Annual Report for the Year ended 2019

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

Prof. Dr. Younus Javed
Director

Executive Directors

Mr. Muhammad Alamgir Chaudhry
Chief Executive Officer

Non-Executive Directors

Mr. Nadeem Ahsan
Director

Mr. Sher Ayub Khan
Director

Representative, Ministry of Finance
Director

Board Audit Committee

Mr. Iftikhar Ahmed Jogezai
Chairman

Mr. Nadeem Ahsan
Director

Representative, Ministry of Finance
Director

Dr. Muhammad Aslam
Director

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

Board Human Resource Committee

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

Mr. Nadeem Ahsan
Director

Mr. Iftikhar Ahmed Jogezai
Director

Mr. Sher Ayub Khan
Director

Mr. Muhammad Alamgir Chaudhry
Chief Executive Officer

Board Finance and Procurement Committee

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

Representative, Ministry of Finance
Director

Dr. Muhammad Aslam
Director

Mr. Muhammad Alamgir Chaudhry
Chief Executive Officer

Board Nomination Committee

Mr. Nadeem Ahsan
Director

Rana Nasir Mehmood
Director

Mr. Muhammad Alamgir Chaudhry
Chief Executive Officer

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Technology Upgradation and Skill Development Company
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A company set up under Section 42 of the Companies Ordinance, 1984 having share capital

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, 2019.

1- TUSDEC OVERVIEW

The establishment of TUSDEC came about as an implementation of Engineering Vision. The company was incorporated in 2005 as a Not-for-profit, guarantee limited company, a subsidiary of PIDC (Pakistan Industrial Development Corporation Pvt. Ltd.). The Objective of the company is to promote and establish Technology Up-gradation Centers and Skill Development Centers by establishing / providing common facility, design, support and maintenance, testing, certification, incubation, applied research, dissemination centers and / or any other institution deemed necessary for up-gradation / assimilation /streamlining / acquiring technology, however the Company shall not itself set-up or otherwise engage in industrial or commercial activities or in any manner function as a trade organization. TUSDEC is established to up-grade and transfer technology in industrial sector(s) relating but not limited to agro processing, chemicals, plastic, glass, metal, ceramics, auto motives, consumer durables and mining for introducing latest machinery therein so that production capability can be brought at par with international standards.

Since its inception, TUSDEC has absolutely fulfilled all of its strategic commitment aligned to the vision of building prosperous Pakistan. Over the years, TUSDEC has implemented numerous projects of Federal and Provincial Government, International Donors and also collaborated with local NGOs and CSR (Corporate Social Responsibility) Wings to implement large-scale development initiatives in diverse areas like TDM (Tools Dies and Moulds), Digital Product Design & Engineering, Ceramics, Cement and Garments industrial clusters. Cognizant to the dichotomy of manpower abundance and prevalent economics crises trickling down in the form of raging impoverishment in the country, TUSDEC is emphasizing on vocational skill development of vulnerable communities. The company is also pursuing many TVET (Technical, Vocational Education & Training) initiatives focusing at the capacity building of marginalized women thereby enabling them to mitigate the socioeconomic adversaries.

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.

Since its very outset, TUSDEC is continued to record its efforts and accomplishment across the country. From the grand-scale interventions of technological upgradation, basic and advanced technical skills dissemination to the vocational training and capacity building of the modest communities, TUSDEC has followed through a myriad of project amounting to PkR 4 Billion. Each initiative has testified the company's contribution in hauling up the progression of national economy.

Public Sector Development programme (PSDP) is the most important fiscal policy tool to achieve socio economic targets as envisaged in the Vision 2025 by channelizing scarce public resources to projects having complementary and crowding in impact on economic activities. Ultimate goal of the spending under PSDP is to further strengthen physical and social infrastructure to put our country on sustainable and high growth trajectory.

The year under review was the 14th operational year of your Company in which **three** projects, namely NIDA (Lahore, Quetta & Sialkot) completed 13th years of successful operations. **Two** NIDA Centers (Karachi & Peshawar) have completed 12th years of operations. **SkillTech Karachi** has completed 9th year of its operational activities. **Gujranwala Tools Dies and Moulds Centre (GTDMC)** has completed 9th year of its operational activities. **Ceramics Development and Training Complex (CDTC)** has completed 9th year of its operational activities. **Cement Research and Training Institute (CR&DI)** has completed 13th year of its operational activities. A detailed report on the achievements of your Company during the year is given as under:

Financial Performance:

Financial Year	Income Earned	Operating Expenditures (Excluding non-cash items)	% of Cost Recovery
2017-18	91,508,624	141,468,136	65%
2018-19	137,480,918	162,292,585	85%

2 – Technology Upgradation Centers (TUCs)

i) Gujranwala Tools Dies and Moulds Centre (GTDMC) (Merged into TUSDEC) Rs. 1006.15 million (Operational)

Gujranwala Tools, Dies and Moulds Centre (GTDMC) is modern engineering centre which provide training, consultancy, design, machining and manufacturing services to the local industry.

A brief table of operational results for the year 2018-19 is as under:

Type of Job	No. of Jobs (2018-19)
Mold and die making	43
3D scanning	30
Heat Treatment	18
No. of participants trained (PSDF, NAVTTC etc.)	741

Financial Performance:

Particulars	**2018-19**	**2017-18**	**2016-17**
Income Earned	26,348,812	31,913,747	27,384,044
Operating Expenditures	21,928,033	26,876,017	36,365,934
Surplus/(Deficit)	**4,420,779**	**5,037,730**	**(8,981,890)**

ii) Ceramics Development and Training Centre (CDTC) (Merged into TUSDEC) Rs. 361.64 million (Operational)

The fundamental aim of CDTC is to upgrade the ceramics industry specifically the sanitary ware sector with integrated engineering solutions, contemporary machinery, latest technology, Laboratory for testing facilities of ceramics raw materials and process control.

A brief table of operational results for the year 2018-19 is as under:

Type of Job	No. of Jobs (2018-19)
Shuttle Kiln	358
CNC Pattern making	18
Consultancy	17
Laboratory services	1448
Training of Trainees (PSDF, NAVTTC etc.)	118

Financial Performance:

Particulars	**2018-19**	**2017-18**	**2016-17**
Income Earned	20,232,957	11,628,140	12,364,881
Operating Expenditures	21,525,571	17,231,383	16,807,113
Surplus/(Deficit)	(1,292,614)	(5,603,243)	(4,442,232)

iii) Cement Research and Development Institute (CR&DI) (Operational)

TUSDEC

After up-gradation and revitalization of the CR&DI laboratory and building, the laboratory started functioning under TUSDEC management and control in January 2006. Since then, **8,368** samples have been tested and generated revenue of **Rs 51.658** Million. Minor renovation activities have been carried out and separate physical lab is established to maintain temperature.

Renovation of existing facility and the transformation to modern laboratory is pending due to approval of PC-1. TUSDEC is coordinating with PIDC for approval of PC-1.

During the financial year ended June 30, 2019 CR&DI received **1037 samples**, conducted tests and earned revenue of **Rs 6.687 M**.

