarat, Gujranwala, Lahore and Karachi. Gujarat and Gujranwala owns 98% of the total fan production in Pakistan. This industry produces quantity of over 10 million fans per year with worth of PKR 18 billion. This figure implies that sector total contribution to National GDP is 0.27%.Fan industry of Pakistan lies in the category of domestic fans in terms of production. It includes ceiling fans that are 63%, pedestal fans that are 32 % and bracket that are 5% of the total production. Fan manufacturing sector is categorized as light engineering sector and is in existence form the time of Independence.

Industry comprises of 450 companies, in which only 6 companies can be categorized as large scale manufacturing units. These units have in-house capacities to conduct most of the production processes inside the unit and are also characterized with higher levels of investment and modern technology. 40-50 companies can be categorized as medium sized manufacturing units. These units have in-house capacities to conduct major portion of the production process. However, these units lack adequate finance for investment and access to modern technology. The remainder can be categorized as small sized manufacturing units. These units have small operations, high degree of outsourcing and outdated machinery. The cluster offers direct employment to more than 35,000 people. This scale of employment is far below its potential as the industry currently faces a seasonal demand. Employment opportunities only exist for 5-6 months and as a result workers are not attracted.

Over the previous decade, the fan cluster has significantly prospered in terms of exports and value. Pakistan is now exporting around US$35 million worth of fans every year with contribution to national exports 0.20%. Globally, Japan, Hong Kong, China, Korea, Taiwan, India and Pakistan are the front line manufacturers of the fan market. Japan is covering the high quality segment of the fan market. Korea and Hong Kong are targeting the middle segments while India, China, Taiwan and Pakistan are targeting comparatively low quality products at cheaper prices.

Despite of high level of growths shown by this sector in the recent years it suffers from low level of productivity, inadequate technology upgrade and lack of skilled workforce. This is why the fan industry is not able to compete with international market. The firms do not have any capacity to measure their performance against targets and production standard due to lack in understanding of lean management tools at factory level. The fan sector is also facing shortage of trained workforce in different trades for the future of cost controlled manufacturing

operations. Fast Track capacity building of fan industry is required to meet the challenges of ever changing demand of international markets.
To cop up with the lack of skilled workforce, Development of a Technical Training Facility is proposed for fan Industry specific requirements. The primary focus of this institution will be training of existing work force and upgradation of entrepreneurial skills.

PC1 for Development of Surgical Instrument Cluster through Skill Enhancement has been submitted to Ministry of Industries and Production for consideration

PC-1 for the Footwear Cluster Development through CAD/CAM & CNC Machining:

Rs. 70.05 million

We possess incredible potential and immense human resources to improve upon our existing industrial clusters in Pakistan. One of the initiatives planned by the present government for economic revival is revival of Industry and Trade. Manufacturing is the third important sector of the economy accounting for about 18% of GDP and 13% of total employment. For the economy to grow and provide more jobs, the growth of the manufacturing sector (which has declined from an average of 7% to less than 3% in the past 5 years) must be restored. This includes but is not limited to our footwear industry.

Pakistan produces top quality footwear products for both casual and formal wear in vast quantities daily. This adds up to an annual production of 12 million pairs of footwear. Some of these are made to export while others find marketability locally. The constant annual rise of 2.25 % in our population indicates a further increase in the demand for footwear. This necessitates production of high quality products that cater to the tastes of a diversified range of consumers. Local shoe manufacturers are performing commendably despite the hurdles they face. Currently, the main trouble is the lack of local availability of individual components (for instance shoe lasts, soles and moulds) that are required in the creation of finished footwear. This is compounded by the absence of a proper training facility for finished footwear products. This means that manufactures have to import all these items; moulds, soles and lasts. In addition to this, when they hire new employees, they have to train them according to their trade and polish their skills before being able to avail their services. The result is overhead expenses which could be prevented were a product development centre (PDC) available for footwear manufacturing in Pakistan.

This is where TUSDEC comes in; we plan to establish a PDC which will provide training, prototyping and production outsourcing facilities to footwear manufacturers. We carried out a survey and after collectively gaining feedback from 24 stakeholders; we observed that the need for the PDC will benefit all who are invested in this sector; be it small/medium enterprises (SMEs) or the titans of the footwear industry. The proposed facility will be located in Lahore. The centre will be a pioneer in training and shoe, last, mould and sole designing/making services. TUSDEC will oversee the performance of the CFC for the duration of three years. After this time the monitoring will be handed over to the managerial staff of the PDC.

PC-1 has been shortlisted for MoIP's "Value addition in Industrial - Cluster Development Approach" Initiative

PC-1 for the Technical Upgradation of the Footwear Industry:

Rs 95 million

The footwear industry of Pakistan has immense potential for growth; it currently produces 240 million pairs of footwear annually. Among these, nearly 20 million footwear pairs are exported which bring in around $150 million each year. However, we can see that only a fraction of the manufactured products are exported while the rest find marketability locally. This situation needs to be remedied since the annual growth rate of 2.25% in the world population indicates an ever increasing demand for footwear products. In this respect, Pakistani footwear products are not realizing their full potential as our share in the $70 billion global market amounts to $150 million only. This is mainly due to the lack of available infrastructure and proper upgradation of the concerned technologies. Our local vendors are unable to provide international standard tooling and components essential to the production process. The footwear exports can be increased significantly if new technologies are incorporated into the existing production processes allowing the products to be at par with their competitors.

The provision of meticulously deployed machinery and equipment, skilled workforce and state-of-the-art research and development facility could contribute towards increasing the local export considerably. Pakistan has an abundance of raw material and work force available which can be jointly utilized to expand and improve upon this sector. According to a Need Assessment Survey conducted by TUSDEC, it was identified that the main obstacles causing the demand supply gap includes the high costs of manufacturing. The utilities and taxes levied on various exported input items essential to the production process raise manufacturing expenses significantly. This also accounts for us lagging behind neighboring competitive countries in the region.