CR&DI is successfully conducting test on American Cement Standards, European Cement Standards, Sri Lanka Cement Standards, Indian Cement Standards, Pakistan's latest Standards for common & Masonry Cements for testing and has also initialized compressive Strength of Concrete & Fire Bricks Crushing Strength & Chemical Analysis of Silica fumes, Fly Ash and Slag, 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 activities over the last Fourteenth years have been depicted below:

14 Years Performance

Year	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Revenue (In Millions)	0.53	1.46	1.97	2.56	2.57	2.26	3.62	3.1	4.37	4.14	5.26	6.1453	7.01	6.68
Samples	92	245	298	392	405	360	594	541	742	785	843	991	1043	1037

iv) Peshawar Light Engineering Centre (PLEC) Rs 265.14 Million

- Construction phase completed and office setups established
- Procurement, installation and commissioning of 25 machines have been completed and ready for operations and miscellaneous items including tools and equipment have been procured for operational purpose.
- 12 resources hired and remaining are under process of recruitment

- 212 Jobs (3230 Parts) performed on different machines
- 195 participants trained in various technical trades under NAVTTC PMYSDP
- Training to 210 trainees is in progress under various training programmes

v) Light Engineering Upgradation Centre for SMEs in Baluchistan (LEUC) Rs 250.57 Million

- Construction phase completed and office setups established
- Procurement, installation and commissioning of 24 machines have been completed and ready for operations and miscellaneous items including tools and equipment have been procured for operational purpose.
- 10 resources hired and remaining are under process of recruitment
- 109 Jobs (702 Parts) performed on different machines
- 73 participants trained in various technical trades under NAVTTC PMYSDP
- Training to 150 trainees is in progress under GIZ – TVET Support Programme

vi) Hyderabad Engineering Support Centre (HESC) Rs 257.01 Million

- Construction phase completed and office setups established
- Procurement, installation and commissioning of 21 machines have been completed and ready for operations and miscellaneous items including tools and equipment have been procured for operational purpose.
- 13 resources hired and remaining are under process of recruitment
- 56 Jobs (1755 Parts) performed on different machines
- 168 participants trained in various technical trades
- Training to 40 trainees is in progress under various training programme

3 – Policy Initiative

i) Industrial Technology Benchmarking (ITB) (Feb 2018-Onward) (Ongoing Project) Rs. 36.34 million

PC-II of Industrial Technology Benchmarking approved by DDWP of MoIP worth Rs 36.34 Million. Initiative involves Technology Benchmarking of 2 priority/selected sectors viz a viz regional/global competitors in order to identify the technology gaps in these potential sectors to create a basis for technology acquisition in Pakistan.

The proposed study will facilitate in addressing the need of technology advancement for the Surgical and Cutlery sectors. These sectors will be supported in entering high value markets through engagement of experts for identification of demand based & value-added products and subsequently develop workable proposals / PC-1s for catering medium to long term requirement of these potential sectors for technology up-gradation: Lending programs to support industries, establishment of CFCs & Incubation centres, technical consultancy and Joint Ventures etc.

TUSDEC hired the consultant through international competitive bidding to carry out the benchmarking study. The experts of consultants engaged local industry through meetings, Focus Group Discussions (FGDs) and Interviews to form a technical working group of stakeholders from both sectors representing local industry, public sector organizations / departments and academia. The consultant(s) / experts assessed the state of local industry and identified a range of high value products that can be produced. The consultants along with working group also finalized the list of high value products from each of these sectors.

Based on the findings / recommendations of the working group and associated experts, PC-1s will be developed to assist the potential sectors for entering the high value market.

Now Phase-I study has already been completed by the TUSDEC consultants and detailed report has been shared with PIDC. PIDC may use these reports for designing & implementation of any future projects to make further progress in these sectors. Further phase II & III reports are in progress and consultants are near the completion of the Phase-II.

PIDC after initial funds of Rs. 11.4 Million has not released funds resulting in delay of project. TUSDEC has written various letters to PIDC to release the pending funds.

ii) Industrial Technology Acquisition Policy

To bring a systematic approach for developing Pakistan's technological capabilities, TUSDEC drafted "Industrial Technology Acquisition Policy 2018-23" in order to benchmark, acquire, assimilate and improve the technology being used in various industrial sectors across all major clusters of Pakistan. This draft national level policy proposes following interventions to upgrade Pakistan's industrial technology;

- Technology Upgradation Fund (TUF) — Rs 40 Bn
- **50** Technology Up-gradation Centers (TUCs) — Rs 21 Bn
- **33** Technology Incubation Centers (TICs) — Rs 7 Bn
- **33** Skill Development Centers (SDCs) — Rs 7 Bn
- **45** Joint Ventures (JVs) — Rs 40 Bn
- Establishment of Regional ITPO Offices

The total size of pilot phase is Rs. 115 Billion where Rs. 80 Billion will be private sector investment and government share will be Rs. 35 Billion. The expected outcomes of the policy are;

- **59,543** beneficiaries
- **27,732** new enterprises
- **Rs. 350 Billion** increase in exports against 35 Billion investment by Government

- **108,064** employment generation
- **27,000** value added jobs
- **45** new JVs

Initially in year 2019-20, approval of Industrial Technology Acquisition Policy will be sought in order to implement policy for developing manufacturing base of Pakistan leading towards sustainable industrial development.

4 – Skills Development Centers (SDCs)

a) **Donors Funded Initiatives:**

i) UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP) FUNDED PROJECT Rs. 29.964 Million (Completed- Dec 2018 – Jun 2019)

TUSDEC was awarded a project by United Nations Development Programme (UNDP), ttitled "Delivery of Human Resource Services in the form of capacity development, training and job placement services in Sindh in the construction, logistics, retail and automobile sectors". TUSDEC successfully trained 1000 youth in collaboration with private sector firms in above mentioned four sectors. Training venue were the relevant industries in Karachi, where training of trainees held. TUSDEC also conducted the training in the Thar Region under this project and women of Thar were also trained in coordination with Engro Foundation. This project boosted the employability of trainees.

ii) UNITED NATIONS DEVELPOMENT PROGRAMME (UNDP) FUNDED PROJECT Rs. 4.324 Million (Ongoing- 1st July 2019 – 31st Dec 2019)

UNDP has awarded the additional contract of 200 trainees in similar sectors worth Rs. 4.324 Million. This Project has been commenced and is ongoing in Karachi.

iii) GIZ "Technical Skills Development in Sindh & Baluchistan"

692,471 Euro (26 Months Duration - 900 Trainees)

TUSDEC signed agreement with GIZ for Technical Skills Development in Sindh and Baluchistan. Main Activities of the Project are as under:

- To impart training to 900 trainees (700 males and 200 female) jointly with the partnering enterprises using cooperative vocational training approach for demand driven trades listed under article 3.2 of project proposal.
- To encourage CBT delivery and assessments in line with the Baluchistan Sector Study
- To promote and strengthen the engagement of private sector in training design, coordination and delivery, leading to employment.

In this project NIDA Quetta, SkillTech Karachi, Hyderabad Engineering Support Center (HESC) and Light Engineering Upgradation Centre (LEUC), Hub will conduct CBT based trainings.

The current activities of the project are as follows:

- Liaison with TVET SSP team for sharing of information on continuous basis as per their requirement
- Participation of project staff in relevant Capacity building session
- Prepared and submitted project training plan to donor
- Trainee mobilization campaign started in all centres
- 325 students are currently under training in 13 courses namely Web Designing & Development, Logistics & Supply Chain Assistant, Auto Mechanic, Auto Electrician, Machinist, CNC Machinist, Mechanical Manufacturing, CNC Milling, CNC EDM Wire Cut, CNC Lathe, Instrumentation and Automation Electrician
- Register trainee's data on NVQF registry system
- Submitted applications for NAVTTC accreditation in all centres
- 1st Quarterly team meeting held
- Training sessions on CBTA conducted in Quetta
- Training sessions on Industrial Linkages conducted in Quetta
- MoU and MoC shared with enterprises for signature

b) **PSDP/PIDC/PSDF Funded Initiatives:**

i) Skilltech International Karachi-(PIDC Funded) Rs. 22.5 Million (Ongoing)

TUSDEC established SkillTech International Karachi 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 to 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, Amreli Steel, lucky Cement, Thal engineering etc., The students from different universities like NED University of Engineering & Technology, Sir Syed University of Engineering & Technology, NUST, Bahria university, DAWOOD college of Engineering, Indus University and Mehran University of Engineering also attended the courses. Many students from technical institutes have also attended our trainings to enhance their skills so they can compete in local and as well as international market.

SkillTech International Karachi has also secured Punjab Skills Development Fund (PSDF) project to train workforce in Electrical, Electronics and Industrial trades in City & Guilds UK certified curriculum. SkillTech International Karachi has also executed TVET programs given by BBSYDP & NAVTTC.

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 **3,460** students in more than 60 different courses/trades. The centre has trained **822** students during the year under review. Now SkillTech has been merged into TUSDEC vide PIDC notification dated August 20, 2018.

SkillTech International generated income since inception amounting to Rs. 50.92 Million.

ii) National Institute of Design & Analysis (NIDA) (Advanced CAD/CAM) Centre Rs. 321.12 Million (Operational)

NIDA Centres are providing basic to advanced courses applicable in various industry segments -mechanical, electrical, automation, civil, plant, process, garment, fashion, jewellery etc., 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 lab rooms, licensed software and office equipment that are essential for a modern training centre. NIDA (Eight (8) Advanced CAD/CAM training centers), the project was initially approved for 3 years as per PC-I to establish five (5) CAD/CAM centers 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 13th years of operations; Peshawar & Karachi have started their 12th 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 softwares 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.