Under the proposed pilot project, a certain number of Foreign Experts will be hired on long term basis to provide adequate knowledge and transfer of technical and specialized skills to selected footwear manufacturing facilities. These factories will establish benchmark practices for other factories. Thus, impact of productivity improvement and skill up-gradation will trickle down in the rest of the footwear industry. Upon the successful completion of the first phase of this exercise, if the required results are achieved, then the same cycle can be repeated to other selected group of factories in the second phase of the project.

PC1 for Technical Upgradation of the Footwear Industry has been submitted to Ministry of Industries and Production for consideration

Revised PC-1 for the Enhancement, Up-gradation and Strengthing Capacity of Existing Fan Development Institute:

Rs 195 Million

The Fan Sector of Pakistan emerged as an area which if worked upon could contribute towards long-term social and economic development of the country. The interaction with the members of the Fan Association helped in identifying the potential areas of joint cooperation and Up-gradation of present Fan Development Institute (FDI).

The industrial tour provided a unique experience to the participants for sharing good practices which could be replicated to improve the efficiency, production and competency in the cluster. Several Grey areas were identified including the fact that the sector suffers from low levels of productivity, inadequate technology upgrade and shortage of skilled staff. During the field tour it was also identified that those firms which have large local market demand are better at innovation and new designs as compared to those firms which are solely focused on export markets. The key stakeholders helped in understanding and identifying the major bottlenecks at Fan Development Institute (FDI) and a dire need was conveyed by the members of the PEFMA to upgrade the FDI. The troubled area identified were to be addressed through the PC-1 with focus on improving,

- Inconsistent Quality and Certification
- Difficulty in getting adequately skilled manpower
- Empowering PEFMA to develop domestic conformance standards
- Up-gradation of FDI's testing laboratory so that Pakistani fan can conform to quality standards of Saudi Arabia and International Electrotechnical Commission (IEC)

PC1 for Enhancement, Up-gradation and Strengthing Capacity of Existing Fan Development Institute has been sent to to Ministry of Industries and Production for consideration.

Revised PC-1 for the Establishment of Pakistan Institute of Industrial Automation:

Rs406 Million

Automation is the use of control systems such as industrial computers to control industrial machinery and processes thus improving product quality and productivity by reducing the need of human interventions. It is gaining grounds quickly in countries like BRIC (Brazil, Russia, India, China that are making heavy investments in manufacturing sectors. Seeing such developments and figures worldwide, it is imperative that a developing country like Pakistan should start to take these changes seriously if it needs to stay competitive in the international market.

Though automation equipment usage is already widespread and playing a major role in Pakistan's industry but the industry is facing shortage of skilled manpower with the required skills for programming, troubleshooting, maintenance of existing automation related equipment and installation of new equipment. At present the industrial demand of automation experts is being catered for by the experts of Original Equipment Manufacturers (OEMs) at a very high cost, mostly for new system installations or by a few automation experts available in the market who follow a 'trial and error' approach to servicing and repair of old / second hand equipment.

To address this automation related issues of Pakistani industry; TUSDEC aims to establish “Pakistan Institute of Industrial Automation” which will not only act as a dedicated institute for training of human resource for Industrial Automation, but will also work as a streamlined hub for the implementation of PLCs and automation projects in the country. The institute will provide basic and advanced level training in the areas of programming, troubleshooting, process design, maintenance of automation systems, practical applications and theoretical knowledge, consultation and advisory services and act as a solution provider for industrial automation problems of Pakistani Industry by both rectifying existing solutions and going for new ones. The institute will also promote the concept of incubation under which infrastructure will be provided to the interested automation equipment manufacturers / suppliers for setting up of their own labs. These labs will be used for training as well as research purposes.

PC1 for Establishment of Pakistan Institute of Industrial Automation has been submitted to Ministry of Industries and Production for consideration

PC-1 Up-gradation of Cement Research and Development Institute (CR&DI)
Rs.50 Million

Product quality is a high priority issue after the implementation of national and international quality standards (PSS, ISO, ASTM, EN,IS,SLS and BSS) and WTO regime is a driving force for local cement industries to guarantee quality of their product not only to sustain in the market but also to meet compliance requirement. But, quality control laboratories of local cement industries are not equipped with all kind of testing facilities required by different standards and on the other hand, they also require verification of their results in order to counter check their conformity with desired quality standards.

No centre in Pakistan is providing training, consultancy and research facilities to cement industry. There are 184 polytechnic institutes (Punjab) and 16 engineering universities in all the provinces of Pakistan. All these institutes are engaged in only academic trainings and there are no regular short term training courses available for stakeholders while cement industry needs people who have knowhow on latest technologies being used in the world to improve their productivity. Absence of continuing education in this sector has posed a broad skill gap which needs to be filled.

Presently CR&DI is conducting testing of 15 types of Cement Standards. After upgradation of CR&DI, the lab would be equipped with latest testing facilities and CR&DI will carry out all necessary tests for cement, concrete and allied materials as per

BSS/ASTM/PSS/EN/IS/SLS/ISO to ensure product quality according to standards as demanded. This would ensure reliable and good quality construction. Testing section will be composed of three sections (Physical testing, Chemical Testing, Concrete testing). It is estimated to conduct 3000 tests in three years.

CR&DI after upgradation will also conduct training courses in areas of Cement Testing Techniques, Raw Materials and Processing, Kiln Operations and Improvement, Energy Conservation, Quality Control and Preventive Maintenance etc. It is planned to train 225 professionals in the next three years.