NIDA Lahore is also offering the Reverse Engineering Services to the local industry by providing 3D scanning, part designing and 3D modelling services. During the reporting year, contracts were also signed with National Vocational and Technical Training Commission (NAVTTC) & Punjab Skills Development Fund (PSDF). 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.

After completion of funding from the Government, PC IV of the Project was submitted to the Planning Commission and the Project has been merged with TUSDEC after obtaining approval from the relevant forums. A brief table of operational results of five NIDA Centres is as under:

PARTICULARS	Completed 13th year of Operations			Completed 12th year of Operations		TOTAL
	Lahore	Quetta	Sialkot	Karachi	Peshawar	
Courses Conducted	444	229	437	261	757	2,128
Student Passed Out	3,222	3,231	3,606	3,751	5,538	19,348
Reverse Engineering/Designing Services (started in 2009-10)	2,700	-	-	-	-	2,700

NIDA's generated income since inception amounting to Rs. 144.66 Million.

iii) Golden Industrial Triangle 2018 (PSDF Funded) Rs. 34.80 Million (Completed)

TUSDEC implemented a project 'Industrial Led Training for Golden Industrial Triangle 2018 scheme' funded by Punjab Skills Development Fund (PSDF). The project was implemented through TUSDEC-GTDMC & TUSDEC-CDTC Gujranwala platform. Students were selected from the district of Punjab. 18 batches of 3 and 6 month durations were concluded and 450 students trained in diversified fields. The project has improved the livelihood prospects of the trainees through certified qualifications and better job prospects at the national and international sphere. Project has been completed during the year under review.

iv) Skills for Job 2018 (PSDF Funded) Rs. 9.972 Million

TUSDEC implemented a project 'Skills for Job 2018 scheme' funded by Punjab Skills Development Fund (PSDF). The project implemented through TUSDEC-GTDMC & SkillTech International Karachi platform. Students were selected from the district of Punjab. Total twelve batches of three and six months are being conducted in GTDMC & SkillTech Karachi. The project has improved the livelihood prospects of the trainees through certified qualifications and better job prospects at the national and international sphere. Project has been completed during the year under review.

v) Punjab Skill Development Programme & Skill for Services 2018-PSDF Funded Project Rs. 3.18 Million

TUSDEC has implemented a project "Punjab Skill Development Program 2017" & Skills for

Services 2018 funded by PSDF for training of students in Computer Administration & Networking, Graphic Design (Print Media) & Industrial Automation Technician trade. Under the agreement, TUSDEC has trained 90 students in above mentioned fields. The project was implemented at SkillTech Karachi.

vi) Industrial Triangle Programme 2018-19 (PSDF Funded) Rs. 45.56 Million (Ongoing)

To produce skilled workforce; TUSDEC is offering practical training programs in collaboration with PSDF in Light Engineering sector at GTDMC & CDTC Gujranwala. The trades include: Clay Body and Glaze Making, Auto CAD, CAD CAM, CNC. Programming, CNC Maintenance, CNC Machine Operator, CNC turning Centre operator, CNC Machinist, CNC Operating. 4 batches comprising of 100 students have been concluded and 12 batches of 3 and 6 are in progress. The project has improved the livelihood prospects of the trainees through certified qualifications and better job prospects at the national and international sphere. Project completed during the financial year

5 – Approved Initiatives (2018-19)

a) <u>Government Assisted :</u>

i) Industrial Designing & Automation Centers (IDAC) Rs.972.97 Mn

In the modern era of Industry 4.0 revolution, Pakistan is still lagging behind in this arena due to social-economic challenges. The country is facing slow growth rates of output and exports due to small levels of investment, technical inefficiencies and low R&D resulting in lower productivity and uncompetitive industries. Major reason of low economic growth is decline in manufacturing sector of Pakistan being the backbone of Pakistan's economy.
Foreseeing the future demand of design and automation technologies of local industries and develop strong manufacturing base of Pakistan, TUSDEC developed PC-I for establishing "Industrial Designing & Automation Centres (IDAC)" across Pakistan to support local industries. These centres include 3D scanning/designing and automation labs to support local industry through industrial jobs including Reverse Engineering using 3D prototyping, scanning and designing; automation using embedded systems, PLC kits, SCADA, DCS and offering high end technical trainings.

The objectives of these centres are:

- Provide designing services through 3D Laser Scanner facility
- Provide ready to use prototypes through 3D Prototyping facility
- Automation of industrial processes of key clusters
- To give local industries demonstration effect about latest technologies how automation and 3D prototyping can improve their manufacturing processes and enhance their research and development.
- Improve labor and manufacturing process efficiency to compete in the local and

international market

Based on the importance of the initiative, the PC-I was shortlisted and presented in CDWP meeting held on May 6, 2019. During meeting, the CDWP recommended to finalize Industrial Designing & Automation Centres in 3 cities including Lahore, Sialkot and Karachi. CDWP also directed TUSDEC to explore possibilities of free or concessional rate land provision for centres through Provincial Governments as the facilities will benefit industrial clusters in Punjab and Sindh. The project is approved with a total cost of Rs. 972.97 Mn to establish 3 Industrial Designing and Automation Centre in Lahore, Sialkot & Karachi. The overall impact of 2 years operation of these centres is;

- Industrial jobs completed 660
- New enterprises 250
- Employment generated 1251
- Number of trainees 5002
- High end training courses 573
- Value addition Rs. 407 Mn

Current Status:

- The project is approved by CDWP in May 2019 but the administrative approval is still awaited. To and fro communication even after approval of the project.
- IDAC project has execution period of one year and 2 years of operations as approved by CDWP. The funds required to complete the execution phase are Rs. 813.42 Mn whereas the allocation for FY 2019-20 is only Rs. 100 Mn. This will lead to delay in implementation of the project and the anticipated economic benefits may be affected.

TUSDEC will earn Rs. 45.89 million as an implementing fee.

ii) Footwear Cluster Development through CAD/CAM & CNC Machining PKR 78.7 Mn

In pursuance of its mandate of upgrading technology and skills of key industrial clusters, TUSDEC developed PC-I on “Footwear Cluster Development through CAD/CAM & CNC Machining” to support footwear sector.

TUSDEC carried out a detailed survey of footwear sector stakeholders and identified the need for the Product Development Centre (PDC) which will benefit footwear manufacturers in order to develop the sector. TUSDEC has proposed “Footwear Cluster Development through CAD/CAM & CNC Machining Centre" in order to cater needs of the footwear products & the retail industry by providing state of art services for prototyping, mould making and creating skilled human resource for footwear manufacturers.

- The centre will provide 360 product development & prototyping services and training to 640 individuals per year.

The proposed facility will be located in Lahore and TUSDEC will oversee the performance of the CFC for the duration of three years. Total cost of the project, inclusive of all components, is estimated at PKR 78.7 million.

Current Status:

- The project is approved by CDWP in May 2019 and administrative approval has been issued, however the release for the first quarter is still awaited despite two months already lapsed.
- The project has execution period of one year and 2 years of operations as approved by CDWP. The funds required to complete the execution are Rs. 61.66 Mn whereas the allocation for FY 2019-20 is Rs. 30 Mn. This will lead to delay in implementation of the project and the anticipated economic benefits from the project may be affected.
- Opening of Assignment account is under process. TUSDEC is waiting for the first tranche of the project in order to publish tender of construction/ renovation, machinery and I.T equipment.

iii) National Strategic Programme for Acquisition of Industrial Technology (NSPAIT) Rs. 2.914 Bn

TUSDEC has developed "National Strategic Programme for Acquisition of Industrial Technology (NSPAIT)" in close coordination with the stakeholders in order to

Acquire, assimilate and improve the technology being used in various industrial sectors across Pakistan tentatively in the following critically important industrial sectors including Textiles (with particular ref. to Technical Textile), Construction (including Cement, Ceramics, and Marble & Granite) and Engineering & Technology (Including Light Engineering, Cutlery and Gems & Jewellery). TUSDEC selected these sectors based on the fact that Textile being the key sector with 59.43% share in overall exports but Pakistan lacking in technical textile and sportswear products in world export share (World Technical Textile Market: US $ 192 Bn, Pakistan Share: US $ 0.250 Bn) due to unavailability of testing laboratory, R&D, waterless dyeing technology and skilled workforce as per initial research and consultations with textile sector stakeholders/experts. Similarly construction is a high growth sector and Engineering sector of Pakistan is a potential growth sector presently having only 1% global export share due to low technology base and manufacturing of low end products while the share of engineering sector in world trade is around 55%.