PC1 for Upgradation of CR&DI has been sent to Planning Commission for DDWP consideration

Revised PC-1 for Three (3) Additional Advanced CAD/CAM Training Centres Gujranwala, Faisalabad, Hyderabad:

Rs. 382 Million

The PC-1 for setting-up three additional CAD CAM Centres was proposed after the successful establishment and operations of 5 (five) CAD/Cam Centres in Lahore, Karachi, Sialkot, Quetta and Peshawar. The additional three centres were a part of the PC-1 proposed for establishing 8 (Eight) Advanced CAD/CAM Centres. The objectives are to:

- Provide multidisciplinary training in design using CAD/CAM tools; Help enhance productivity and competitiveness in local and international markets;
- Bridge the 'Digital Divide' by changing the industrial environment from analogue to digital;
- Serve as a Common Facility Centre (CFC) for turnkey product, part, process design and development;
- Overcome shortage of CAD/CAM trained human resource;
- Lead the way to indigenous product design;
- Reduce reliance on foreign technology, tools and designs;
- Add innovation into a product and reduce 'time to market'

PC1 has been prepared, submitted and signed by Secretary MOIP, Government of Pakistan and sent to Planning Commission for CDWP consideration.

Revised PC-1 for Establishment of Advanced CAD/CAM Training Centre in Rawalpindi:

Rs. 59.97 Million

Lack of training centres imparting technical education in Pakistan as compared to other developing countries in the region. The industries are still using old techniques for drafting and design. Moreover, manpower required to work with or teach advanced CAD/CAM technologies is not available.

Due to absence of a training and skill development centres/institutes in the Rawalpindi clusters, there is a great shortage of educated, certified and professionally trained/skilled sector workforce.

This PC-1 follows on the success of establishment and operation of 5 (five) of the originally proposed 8 (Eight) Advanced CAD/CAM Centres and proposes to set-up additional centre in Rawalpindi.

The project aims to:

- Provide multidisciplinary training in design using CAD/CAM tools; Help enhance productivity and competitiveness in local and international markets;
- Bridge the ‘Digital Divide’ by changing the industrial environment from analogue to digital;
- Serve as a Common Facility Centre (CFC) for turnkey product, part, process design and development;
- Overcome shortage of CAD/CAM trained human resource;
- Lead the way to indigenous product design;
- Reduce reliance on foreign technology, tools and designs;
- Add innovation into a product and reduce 'time to market'

PC1 has been prepared, submitted and signed by Secretary MOIP, Government of Pakistan and sent to Planning Commission for DDWP consideration

Revised PC-1 for Skill Mapping:

Rs. 49.41 Million

As barriers to trade are diminishing, “only a trained, efficient, productive and innovative workforce can meet challenges of globalization”[2]. Similarly, an oversupply of skills is synonymous to wastage of precious and scarce resources. The most urgent need to better match the supply of skills with demand over the long term is comprehensive, robust and forward looking information on Pakistan’s future requirements for skills. Without this information, key stakeholders, i.e. the Government, professional associations, higher education institutions, employers, prospective students and those already in the workforce, are not positioned to make well-informed and cost effective decisions.

All stakeholders are facing the challenge of determining the right mix of government policies, training and vocational programs and individual actions to respond effectively to the complexities of the demand and supply for skills. However, comprehensive, robust and forward-looking information on Pakistan’s future requirements for skills is not available, on which the mentioned decisions would be based. This has also been acknowledged by Vision 2030 of the Government of Pakistan, which “requires Pakistan to have crossed the threshold

2 MTDF 2005-10, part 4, pg 2

on the path of building a knowledge-based society”[3] , where human capital is the key driver of growth. Matching of skills with their demand is one of the issues that need to be tackled to achieve the Vision, so that quality, flexibility and lifelong learning are assured.

Technology Upgradation and Skill Development Company (TUSDEC) aims to conduct Skill Mapping in Pakistan as a first step to address the challenges mentioned above. The objective of Skill Mapping is to identify existing skills, determine issues, challenges and opportunities facing Pakistan in the short run and to help in eventually cause professional skills capacity and capability to develop to meet the economy’s future economic needs on a sustainable basis in the long run.

Skill Mapping will identify Quantity and Quality of skills of people in a specified geographical area. It will entail a quantitative analysis of skills to identify how many people of the specific region have which skills. In addition, a qualitative analysis will be carried out to determine what level of skills exists in the people in each area. Under this project a separate project management team will be hired that will be responsible to conduct a comprehensive survey of the industrial districts in order to map the available skills.

In the first phase of skill mapping, 10 districts all over Pakistan have been selected for the purpose. In each of these districts a maximum of four important industrial clusters will be studied for the purpose of skill mapping. The research methodology will be developed by the skill mapping project team. The data collection will be carried out by hiring a consultant / survey firm in order to reduce the overheads and to decrease the project completion time. The responsibilities of the project team will include the comprehensive research design, selection / monitoring of the consultant(s) and a comprehensive skill mapping report of all the selected districts. Apart from publishing of reports, the skill mapping data will be placed on the website that can be a base of a comprehensive Labor Market Information System in future.

PC1 for the Skill Mapping has been submitted to Ministry of Industries and Production for consideration

OPERATING RESULTS

Your Company has a net Deficit of Rs. 31.3 million for the year 2014-15 as compared to net surplus of Rs. 36.93 million in 2013-14.

[3] Vision 2030, Chapter 5, pg 16

The key financial figures have been tabulated as follows

	Year Ended June 30, 2015	Year Ended June 30, 2014
	Rupees	
(Deficit)/ Surplus) before Tax	(31,300,176)	36,933,982
Taxation		
Current Year		-
Surplus(Deficit) after Tax	**(31,300,176)**	**36,933,982**

EARNING PER SHARE
Basic (Loss)/ earning per share come at Rs (2.08) - (Year 2014: Rs. 2.46)

DIVIDEND
Your Company is a non-profit organization and all surplus earned would be employed by your Company to meet its objectives. The Securities and Exchange Commission Pakistan while granting license u/s 42 of the Companies Ordinance, 1984 has also required that no payment would be made to the members; therefore, your Company is not required to declare any dividends.