NSPAIT proposes interventions for Knowledge Based Development of;

- Construction Sector (including cement, Ceramics, Marble & Granite)
- Engineering and Technology Sector (Including Light engineering, Cutlery and Gems & Jewellery)
- Textile Sector (with particular ref. to Technical Textile)
- Establishment of UNIDO assisted Investment and Technology Promotion Office (ITPO) to promote induction of advanced industrial technology
- Hiring of Consultant for developing specific recommendations for Tax & Policy Reforms and promoting JVs to motivate stakeholders for acquisition of advance industrial technologies to promote knowledge based economy

The output/ impact of NSPAIT interventions will be

- 12,919 Industrial Jobs (Total Parts /pieces 651,885)
- 10,821 Industrial Testing Services
- 461 New Enterprises
- 4552 Employment Generated
- 10,889 Number of Trainees
- Rs. 3.9 Bn Value Addition
- Rs. 450 Mn Import Substitution
- Rs 8.7 Bn Increase in exports

Current Status:

- A comprehensive / detailed pre-feasibility has been conducted for the project based on the stakeholder's consultations. Pre CDWP direction for third party pre-feasibility study may lead to delay in project implementation
- TUSDEC is waiting for CDWP and project approval for timely utilization of Rs 972 Mn allocated for FY 2019-20

TUSDEC may earn Rs. 138.77 million implementation fee.

b) Donor Assisted:

i) Skill s Development & Economic Inclusion for Educated Afghan Refugee Youth Inspire Pakistan Rs. 2.2 Mn

TUSDEC joined hands with Inspire Pakistan to conduct six weeks training session for 105 educated Afghan refugees settled in Peshawar (40) and Quetta (65). The training comprised of 1-week training session on soft skills. Soft Skills includes communication & presentation skills, refresher of computer skills, interview and CV preparation, two-day detailed session on entrepreneurship and freelancing, orientation to the contents of relevant course, orientation on career prospects of the relevant course. 4 weeks technical training will be followed by 1-week of apprenticeship, on-the-job training for at least top 5 performers of each course and final project by each trainee under each course. Areas of technical/digital skills include Photography and Corel Draw; Digital Dress Designing; Digital and Social Media Marketing; Technical and Creative Writing. On completion of 4-weeks of the training, trainees were placed on apprenticeships for at least one week in a relevant organization.

ii) Skills for Job 2018 – PSDF **Rs. 9.97 Mn**

TUSDEC was selected to provide vocational skill training to 218 youth of Punjab in market driven trades. The trainings were planned to be offered in GTDMC and SkillTech Karachi.

iii) Punjab Skills Development Programme 2018 – PSDF **Rs. 2.5 Mn**

TUSDEC was selected to provide vocational skill training to 100 youth of Punjab in market driven trades including Computer Administration and Networking, Graphic Design (Print Media) and Industrial Automation Technician. The trainings were planned to be offered in SkillTech Karachi.

v) National Business Development Program for SMEs (NBDP) - SMEDA PKR 4.35 Mn

After competitive bidding process, TUSDEC has qualified for National Business Development Program for SMEs (NBDP) project of SMEDA as a Training Service Provider (TSP). The four years (2019-23) program aims to providing trainings to 88,750 trainees under 3350 demand-based training program to improve the affordability of SMEs for acquiring such training by offering subsidy on the training fee for programs offered by TSP. TUSDEC will be delivering 335 trainings on "Production and Operation Management" to 8,375 target beneficiaries including SMEs Owners / SMEs Staff and Potential Entrepreneurs. The target for 2019-20 is 29 trainings and 725 trainees.

vi)- NAVTTC-UNHCR Skill Development Program 2019 (Phase-02) **PKR 1 Mn**

NIDA Peshawar selected as Training Provider for "NAVTTC-UNHCR Skill Program-2019, Phase-02" for skill development training of 20 (06 Pakistani and 14 Afghan) with an overall estimated cost of Rs.990,000/-. The 6 months training course of Computer Application & Office Professional (official correspondence, Office Management & MS Office) will equip the trainees with latest skill to improve their employment and livelihood prospects.

6. Other Proposed Initiatives

i) Skill Development Institute for Construction Machinery (SDICM)

In anticipation of the emerging opportunities and realizing the shortage of skilled workforce for CPEC projects, the proposed initiative will address the human skill gaps and facilitate construction sector through ensuring machinery available to small contractors, provision of skilled workforce including land mover operators and repair & maintenance technicians

Geographical Locations: Bahawalpur, Karachi, Lahore
Project Cost: PKR 3,376.3 Million

PC-1has been submitted to MoIP.

ii)-Skill Development and Engineering Support Centre, Gawadar

To meet the demands of Gawadar industry, TUSDEC is proposing the a Gawadar Light Engineering Centre which will be in capacity to:

- Scan imported or locally manufactured parts
- Able to test/identify material being used in the products/parts
- Able to design these parts according to the needs and demands of industry
- Able to manufacture specific metal parts
- Conduct analysis on the design and material type of parts/products accordingly

Geographical Locations: Gawadar, Baluchistan
Project Cost: PKR 800 million

Concept note has been submitted to MoIP.

iii) Technology Upgradation of Cutlery Industry

TUSDEC proposed initiative "Technology Upgradation of Cutlery Industry" aims to enhance the production capacity of the cutlery sector in Wazirabad through embedding modern technology. The immediate goal is to establish 6 modern Tableware grinding and polishing units at centralized facilities across the sector in order to increase efficiency of finishing process.

Geographical Locations: Wazirabad, Gujranwala, Punjab
Project Cost: PKR 280.39 million

Forwarded to PC by MoIP for consideration

iv) Agro Food Processing (Mango Pulp) at Rahim Yar Khan

TUSDEC has developed concept note for development of Mango Pulp Processing plant in Rahim Yar Khan. The unit will support in pulping capacity of 10 tons of fruit per hour along with a processing and grading facility of 4-5 tons per hour. The unit will also provide cold storage facility for preservation and storage

Geographical Locations: Rahim Yar Khan, Punjab
Project Cost: Rs. 544.676 Million

Concept note prepared, PC-1 in process.

v) Agro Food Processing (Fruits & Vegetable Dehydration) at Multan

Agro Food Processing facility will empower farmers by providing technical assistance in the food industry to support the farmers in achieving better quality and higher yields by developing the gardening and harvesting techniques.

Geographical Locations: Multan, Punjab
Project Cost: PKR 250 Million

Concept note prepared, PC-1 in process

7. OPERATING RESULTS

Your Company has a net Deficit of Rs. 149.23 million for the year 2018-19 as compared to net deficit of Rs. 170.87 million in 2017-18.

The key financial figures have been tabulated as follows

	Year Ended June 30, 2019	**Year Ended June 30, 2018**
	Rupees	
(Deficit)/ Surplus) before Tax	(149,233,412)	(170,866,345)
Taxation		
Current Year	-	-
Surplus(Deficit) after Tax	**(149,233,412)***	**(170,866,345)**

EARNING PER SHARE

Basic (Loss)/ earning per share come at Rs (6.25) - Year 2018: Rs. (7.55)

***Reason for Deficit**

Deficit for the year under review include the major impact of depreciation on fixed assets of Common Facility Centres (CFC's) namely Gujranwala Tools, Dies and Moulds Centre (GTDMC) and Ceramics Development and Training Complex (CDTC) amalgamated into TUSDEC.

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 Act, 2017 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.

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 218 of the Companies Act, 2017 (previously Companies Ordinance, 1984) and the rules formulated for this purpose.