OUTSTANDING STATUTORY PAYMENTS
There are no outstanding payments due on account of taxes, duties, levies and charges except the current year tax liability and amounts of normal and routine nature.

MEETINGS OF BOARD OF DIRECTORS
During the year, five meetings of the Board of Directors were held. Attendance by each Director at the board meeting is as under:

Sr. No.	Name	Eligibility	Attended
1	Chief Executive Officer, PIDC	1	1
2	Additional Secretary / Joint Secretary, Ministry of Industries and Production	5	4
3	Secretary / Joint Secretary, Ministry of Finance	5	0
4	Chief Executive Officer, SMEDA	5	4
5	Mr. Rana Nasir Mehmood	4	4
6	Mr. Iftikhar Ahmad Jogezai	4	4
7	Mr. Nooruddin F. Daud	4	3
8	Dr. Mohammad Aslam	4	3
9	Prof. Dr. Younis Javed	4	2
10	Mr. Abdul Malik	4	2
11	Mr. Muhammad Ilyas	4	1
12	Mr. Imtiaz Ahmed	4	0
13	Chief Executive Officer, TUSDEC	5	5

The Directors who could not attend a Board Meeting were granted leave of absence in accordance with the law.

PATTERN OF SHAREHOLDING

The pattern of shareholding as at June 30, 2015 is annexed to the Annual Report.

HOLDING COMPANY

Pakistan Industrial Development Corporation (Private) Limited has 99.99% holding of the company

FINANCIAL REPORTING FRAMEWORK:

- The financial statements, prepared by the management of the Company present fairly its state of affairs, the result of its operations, its cash flows and its changes in equity.

- Proper books of account of the Company have been maintained

- Appropriate accounting policies have been applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgement

- International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and any departure therefrom has been adequately disclosed

- No material changes and commitments affecting the financial position of your Company have occurred between the end of the financial year to which this balance sheet relates and the date of the Directors' Report

- The system of internal control is sound in design and has been effectively implemented and monitored

- The Board recognizes its responsibility to establish and maintain sound system of internal control, which is regularly reviewed and monitored

- The appointment of chairman and other members of Board and the terms of their appointment along with the remuneration policy adopted are in the best interests of the Public Sector Company as well as in line with the best practices

- The Board has complied with the relevant principles of corporate governance, and has identified the rules that have not been complied with, the period in which such non-compliance continued, and reasons for such non-compliance

- There are no significant doubts about the company's ability to continue as a going concern

- key operating and financial data of last six years has been summarized

AUDITORS

The present auditors M/s Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants retire and being eligible, offer themselves for re-appointment.

AUDIT COMMITTEE

The Audit is comprised of following Non-Executive Directors. The Chairman of the Committee being an Independent Director

- Mr. Iftikhar Ahmed Jogezai
- Mr. Zarar Haider
- Representative of Ministry of Finance
- Dr. Mohammad Aslam Khan
- Mr. Muhammad Ilyas

SIX YEAR FINANCIAL DATA

	2015	2014	2013	2012	2011	2010
			(Rupees in Millions)			
Assets						
Non-current assets	44.81	54.84	7.76	10.60	13.13	16.64
Current assets	214.66	265.15	254.46	237.41	231.14	262.25
Equity and liabilities						
Share capital and reserves						
Share capital	150.00	150.00	150.00	150.00	150.00	150.00
Accumulated deficit	(69.57)	(38.86)	(135.34)	(118.49)	(110.15)	(82.92)
	80.43	111.14	14.66	31.51	39.85	67.08
Non-current liabilities	62.44	55.67	77.67	100.89	93.36	74.61
Current liabilities	116.60	153.18	169.89	115.60	111.05	137.20
Revenue	46.11	98.31	21.90	27.51	15.96	27.36
Operating expenditure	77.41	61.37	38.75	35.85	43.19	49.38
(Deficit)/Surplus	(31.30)	36.93	(16.85)	(8.34)	(27.23)	(22.03)

ACKNOWLEDGEMENT

The Board of Directors places on record its appreciation of the support of the shareholders, Government agencies and other parties.

The Board would like to express their appreciation for the excellent services and the efforts being rendered by the executives and staff members of your Company.

Chief Executive Officer

Director

Date: 17 September 2015

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Building a better working world

TECHNOLOGY UPGRADATION AND SKILL DEVELOPMENT COMPANY (TUSDEC)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
96-B-I, 4th Floor, Pace Mall Building
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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 2015,** 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 conduct 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 accounts 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 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 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 2015** and of the deficit, 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).

Other matter

The financial statements of **the Company** for the year ended 30 June 2014 were audited by another firm of chartered accountants whose report dated 07 November 2014 expressed an unmodified opinion.

Chartered Accountants

Engagement Partner: Naseem Akbar

Lahore: 17 September 2015

TECHNOLOGY UPGRADATION AND SKILL DEVELOPMENT COMPANY
(A Company registered under section 42 of the Companies Ordinance, 1984)
BALANCE SHEET
AS AT 30 JUNE 2015