8. MEETINGS OF BOARD OF DIRECTORS

During the year, four meetings of the Board of Directors were held. Attendance by each Director at the board meeting is as under:

S.#.	Name	Eligibility	Attended
	Non-Executive Directors:		
1	Joint Secretary, Ministry of Industries and Production	4	4
2	Secretary / Joint Secretary, Ministry of Finance	4	3

S.#.	Name	Eligibility	Attended
3	Chief Executive Officer, SMEDA	4	1
	Independent Directors:		
4	Mr. Rana Nasir Mehmood	4	4
5	Mr. Iftikhar Ahmad Jogezai	4	-
6	Mr. Nooruddin F. Daud	4	1
7	Dr. Mohammad Aslam	4	-
8	Prof. Dr. Younis Javed	4	-
	Executive Director:		
9	Chief Executive Officer, TUSDEC	4	4

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

9. PATTERN OF SHAREHOLDING

The pattern of shareholding as at June 30, 2019 is annexed to the Annual Report.

HOLDING COMPANY

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

10. 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

11. AUDITORS

The present auditors M/s Nauman Javaid Hasnain Rashid & Co, Chartered Accountants retire and being eligible, offer themselves for re-appointment.

12. AUDIT COMMITTEE

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

- Mr. Iftikhar Ahmed Jogezai

- Mr. Nadeem Ahsan

- Representative of Ministry of Finance

- Dr. Mohammad Aslam Khan

- Mr.Nooruddin.F.Daud-(Tamgha-i-Imtiaz-Civil)

TUSDEC

13. Key Financial Data

SIX YEAR FINANCIAL DATA						(Rupees in Millions)
	2019	2018	2017	2016	2015	2014
Assets						
Non-current assets	276.09	383.57	24.55	34.91	44.81	54.21
Current assets	808.53	771.92	581.45	536.17	468.36	376.17
Equity and liabilities						
Share capital and reserves						
Share capital	238.83	226.25	150	150	150	150
Share deposit Money	-	12.58	-	-	-	-
Merger Reserve	504.87	504.87	-	-	-	-
Accumulated deficit	(432.85)	(277.25)	(134.73)	(103.71)	(69.57)	(38.86)
	310.85	466.45	15.27	46.29	80.43	111.14
Non-current liabilities	716.05	659	578.27	481.19	410.79	294.23
Current liabilities	57.72	30.04	12.31	43.54	21.95	25.01
Revenue	137.48	91.51	250.04	231.97	177.01	98.31
Operating expenditure	286.71	262.38	283.52	268.18	208.31	61.37
(Deficit)/Surplus	(149.23)	(170.87)	(33.48)	(36.21)	(31.30)	36.94

14- 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: 19 October 2019

Auditors

Nauman Javed Hasnain Rashid
Chartered Accountants

Registered/Head Office

State Cement Corporation Building, Kot Lakhpat,
Lahore

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

Opinion

We have audited the annexed financial statements of **TECHNOLOGY UPGRADATION AND SKILL DEVELOPMENT COMPANY,** which comprise the Statement of Financial Position as at **June 30, 2019** and the Statement of Income and Expenditure, Statement of comprehensive income, the Statement of Changes in equity, the Statement of Cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

In our opinion and to the best of our information and according to the explanations given to us , the statement of financial position, statement of Income and Expenditure, Statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the State of Company's affairs as at June 30, 2019 and of the deficit, the changes in equity and its cash flow for the year then ended.

Basis of Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for *Accountants' Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the approved Accounting Standards as applicable in Pakistan and requirements of the Companies Act, 2017 (XIX of 2017) for such internal controls as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Company's financial reporting process.

NJHR

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not guarantee that an audit conducted in accordance with ISAs will always detect material misstatements when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatements of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis of our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

NJHR

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) Proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of Income and expenditure and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017), and are in agreement with the books of account and returns;

c) Investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no zakat was deducted at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980),

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Rashid Khan, FCA.

NJHR

Nauman Javed Hasnain Rashid

NAUMAN JAVED HASNAIN RASHID
CHARTERED ACCOUNTANTS
LAHORE

DATE: 19-10-2019

TECHNOLOGY UPGRADATION AND SKILL DEVELOPMENT COMPANY
(A COMPANY REGISTERED UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	2019 Rupees	2018 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	5	270,810,680	377,888,160
Intangibles	6	1,522,262	1,793,525
Long term deposits	7	3,759,618	3,889,650
		276,092,560	383,571,335
Current assets			
Projects assets	8	661,099,502	633,586,671
Trade debts	9	27,287,457	13,504,842
Stores and spares	10	12,875,228	13,441,297
Short term advances	11	2,251,995	3,239,615
Short term advances deposits and prepayments	12	3,323,498	4,911,365
Other receivables		368,631	406,550
Short term investments	13	25,006,438	45,256,506
Tax refunds due from the government	14	18,727,838	20,134,815
Cash and bank balances	15	57,592,868	37,436,996
		808,533,455	771,918,657
TOTAL ASSETS		1,084,626,015	1,155,489,992
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
135,000,000 (2018: 135,000,000) ordinary shares of Rs. 10/- each	16	1,350,000,000	1,350,000,000
Issued, subscribed and paid-up capital	17	238,830,000	226,250,000
Share deposit money	18	-	12,580,000
Merger reserve	19	504,865,626	504,865,626
Surplus on revaluation of property and equipment	20	3,997,882	5,778,146
Accumulated deficit		(432,854,272)	(277,246,745)
Total Equity		314,839,236	472,227,027
Non-current liability			
Deferred grant	21	712,062,690	653,219,681
Current liabilities			
Trade and other payables	22	40,948,772	24,905,733
Project liabilities	23	16,775,317	5,137,551
		57,724,089	30,043,284
TOTAL EQUITY AND LIABILITIES		1,084,626,015	1,155,489,992
Contingencies and commitments	24	-	

The annexed notes from 1 to 40 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 ACT, 2017)
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 Rupees	2018 Rupees
Income			
Income from services	25	103,221,685	67,068,314
Amortization of grant related to income	26	29,173,978	16,914,605
		132,395,663	83,982,919
Cost of services			
Operating cost	27	119,068,707	112,911,743
Projects expenses	28	35,831,131	15,326,127
		154,899,838	128,237,870
		(22,504,175)	(44,254,951)
Expenditures			
Administrative and general expenses	29	130,516,945	132,866,100
Selling expenses	30	1,297,547	1,270,999
		131,814,492	134,137,099
		(154,318,667)	(178,392,050)
Other income	31	5,085,255	7,525,705
Deficit before taxation		(149,233,412)	(170,866,345)
Taxation	32	-	-
Deficit for the year		(149,233,412)	(170,866,345)

NJHR

The annexed notes from 1 to 40 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 ACT, 2017)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	2019 Rupees	2018 Rupees
Deficit for the year	(149,233,412)	(170,866,345)
Other comprehensive income:		
Items to be reclassified to profit or loss in subsequent periods	-	-
Items not to be reclassified to profit or loss in subsequent periods:		
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation	1,780,264	2,032,988
Transfer from project development fund	-	25,249,684
Surplus realized on disposal of vehicles	-	1,062,500
Grant on merger of EC	3,487	-
Grant on merger of PMU	52,740	-
Grant on merger of Skilltech	(2,382,430)	-
Total other comprehensive income/(loss)	(545,939)	28,345,172
Total comprehensive income/(loss) for the year	(149,779,351)	(142,521,173)

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The annexed notes from 1 to 40 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 ACT, 2017)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 Rupees	2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Deficit before taxation		(149,233,412)	(170,866,345)
Adjustment for non cash items:			
Gain on disposal of property, plant and equipment		(2,742)	(2,532,500)
Interest income		(3,344,139)	(3,580,046)
Depreciation on property, plant and equipment	5	115,461,182	113,300,921
Merger grant		(2,326,203)	-
Amortization on intangibles	6	1,223,592	520,949
Amortization of deferred grant	26	(29,173,978)	(16,914,605)
Trade debts written-off		-	7,605,912
		81,837,712	98,400,631
Cash used before working capital changes		(67,395,700)	(72,465,714)
Changes in working capital			
Decrease / (increase) in trade debts		(13,782,615)	(8,918,528)
Provision for doubtful debt		(4,164,514)	-
Decrease / (increase) in stores and spares		566,069	(13,441,297)
Decrease in other receivables		37,919	(396,760)
Increase in short term advances		987,620	(2,990,550)
(Increase) / decrease in short term prepayments		1,587,867	(153,759)
Increase in projects assets		(27,512,831)	(96,189,415)
Increase / (decrease) in projects liabilities		11,637,766	886,749
Increase in trade and other payables		16,043,039	16,844,045
		(14,599,680)	(104,359,515)
Cash used in operations		(81,995,380)	(176,825,229)
Taxes paid		(256,685)	(10,946,405)
Net cash used in operating activities		(82,252,065)	(187,771,634)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5	(3,650,121)	(3,581,190)
Additions in intangibles	6	(2,194,184)	-
Advances against capital expenditures		1,241,855	(737,000)
ˋdditions in long term deposits		130,032	(3,084,212)
Interest income received		3,344,139	3,580,046
Proceeds from sale of property, plant and equipment		56,161	3,595,000
Net cash used in investing activities		(1,072,118)	(227,356)
CASH FLOWS FROM FINANCING ACTIVITIES			
Impact through merger (GTDMC & CDTC)		-	30,755,384
Increase in share capital		-	76,250,000
Share deposit money		-	12,580,000
Grant received	21	83,229,987	125,840,948
Net cash used in financing activities		83,229,987	245,426,332
Net decrease in cash and cash equivalents		(94,196)	57,427,342
Cash and cash equivalents at the beginning of the year		82,693,502	25,266,160
Cash and cash equivalents at the end of the year		82,599,306	82,693,502