	Note	2015 Rupees	2014 Rupees
ASSETS			
Non-current assets			
Property and equipments	4	42,723,442	53,656,932
Capital work in progress	5	1,330,548	250,000
Long term investments	6	60	60
Long term deposits		754,438	930,555
		44,808,488	54,837,547
Current assets			
Trade receivables	7	5,127,514	4,760,514
Other receivables	8	798,042	1,026,312
Advances	9	292,789	140,348
Short term deposits and prepayments	10	1,185,549	3,158,926
Interest accrued		424,565	347,344
Tax refunds due from Government		8,470,409	7,913,260
Short term investments	11	155,000,000	130,000,000
Cash and bank balances	12	43,359,203	117,798,444
		214,658,071	265,145,148
		259,466,559	319,982,695
Equity and liabilities			
Share capital and reserves			
Authorized capital			
15,000,000 (2014: 15,000,000) ordinary shares of Rs. 10/- each		150,000,000	150,000,000
Issued, subscribed and paid-up capital	13	150,000,000	150,000,000
Accumulated deficit		(69,570,566)	(38,864,509)
		80,429,434	111,135,491
Surplus on revaluation of property and equipment	14	13,408,400	14,002,519
Project development fund	15	25,019,341	7,988,362
Non-current liabilities			
Deferred grant	16	24,010,559	33,675,588
Current liabilities			
Trade and other payables	17	114,991,141	146,525,918
Deferred income		1,607,684	6,654,817
		116,598,825	153,180,735
		259,466,559	319,982,695
Contingencies and commitments	18	-	-

The annexed notes from 1 to 29 form an integral part of these financial statements.

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 2015

	Note	2015 Rupees	2014 Rupees
Income	19	34,806,555	88,505,352
Expenditure			
Salaries and other benefits	20	40,289,787	34,349,732
Depreciation	4	12,998,579	7,516,040
Traveling, vehicle running and maintenance		4,526,895	5,385,299
Utilities		3,786,668	3,003,757
Rent, rate and taxes		2,872,557	2,090,896
Repair and maintenance		2,299,254	1,508,783
Advertisement and business development		1,669,778	1,026,724
Consumables		1,448,726	856,018
Janitorial services		1,786,930	1,304,847
Postage and telephone		1,301,550	1,368,066
Insurance		946,271	685,005
Security services		1,131,561	824,279
Printing and stationery		705,874	622,674
Legal and professional charges		513,045	375,450
Project expenses		488,682	11,000
Miscellaneous expenses		250,736	189,994
Auditors' remuneration		235,950	235,950
Balances written-off		111,119	-
Fee and subscription		42,845	17,866
		77,406,807	61,372,380
		(42,600,252)	27,132,972
Other income	21	11,300,076	9,801,010
(Deficit) / surplus before taxation		(31,300,176)	36,933,982
Taxation	22	-	-
(Deficit) / surplus after taxation		(31,300,176)	36,933,982

The annexed notes from 1 to 29 form an integral part of these financial statements.

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 2015

	Note	2015 Rupees	2014 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
(Deficit) / surplus before taxation		(31,300,176)	36,933,982
Adjustment for non cash items:			
Gain on disposal of property and equipment		-	(24,383)
Interest income		(10,995,175)	(9,520,828)
Depreciation	4	12,998,579	7,516,040
Amortization of deferred cost	16	(9,665,029)	(4,822,525)
Deferred income		(5,047,133)	3,824,928
		(12,708,758)	(3,026,768)
Cash (used) / generated before working capital changes		(44,008,934)	33,907,214
Changes in working capital			
Increase in trade receivable		(367,000)	(177,500)
Decrease in other receivable		228,270	115,813
Increase in advances		(152,441)	(135,466)
Decrease / (Increase) in short term deposits and prepayments		1,973,377	(2,261,924)
Increase in trade and other payables		49,418,279	11,052,384
		51,100,485	8,593,307
Cash (used in) / generated from operations		7,091,551	42,500,521
Interest income received		10,917,954	9,343,133
Taxes paid		(557,149)	(264,908)
		10,360,805	9,078,225
Net cash (used in) / generated from operating activities		17,452,356	51,578,746
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	4	(2,065,089)	(936,170)
Capital work in progress		(1,080,548)	(250,000)
Long term deposits		176,117	(300,000)
Proceeds from sale of property and equipment		-	43,994
Net cash used in investing activities		(2,969,520)	(1,442,176)
CASH FLOWS FROM FINANCING ACTIVITIES			
Funds transferred to project development fund		590,901	2,305,941
Utilizations against projects		(64,512,978)	(31,582,247)
Utilization of project development fund		-	(12,450,618)
Net cash used in financing activities		(63,922,077)	(41,726,924)
Net (decrease) / increase in cash and cash equivalents		(49,439,241)	8,409,646
Cash and cash equivalents at the beginning of the year		247,798,444	239,388,798
Cash and cash equivalents at the end of the year		198,359,203	247,798,444

The annexed notes from 1 to 29 form an integral part of these financial statements.

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 2015

	Issued subscribed and paid-up capital	Accumulated (deficit) / surplus	Total
	Rupees		
Balance at 1 July 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	-	59,536,910	59,536,910
Balance at 30 June 2014	**150,000,000**	**(38,864,509)**	**111,135,491**
Deficit for the year	-	**(31,300,176)**	**(31,300,176)**
Transfer of revaluation surplus in respect of Incremental depreciation	-	**594,119**	**594,119**
Balance at 30 June 2015	**150,000,000**	**(69,570,566)**	**80,429,434**

The annexed notes from 1 to 29 form an integral part of these financial statements.

3P

CHIEF EXECUTIVE OFFICER

DIRECTOR

TECHNOLOGY UPGRADATION AND SKILL DEVELOPMENT COMPANY
(A Company registered under section 42 of the Companies Ordinance, 1984)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

1. LEGAL STATUS AND ITS OPERATIONS

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. BASIS OF PREPARATION

2.1 *Statement of compliance*

These financial statements have been prepared in accordance with approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of Accounting and Financial Reporting Standard for Medium-Sized Entities (MSEs) issued by the Institute of Chartered Accountants of Pakistan and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 *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.

2.3 *Functional and presentation currency*

The financial statements are presented in Pak Rupees, which is also the functional currency of the Company.

2.4 *Use of estimates and judgments*

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events 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 appearent 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:

- Property and equipment (3.1)
- Employee Benefits (3.6)
- Provisions (3.8)
- Taxation (3.10)

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 *Property and equipment*

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.