The annexed notes from 1 to 40 form an integral part of these financial statements.

NJHR

CHIEF EXECUTIVE OFFICER

DIRECTOR

TECHNOLOGY UPGRADATION AND SKILL DEVELOPMENT COMPANY
(A COMPANY REGISTERED UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Issued subscribed and paid-up capital	Accumulated (deficit) / surplus	Surplus on Revaluation of Property Plant and Equipment	Merger Reserve	Total
	-----------	----------- Rupees	-----------		
Balance at 01 July 2017	**226,250,000**	**(134,725,572)**	**8,873,634**	**-**	**100,398,062**
Total comprehensive income	-	(142,521,173)	-	-	(142,521,173)
Merger Reserve	-	-	-	504,865,626	504,865,626
Incremental depreciation charged	-	-	(2,032,988)	-	(2,032,988)
Realized on disposal of vehicles	-	-	(1,062,500)	-	(1,062,500)
Share issued to PIDC (Holding Company)	12,580,000	-	-	-	12,580,000
Balance at 30 June 2018	**238,830,000**	**(277,246,745)**	**5,778,146**	**504,865,626**	**472,227,027**
Adjustment on adoption of IFRS - 9	-	(4,164,514)	-	-	(4,164,514)
Prior year adjustment of tax refunds		(1,663,662)			(1,663,662)
Incremental Depreciation Charged	-	-	(1,780,264)	-	(1,780,264)
Total comprehensive income	-	(149,779,351)	-	-	(149,779,351)
Balance at 30 June 2019	**238,830,000**	**(432,854,272)**	**3,997,882**	**504,865,626**	**314,839,236**

The annexed notes from 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

NJHR

TECHNOLOGY UPGRADATION AND SKILL DEVELOPMENT COMPANY
(A COMPANY REGISTERED UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. CORPORATE AND GENERAL INFORMATION

1.1 The company and its operations

Technology Upgradation and Skill Development Company (TUSDEC) or ("the Company") is a company, limited by guarantee having share capital, incorporated in January 2005 and licensed under section 42 of the repealed Companies Ordinance, 1984 (now section 42 Companies Act 2017). 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. STATEMENT OF COMPLIANCE

Financial statements have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan. Accounting and Reporting standards applicable in Pakistan Comprise of:(a) International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017 and (b) Provisions and directives issued under the Companies Act, 2017 and Accounting Standards (Accounting Standards for NPOs) issued by Institute of Chartered Accountants of Pakistan as notified under Companies Act, 2017 . Wherever, the provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards , the provisions of and directives issued under the Companies Act, 2017 have been followed.

3. BASIS OF PREPARATION

3.1 These financial statements have been prepared under the historical cost convention except for property, plant and equipment which are stated at revalued amounts as mentioned in note 5.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of financial statements of the Company are consistent with previous year except as described in Note 4.1 and 4.2.

4.1 New, amended standards and interpretations which became effective

IFRS-9 Financial Instruments

- IFRS 9 replaced the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. Changes in accounting policies resulting from adoption of IFRS 9 have been applied retrospectively. The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

Classification and measurement of financial assets and financial liabilities

- IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, held for trading and available for sale. IFRS 9, classifies financial assets in the following three categories:

  fair value through other comprehensive income (FVOCI);
  fair value through profit or loss (FVTPL); and
  measured at amortized cost.

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The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

The determination of business model within which a financial asset is held; and

The designation and revocation of previous designation of certain financial assets as measured at FVTPL.

- A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

  It is held within business model whose objective is to hold assets to collect contractual cash flows; and

  Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

- A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

  It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

  Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- For assets measured at fair value, gains and losses will either be recorded in the statement of profit or loss account or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

- All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

- A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

- The adoption of IFRS 9 did not have a significant effect on the Company's accounting policies related to financial liabilities.

- The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the entity financial assets as at 30 June 2018:

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	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount	New carrying amount
As at 30 June 2018			**Rupees**	
- Long Term Deposit	Loan receivable	Amortized cost	3,889,650	3,889,650
- Trade Debts	Loan receivable	Amortized cost	13,504,842	9,340,328
- Short term advances	Loan receivable	Amortized cost	3,239,515	3,239,515
- Short term advances deposits and prepayments	Loan receivable	Amortized cost	4,911,365	4,911,365
- Interest accrued	Loan receivable	Amortized cost	256,506	256,506
- Other Receivable	Loan receivable	Amortized cost	406,550	406,550
- Short term investment	Loan receivable	Amortized cost	45,000,000	45,000,000
- Tax refund due from government	Loan receivable	Amortized cost	20,134,815	20,134,815
- Cash and Bank Balances	Loan receivable	Amortized cost	37,436,996	37,436,996
Total financial assets			128,780,239	124,615,725
- Deferred grant	Other financial liabilities	Other financial liabilities	653,219,681	653,219,681
- Trade and other payables	Other financial liabilities	Other financial liabilities	24,905,733	24,905,733
Total financial liabilities			678,125,414	678,125,414

Impairment

- IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. IFRS 9 introduces a forward looking expected credit loss model, rather than the current incurred loss model, when assessing the impairment of financial asset in the scope of IFRS 9. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

- The entity applies the IFRS 9 simplified approach for measuring expected credit losses which uses a lifetime expected loss allowance for all financial assets.

IFRS-15 Revenue from contract from customers

- IFRS-15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition.

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- IFRS-15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognize revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The management has assessed that the changes laid down by the above standard do not have effect on these financial statements.

4.2 New, amended standards and interpretations which are not effective

The following international financial reporting standards (IFRS Standards) as notified under the companies act 2017, and the amendments and the interpretations thereto will be effective for accounting periods beginning on or after 01 July 2018:

- Classification and measurement of share based Payment transaction- amendments to IFRS-2 clarify the accounting for certain type of arrangements and are effective for annual periods beginning on or after 01 January 2018. The amendments cover three accounting areas (a) measurement of cash settled share based payments (b) classification of share based payments settled net of tax withholdings and (c) accounting for modification of share based payment from cash settled to equity settled. The new requirements could affect the classification and/or measurements of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on Company's financial statements.
- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meet the definition of investment property and there is evidence in change of use. In Isolation, a change in management's intention for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Company's financial statements.
- Annual Improvements to IFRSs 2014-2016 Cycle (Amendments to IAS 28' Investments in associates and Joint Ventures' Effective for annual periods beginning on or after 01 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investment in associates joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of the investment. Furthermore, similar election is available to non investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity's associate or joint venture's interest in subsidiaries. This election is made separately for each investment entity associate or joint venture. These amendments are not likely to have an impact on Company's financial Statements.
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves pay mentor receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.

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- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. These amendments are not likely to have an impact on Company's financial Statements.

- IFRS -16 Leases (effective for annual period beginning on or after 01 January 2019) replaces existing lease guidance , including IAS 17 leases , IFRIC 4 "determining whether an arrangement contain a lease"SIC-15" Operating lease Incentive" and SIC-27 " Evaluating the substance of Transactions involving the Legal form of Lease". IFRS 16 introduces a single, on- statement of financial position lease accounting model for lessees. A lessee recognizes a right of use asset representing its right to use the underlying asset and the lease liability representing its obligation to make lease payments. There are recognition exemptions for short term leases and leases of low value items. Lessor accounting remains similar to the current standards i.e. lessor continue to classify leases as finance or operating lease. These amendments are not likely to have an impact on Company's financial Statements.