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 value of the assets over their estimated useful lives at the rates given in note 4.

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

3.2 *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.

3.3 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.

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 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.

Impairment losses are recognized in income and expenditure account.

3.4 *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.

3.5 *Investments - Held to maturity*

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.

3.6 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 6.67% of the 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.

3.7 *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.

3.8 *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, 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.

3.9 *Income recognition*

Income represents the fair value of the consideration received or receivable for services rendered, net of discounts. Income is recognized when it is probable that the economic benefits associated with the transaction will flow to the entity and the amount of Income, 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.

3.10 *Taxation*

Current

There is no provision for taxation as the Company has been granted exemption under section 100c of Income Tax Ordinance, 2001 by the relevant tax authorities

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 is not being recognized for all timing differences as the Company has been granted exemption under section 100c of Income Tax Ordinance 2001 by the relevant tax authorities.

3.11 *Foreign currency transactions*

All monetary assets and liabilities in foreign currency are translated in Pak rupees at the exchange rates 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.

3.12 *Cash and cash equivalents*

Cash and cash equivalents comprise cash in hand, cash at banks on deposit accounts and 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.

3.13 *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

3.14 *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.

4. PROPERTY AND EQUIPMENTS

	Building improvements	*Office equipment*	*Computer equipment*	*Furniture and fixture*	*Vehicles*	*Library books*	*Total*
	Rupees						
Cost							
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	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
Balance at 1 July 2014	**58,871,680**	**6,248,157**	**77,252,057**	**9,259,441**	**188,792,118**	**250,775**	**340,674,228**
Additions	**896,895**	**17,675**	**660,179**	**490,340**	**-**	**-**	**2,065,089**
Disposals	-	-	-	-	-	-	-
Balance at 30 June 2015	**59,768,575**	**6,265,832**	**77,912,236**	**9,749,781**	**188,792,118**	**250,775**	**342,739,317**
Accumulated depreciation							
Balance at 1 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)
Adjustment on 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
Balance at 1 July 2014	**44,022,998**	**2,595,466**	**53,815,154**	**5,083,251**	**181,249,652**	**250,775**	**287,017,296**
Depreciation for the year	**1,541,512**	**372,926**	**9,079,518**	**446,130**	**1,558,493**	**-**	**12,998,579**
Disposals	-	-	-	-	-	-	-
Balance at 30 June 2015	**45,564,510**	**2,968,392**	**62,894,672**	**5,529,381**	**182,808,145**	**250,775**	**300,015,875**
Net book value							
At 30 June 2014	14,848,682	3,652,691	23,436,903	4,176,190	7,542,466	-	53,656,932
At 30 June 2015	**14,204,065**	**3,297,440**	**15,017,564**	**4,220,400**	**5,983,973**	**-**	**42,723,442**
Depreciation rates (%)	10%	10%	33%	10%	20%	20%	

4.1 As on 30 June 2015, management expects that fair value of the fixed assets is not materially different from their net book value..

4.2 The property and equipments of 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 had been incorporated in financial statements and had 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 as on 30 June 2014 (total revalued amount being Rs. 19,505,166). The details of revalued amounts are as follows:

	Note	2015 Rupees	2014 Rupees
Building improvements		**7,168,976**	7,965,535
Office equipment		**2,107,126**	2,341,255
Computer equipment		**1,895,490**	2,829,095
Furniture and fixture		**969,131**	1,076,816
Vehicles		**4,233,972**	5,292,465
		16,374,695	19,505,166

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

Building improvements		**795,332**	2,256,553
Office equipment		**1,706,863**	2,124,647
Computer equipment		**244,748**	456,912
Furniture and fixture		**214,250**	483,362
Vehicles		**5,146**	181,174
		2,966,339	5,502,648

5. CAPITAL WORK IN PROGRESS

Hardware		**250,000**	250,000
Software		**1,080,548**	-
		1,330,548	250,000

6. LONG TERM INVESTMENTS

Investments in associates - at cost:			
Gujranwala Tools, Dies and Moulds Centre (GTDMC)	6.1	**30**	30
Ceramics Development and Training Complex (CDTC)	6.2	**30**	30
		60	60

6.1 It represents 3 (2014:3) ordinary shares of Rs. 10 each in GTDMC. The Company holds 0.003% (2014: 0.003%) equity shares in GTDMC.

6.2 It represents 3 (2014:3) ordinary shares of Rs. 10 each in CDTC. The Company holds 0.003% (2014: 0.003%) equity shares in CDTC.

7. TRADE RECEIVABLES

	Note	*2015 Rupees*	*2014 Rupees*
Unsecured - considered good			
Related party			
Pakistan Industrial Development Corporation (PIDC)	7.1	**4,164,514**	4,164,514
Others			
Descom		**418,500**	418,500
Research and Development Foundation		**-**	177,500
Punjab Skill Development Fund		**207,500**	-
BEFARe		**337,000**	-
		5,127,514	4,760,514

7.1 This amount includes receivable from PIDC in respect of expenses incurred by the Company on their behalf for Skills Development Centre (SDC) Khaki and Batgram and it is past due for more than 3 years.

		2015	2014
8. OTHER RECEIVABLES	Note	*Rupees*	*Rupees*
Receivable from related parties	8.1	-	111,119
Others		798,042	915,193
		798,042	1,026,312

8.1 This amount represents receivable from Gunjrawala Tools, Dies and Mould Centre (GTDMC) amounting to Rs. Nil (2014: 111,119)

9. ADVANCES

	Note	2015	2014
Advances to staff - considered good			
against expenses	9.1	15,000	46,682
against salary		277,789	93,666
		292,789	140,348

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

10 SHORT TERM DEPOSITS AND PREPAYMENTS

		2015	2014
Security deposits		-	1,907,880
Prepayments		1,185,549	1,251,046
		1,185,549	3,158,926

11 SHORT TERM INVESTMENTS

	Note	2015	2014
Investment in Term Deposit Receipts	11.1 & 11.2	155,000,000	130,000,000

11.1 These represent Term Deposits Receipts (TDRs) placed with different commercial banks on roll-over basis, having maturity period of one to three months and carry mark-up at the rate of 6% to 9.50% (2014: 7% to 9.5%) per annum.