- Amendments to IAS 28' Investments in associates and Joint Ventures' - Long term Interest in Associates and Joint Ventures Effective for annual periods beginning on or after 01 January 2019. The amendment will affect Companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long term Interest, LTI) the amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Company's financial Statements.

- Amendment to IAS-19, "Employee Benefits- Plan Amendment, Curtailment or settlement"(effective for annual periods beginning on or after 01 January 2019). The amendment clarifies that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period and the effect of asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The amendments are not likely to have an impact on Company's financial Statements.

- Amendment to IFRS-4, "Insurance Contracts"-Applying IFRS-9 "Financial Instruments with IFRS 4 (effective for annual periods beginning on or after 01 July 2018). The amendment address issue arising from the different effective dates of IFRS 9 and the forthcoming new standards IFRS 17 "Insurance Contracts". The amendments introduce two alternative options for entities issuing for contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from 01 July 2018 onward to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 applied. The amendments are not likely to have an impact on Company's financial Statements.

- Annual Improvements to IFRS standards 2015-2017 Cycle-the improvements address amendments to following approved accounting standards:

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- IFRS-3 "Business Combination" and IFRS 11 "Joint Arrangements" - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of business. A company re-measures its previously held interests in a joint operations when it obtains control of the business. A company does not re-measure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS-12 'Income Taxes"- the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

- IAS-23 "Borrowing Cost" -the amendment clarifies that a Company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale"

The above amendments are effective for annual periods beginning on or after 01 January 2019 and are not likely to have any impact on Company's financial statements.

4.3 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 apparent from other sources. Actual results mav 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, plant and equipment (4.4)
- Provisions (4.13)
- Employee Benefit (4.11)

4.4 Property, plant and equipment

Property, plant 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, plant 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 5.

Surplus on revaluation of property, plant and 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.

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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 statement of income and expenditure account.

4.5 Intangibles

Recognition and measurement

Intangible assets, which are non-monetary assets without physical substance, are recognized at cost, which comprises purchase price, non-refundable purchase taxes and other directly attributable expenditures relating to their implementation and customization.

Subsequent expenditure

Subsequent expenditure is capitalized only when it increase the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in statement of profit or loss.

Amortization

Intangible assets are amortized from the month, when these assets are available for use, using the straight line method, over its estimated useful life over which economic benefits are expected to flow to the Company. The useful life and amortization method is reviewed and adjusted, if appropriate, at each statement of financial position date. The rates determined to amortize the intangible assets are disclosed in note 6.

4.6 Capital work-in-progress (CWIP)

Capital work-in-progress represents expenditure on property, plant and equipment in the course of construction and installation. Transfers are made to relevant category of property and equipment as and when assets are available for use. Capital work in progress is stated at cost, less any identified impairment loss.

4.7 Stores and spares

Useable stores, spares and loose tools are valued principally at First In First Out (FIFO) methods, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon. Provision is made in the financial statements for slow moving store based on management's best estimate.

4.8 Trade and other receivables

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

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognized in the statement of profit or loss. Bad debts are written-off in the statement of profit or loss on identification.

The allowance for doubtful debts of the Company is based on the aging analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realization of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer.

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4.9 Financial assets

Initial measurement of financial asset

The entity classifies its financial assets into following three categories

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

4.9.1 Debt instrument at Fair value through other comprehensive income

These assets are subsequently measured at fair value. Interest / mark-up income calculated using the effective interest method, and impairment are recognized in the statement of profit or loss account. Other net gains and losses are recognized in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income and are never reclassified to the statement of profit and loss account.

4.9.2 Equity investment at fair value through other comprehensive income

These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss account unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit and loss account.

4.9.3 Financial assets at fair value through profit or loss

These assets are subsequently measured at fair value. Net gains and losses, including any interest / mark-up or dividend income, are recognized in the statement of profit and loss account.

4.9.4 Financial assets measured at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest mark-up income, and impairment are recognized in the statement of profit and loss account.

4.9.5 Non-derivative financial assets

Non-derivatives financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the entity has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments, that are intended to be held-to-maturity, are subsequently measured at amortized cost.

This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization, using the effective mark-up rate method, of a difference between the initially recognized amount and the maturity amount. This calculation includes all fees and charges paid or received between parties to the contract that are an integral part of the effective mark-up rate, transaction cost and all other premiums and discounts. For investments carried at amortized cost, gains and losses are recognized in the profit and loss account and then the investments are derecognized or impaired, as well as, through the amortization process.

4.10 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are included in current assets, except for maturities greater than twelve months after the reporting date, which are classified as non-current assets. Loans and receivables comprise loans, deposits and other receivables in the statement of financial position.

4.11 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.

4.12 Trade and other payables

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

4.13 Provisions

A provision is recognized in the statement of financial position 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. Provisions are determined by discounting the expected future cash flows at a pre tax discount rate that reflects current market assessment of time value of money and risks specific to the liability. the unwinding of discount is recognized as finance cost. However, provisions are reviewed at each statement of financial position date and adjusted to reflect current best estimates.

4.14 Cash and cash equivalents

Cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and with banks in current and saving accounts and other short term highly liquid investments that are readily convertible to known amount of cash and which are subject to insignificant risk of change in value.

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4.15 Foreign currency translation

The financial statements are presented in Pak Rupees, which is the Company's functional currency. Transactions in foreign currency during the year are initially recorded in the functional currency at the rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into functional currency rates of exchange prevailing at the statement of financial position date. All resulting differences are taken to the statement of income and expenditure.

4.16 Related party transactions

Transactions with related parties are made at arm's length prices except in circumstances where it is in the interest of the Company not to do so. Parties are said to be related if they are able to influence the operating and financial decisions of the company as defined in International Accounting and Reporting Standard 24 "Related Parties".

4.17 Offsetting of financial assets and liabilities

Financial assets and liabilities are set-off and the net amount is reported in the statement of financial position if the Company has legally enforceable right to set-off recognized amounts and the Company intends to settle either on a net basis or realizes the asset and settle the liability simultaneously.

4.18 Taxation-Current

No provision for taxation has been charged as the Company's income is subject to 100% credit under section 100c of Income Tax Ordinance, 2001 by the relevant tax authorities.

4.19 Grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

4.20 Income recognition

Income represents the fair value of the consideration received or receivable for services rendered, net of discounts. Income is recognized when performance obligations are completed against contract with customers.

Income on investment is recognized on accrual basis and profit on saving bank accounts is recognized on receipt basis.

4.21 Contingent liabilities

Contingent liabilities is disclosed when:

there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or

there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

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TECHNOLOGY UPGRADATION AND SKILL DEVELOPMENT COMPANY
(A COMPANY REGISTERED UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

5 PROPERTY, PLANT AND EQUIPMENT

	Owned									Leased	
Particulars	**Land**	**Building**	**Building improvements**	**Office equipment**	**Plant & machinery**	**Computer equipment**	**Furniture and fixtures**	**Vehicles**	**Library books**	**Vehicle**	**Total**
Cost											
Balance at July 01, 2018	26,500,001	244,556,037	59,980,039	20,053,065	860,754,978	93,490,863	19,073,793	188,378,057	250,775	1,752,000	**1,514,789,608**
Additions	-							3,650,121			**3,650,121**
Acquisition and merger				1,419,000		1,333,000	385,000	1,650,000			**4,787,000**
Disposals	-		(800)	(23,200)		(1,085,604)	(60,000)	-	-		**(1,169,604)**
through revaluation								(123,729,514)			**(123,729,514)**
Transfer											**-**
Balance at June 30, 2019	**26,500,001**	**244,556,037**	**59,979,239**	**21,448,865**	**860,754,978**	**93,738,259**	**19,398,793**	**69,948,664**	**250,775**	**1,752,000**	**1,398,327,611**
Accumulated depreciation											
Balance at July 01, 2018	-	139,222,829	50,440,938	13,674,480	640,689,732	91,431,930	14,210,571	185,553,793	250,775	1,426,400	**1,136,901,448**
For the year	-	19,695,116	1,631,864	1,890,670	86,075,498	1,983,671	1,446,063	2,738,300	-	-	**115,461,182**
Additions											**-**
Disposals			(367)	(10,999)		(1,077,444)	(27,375)	-	-	-	**(1,116,185)**
through revaluation								(123,729,514)			**(123,729,514)**
Transfer											**-**
Balance at June 30, 2019	**-**	**158,917,945**	**52,072,435**	**15,554,151**	**726,765,230**	**92,338,157**	**15,629,259**	**64,562,579**	**250,775**	**1,426,400**	**1,127,516,931**
Carrying amounts											
At June 30, 2019	**26,500,001**	**85,638,092**	**7,906,804**	**5,894,714**	**133,989,748**	**1,400,102**	**3,769,534**	**5,386,085**	**-**	**325,600**	**270,810,680**
At June 30, 2018	**26,500,001**	**105,333,208**	**9,539,101**	**6,378,585**	**220,065,246**	**2,058,933**	**4,863,222**	**2,824,264**	**-**	**325,600**	**377,888,160**
Rate of depreciation (%)	**0%**	**5-10**	**10%**	**10%**	**10%**	**33%**	**10%**	**20%**	**20%**	**20%**	