11.2 This represents TDRs related to TUSDEC amounting to Rs. 122 million (2014: Rs 106 million), PMU Rs. 3 million (2014: Rs 9 million), and EC Rs. 30 million (2014: Rs 15 million).

12 CASH AND BANK BALANCES

	Note	2015	2014
Cash in hand		143,221	158,774
Cash at banks - saving accounts	12.1&12.2	43,215,982	117,639,670
		43,359,203	117,798,444

12.1 The deposits in saving accounts carry mark-up at the rate ranging from 4.5% to 8.5% (2014: 6% to 8 %) per annum.

12.2 This includes amount of Rs. 2,532,000 on which bank has lien against guarantees issued on behalf of the Company. Same has been disclosed as contingency in note 18.2 of these financial statements.

13. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	Note	2015 Rupees	2014 Rupees
15,000,000 (2014: 15,000,000) ordinary shares of Rs. 10/- each fully paid in cash		**150,000,000**	150,000,000

14. SURPLUS ON REVALUATION OF PROPERTY AND EQUIPMENT

	Note	2015	2014
Balance at 01 July		**14,002,519**	-
Revaluation surplus during the year	4	-	14,002,519
Incremental depreciation charged during the year		**(594,119)**	-
Closing balance		**13,408,400**	14,002,519

15. PROJECT DEVELOPMENT FUND

	Note	2015	2014
Opening balance		**7,988,362**	77,669,955
Interest earned during the year	15.2	**590,901**	1,501,364
Adjustments	15.3	**16,440,078**	804,577
Transfer / utilization of fund	15.4	-	(71,987,534)
Closing balance		**25,019,341**	7,988,362

15.1 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 27th 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.

15.2 This represents interest earned on term deposit receipts and saving accounts amounting to Rs. 391,813 (2014: Rs.598,688) and Rs. 199,088 (2014: Rs. 902,676) respectively.

15.3 This represents reversal of provision charged to Project Development Fund against 10% contribution of TUSDEC to European Commission (EC) Project under the respective agreement. As the same has been contributed by the Government of Khyber Pakhtunkhwa (KPK) during the year.

15.4 This includes amount of Rs. Nil (2014: Rs. 59,536,910) related to NIDA project which has been transferred to the accumulated reserve and amount of Rs. Nil (2014: Rs. 2,500,000) refunded to Ceramics Development and Traing Complex (CTDC) against their surplus funds.

16. DEFERRED GRANT

	Note	2015	2014
Government grant	16.1	**33,675,588**	38,498,113
Amortization for the period	19	**(9,665,029)**	(4,822,525)
		24,010,559	33,675,588

16.1 This amount represents grants against assets of NIDA transferred to TUSDEC during the last year as per approval no. 3(15)2006-plg dated 31 December 2013 granted by the Ministry.

17. TRADE AND OTHER PAYABLES

	Note	2015	2014
Advances against projects	17.1	**62,226,557**	126,739,535
Creditors		**2,827,193**	1,418,046
Accrued liabilities		**1,499,920**	1,560,270
Other liabilities		**16,811,307**	16,741,825
Grant related to European Commission (EC) Project	15.3	**31,559,922**	-
Payable to PIDC (a related party)		**66,242**	66,242
		114,991,141	146,525,918

17.1 Advances against projects

	Project Monitoring Unit	Skill Tech - KHI	Euorpean Commission (EC)	GIZ / FIT	ACTED	ESCs / Asian Development Bank	NAVTTC	2015	2014
	-----	-----	-----	-----	Rupees	-----	-----	-----	-----
Opening balance at 1 July	10,063,816	150,009	95,806,241	(344,973)	19,140,042	-	1,924,400	**126,739,535**	156,397,382
Funds received during the period	6,695,000	8,644,915	-	559,280	27,892,432	146,170,116	3,781,831	**193,743,574**	187,131,521
Funds utilized:									
Capital expenditure:									
Building improvements	-	-	-	-	-	46,740,832	-	**46,740,832**	52,188,037
Machinery and equipments	198,020	-	-	-	12,142,000	19,166,200	-	**31,506,220**	5,082,040
Advances to suppliers	-	-	-	-	-	67,827,245	-	**67,827,245**	11,186,404
Other assets	-	-	158,335	-	-	3,540,371	-	**3,698,706**	281,400
	198,020	-	158,335	-	12,142,000	137,274,648	-	**149,773,003**	68,737,881
Operational expenditure:									
Employees cost	7,363,564	5,366,651	17,032,988	-	8,447,099	589,326	-	**38,799,628**	46,706,647
TUSDEC / PMU service fee	-	-	5,047,133	-	-	6,695,000	-	**11,742,133**	2,135,711
Building rent	-	-	1,507,760	-	(570,430)	160,000	-	**1,097,330**	3,455,108
Vehicle running and maintenance cost	1,765,925	203,318	2,168,962	-	3,598,791	1,877,854	-	**9,614,850**	8,666,118
Electricity, fuel and power	-	187,586	-	-	-	-	-	**187,586**	1,797,539
Consumables	60,578	-	-	-	-	-	-	**60,578**	74,273
Advertisement	69,600	105,555	408,960	-	1,207,240	921,265	-	**2,712,620**	1,866,768
Other expenses	1,499,332	10,865,477	36,650,161	(16,105)	12,037,783	34,786	3,738,557	**64,809,991**	39,246,741
Prepayments and other receivables	105,485	143,144	(4,276,466)	-	282,854	-	-	**(3,744,983)**	15,255,650
Accrued expenses/payables	(164,347)	(61,402)	(1,343,938)	198,500	1,875,500	(1,382,763)	-	**(878,450)**	(13,562,915)
	10,700,137	16,810,329	57,195,560	182,395	26,878,837	8,895,468	3,738,557	**124,401,283**	105,641,640
	10,898,157	16,810,329	57,353,895	182,395	39,020,837	146,170,116	3,738,557	**274,174,286**	174,379,521
Other receipts:									
Course fee	-	9,321,454	-	-	-	-	-	**9,321,454**	12,096,422
Profit on bank deposit	-	-	6,099,229	19,850	470,079	-	58,884	**6,648,042**	9,428,867
Remaining funds	5,860,659	1,306,049	44,551,575	51,762	8,481,716	-	2,026,558	**62,278,319**	190,674,671
Less : funds transferred to Tusdec on completion of project	-	-	-	(51,762)	-	-	-	**(51,762)**	(63,935,136)
Closing balance as at 30 June	5,860,659	1,306,049	44,551,575	-	8,481,716	-	2,026,558	**62,226,557**	126,739,535

18. CONTINGENCIES AND COMMITMENTS

18.1 *Contingencies*

A commercial bank has issued guarantee on behalf of the Company in favour of M/s Punjab Skills Development Fund (PSDF) against mobilization advance for the execution of services amounting to Rs. 1,332,000 (2014: Rs. 1,907,880) and in favour of Pakistan State Oil Company (PSO) amounting to Rs. 1,200,000 (2014: Nil).

		Note	*2015* Rupees	*2014* Rupees
18.2	*Commitments*			
18.2.1	Commitments in respect of capital expenditure		-	29,532,906
18.2.2	Commitments in respect of contribution towards European Commission / EC Project		**31,559,922**	37,307,235

19. INCOME

	2015	2014
Income from:		
trainings	**15,143,533**	7,236,661
projects	**4,629,556**	5,811,089
laboratory test and 3D scanning	**5,368,437**	4,121,002
amortization of deferred grant	**9,665,029**	4,822,525
	34,806,555	21,991,277
Grant related to income	-	66,514,075
	34,806,555	88,505,352

20. SALARIES AND OTHER BENEFITS

During the year, Rs. 1,796,423 (2014: Rs. 1,743,050) has been recognized as an expense by the Company in respect of Provident Fund and Rs 779,036 (2014: Rs. 554,845) has been recognized as an expense by the Company in respect of compensated absences.

21. OTHER INCOME

	Note	2015	2014
Income from financial assets:			
Saving accounts	12.1	**1,689,884**	1,254,838
Term deposits receipts	11.1	**9,305,291**	8,265,990
Income from assets other than financial assets:			
Disposal of property and equipment		-	24,383
Miscellaneous (Income from Projects)	21.1	**304,901**	255,799
		11,300,076	9,801,010

21.1 This includes amount of Rs. 174,795 received from PSDF Project against charges for using office space for the purpose of training during the year.

22. TAXATION

There is no provision for taxation as the Company has been granted exemption under section 100c of Income Tax Ordinance, 2001 by the relevant tax authorities.

23. RELATED PARTY TRANSECTIONS

The related parties comprise of associated companies, employees provident fund, directors and key management personnel. Significant transactions with related parties and associated undertakings are as under:

	2015	2014
Contribution to Provident fund	**1,796,423**	1,743,050

Amounts due to / from related parties are shown in respective notes to the Financial Statements.

24. REMUNERATION OF CHIEF EXECUTIVE OFFICER AND DIRECTORS

	2015		*2014*	
	Chief Executive Officer	*Directors*	*Chief Executive Officer*	*Directors*
	Rupees			
Managerial remuneration	3,080,000	-	2,800,000	-
Contribution to provident fund	308,094	-	280,000	-
Housing and utilities	1,540,000	-	1,400,000	-
Medical reimbursements	286,446	-	279,926	-
	5,214,540	-	4,759,926	-
Number of persons	1	10	1	5

Chief Executive officer is also provided with company maintained car.

25. PROVIDENT FUND

The Company has maintained an employee provident fund and investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose. The salient information of the fund is as follows:

	Note	*2015 Rupees*	*2014 Rupees*
Size of the fund		9,890,056	6,386,405
Cost of investment made	25.1	10,000,000	8,907,013
Percentage of investment made		100%	100%
Fair value of investment		10,000,000	8,907,013

25.1 *Breakup of investment*

	2015		*2014*	
	Investments (Rupees)	*Investment as % of size of the fund*	*Investments (Rupees)*	*Investment as % of size of the fund*
Bank balance in schedule bank	10,000,000	100%	8,907,013	100%

The above information is based on un-audited financial statements of the provident fund for the year ended 30 June 2015.

26. NUMBER OF EMPLOYEES

The number of employees at the year are as follows:

- TUSDEC	24	27
- Projects	90	90
	114	117

27. DATE OF AUTHORIZATION

These financial statements were authorized for issue on 17 SEP 2015 by the Board of Directors of the Company.

28. CORRESPONDING FIGURES

Corresponding figures have been rearranged, wherever necessary for the purposes of comparison. However, no significant rearrangements / reclassifications have been made except that deposits amounting to Rs.454,438 (2014: Rs. 630,555) previously classified in Short term deposits and prepayments has been classified in Long term deposits and income amounting to Rs.4,629,556 (2014: 5,811,089) previously netted off with respective expenses under different heads in income and expenditure account has been reclassified to income from projects.

29. GENERAL

Figures have been rounded off to the nearest rupee.

Chief Executive Officer

Director