5.1 The property and equipment of the Company were revalued on 30 June, 2014 by an independent accredited valuer Empire Enterprises (Pvt.) Ltd- (Valuers, Engineers & Surveyors). The valuation was based on comparable market transactions that consider sales of similar properties that have been transacted in open market. 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:

5.2 The amount of Rs 123,729,514 represent the impact of revaluation of vehicles recognized in 2014, now it has been eliminated from cost and accumulated depreciation as vehicle were disposed of in pervious year.

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

	2019 Rupees	2018 Rupees
Building improvements	57,478	116,311
Office equipment	694,399	956,209
Furniture and fixtures	5,800	5,800
	757,677	1,078,320

5.3 Detail of disposal of property plant and equipment

Description	Cost	Accumulated Depreciation	Net Book Value	Sales Proceeds	Gain/(Loss)	Relationship With Purchase
Office equipment	24,000	11,366	12,634	15,490	2,856	None
IT Infrastructure	1,085,604	1,077,444	8,160	13,146	4,986	None
Furniture & Fixture	60,000	27,375	32,625	27,525	(5,100)	None
	1,169,604	**1,116,185**	**53,419**	**56,161**	**2,742**	

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TECHNOLOGY UPGRADATION AND SKILL DEVELOPMENT COMPANY
(A COMPANY REGISTERED UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
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FOR THE YEAR ENDED 30 JUNE 2019

5 PROPERTY, PLANT AND EQUIPMENT

	Owned									Leased	
Particulars	**Land**	**Building**	**Building improvements**	**Office equipment**	**Plant & machinery**	**Computer equipment**	**Furniture and fixtures**	**Vehicles**	**Library books**	**Vehicle**	**Total**
Cost											
Balance at July 01, 2017	-	-	59,980,039	6,814,451	-	80,324,299	9,870,116	188,292,118	250,775	-	**345,531,798**
Additions	-	-	-	11,500	8,500	1,206,170	-	2,355,020	-	-	**3,581,190**
Accquisition and merger	26,500,001	244,556,037	-	13,227,114	860,746,478	11,960,394	9,203,677	1,480,919	-	1,752,000	**1,169,426,620**
Disposals	-		-	-		-	-	(3,750,000)	-		**(3,750,000)**
Transfer											**-**
Balance at June 30, 2018	**26,500,001**	**244,556,037**	**59,980,039**	**20,053,065**	**860,754,978**	**93,490,863**	**19,073,793**	**188,378,057**	**250,775**	**1,752,000**	**1,514,789,608**
Accumulated depreciation											
Balance at July 01, 2017	-	-	48,809,000	3,791,411	-	78,428,761	6,510,719	185,575,131	250,775	-	**323,365,797**
For the year	-	19,695,117	1,631,938	1,751,709	86,075,426	1,330,917	1,415,371	1,185,243	-	215,200	**113,300,921**
Additions	-	119,527,712	-	8,131,360	554,614,306	11,672,252	6,284,481	1,480,919		1,211,200	
Disposals	-		-	-		-	-	(2,687,500)	-	-	**(2,687,500)**
Transfer	-	-									**-**
Balance at June 30, 2018	**-**	**139,222,829**	**50,440,938**	**13,674,480**	**640,689,732**	**91,431,930**	**14,210,571**	**185,553,793**	**250,775**	**1,426,400**	**1,136,901,448**
Carrying amounts											
At June 30, 2018	**26,500,001**	**105,333,208**	**9,539,101**	**6,378,585**	**220,065,246**	**2,058,933**	**4,863,222**	**2,824,264**	**-**	**325,600**	**377,888,160**
At June 30, 2017	**-**	**-**	**11,171,039**	**3,023,040**	**-**	**1,895,538**	**3,359,397**	**2,716,987**	**-**	**-**	**22,166,001**
Rate of depreciation (%)	**0%**	**5-10**	**10%**	**10%**	**10%**	**33%**	**10%**	**20%**	**20%**	**20%**	

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		2019 Rupees	2018 Rupees
6	**INTANGIBLE ASSETS**		
	Computer softwares		
	Opening book value	551,670	1,072,619
	Add: Cost of addition during the year	2,194,184	
	Add: Acquisition Through Merger	-	13,141,170
	Less: Accumulated Amortization on Acquisition Through Merger	-	13,141,170
	Less: Amortization charged during the year (Note 29)	1,223,592	520,949
	Closing book value	1,522,262	551,670

6.1 Intangible assets - computer softwares have been amortized at the rate of 33% (2018: 33%) per annum.

7	**LONG TERM DEPOSITS**			
	These include deposits against:			
	Rent		-	300,000
	Security deposit SNGPL		2,384,763	2,196,524
	Office		381,883	381,883
	Others		992,972	1,011,243
			3,759,618	3,889,650
8	**PROJECTS ASSETS**			
	Projects in progress	8.1	647,581,610	621,137,836
	Prepayments and other receivables	8.2	13,517,892	12,448,835
			661,099,502	633,586,671
8.1	**Projects in progress**			
	Agency for technical cooperation and development (ACTE	8.1.1	-	1,032,254
	European commission (EC)	8.1.1	-	11,850,143
	Engineering support centres(ESC)	8.1.1	647,581,610	599,774,315
	Project monitoring unit(PMU)	8.1.1	-	1,350,929
	Skill tech	8.1.1	-	7,130,195
			647,581,610	621,137,836

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8.1.1 Projects in progress

	2019					2018				
	ACTED	EC	ESC	PMU	Skill Tech	ACTED	EC	ESC	PMU	Skill Tech
	Rupees					Rupees				
Opening balance	**1,032,254**	**11,850,143**	**599,774,315**	**1,350,929**	**7,130,195**	1,032,254	11,850,143	415,521,537	1,350,929	7,130,195
Additions:										
Capital expenditure										
Building improvements	-	-	-	-	-	-	-	-	-	-
Office equipment	-	-	-	-	-	-	-	693,309	-	-
IT Infrastructure	-	-	-	-	-	-	-	4,665,659	-	-
Furniture's & fixtures	-	-	108,014	-	-	-	-	1,363,986	-	-
Vehicles	-	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	547,624	-	-	-	-	146,553,197	-	-
Other assets	-	-	-	-	-	-	-	5,720,000	-	-
	-	-	655,638	-	-	-	-	158,996,151	-	-
Operational expenditure										
Employees cost	-	-	34,294,269	-	-	-	-	12,663,311	-	-
TUSDEC / PMU service fee	-	-	-	-	-	-	-	-	-	-
Vehicle running and maintenance cost	-	-	-	-	-	-	-	-	-	-
Electricity, fuel and power	-	-	1,457,240	-	-	-	-	1,182,195	-	-
Consumables	-	-	474,533	-	-	-	-	285,637	-	-
Advertisement	-	-	563,803	-	-	-	-	1,736,297	-	-
Other expenses	-	-	10,361,812	-	-	-	-	9,389,187	-	-
	-	-	47,151,657	-	-	-	-	25,256,627	-	-
Less: transferred to TUSDEC on completion of project	**(1,032,254)**	**(11,850,143)**	-	**(1,350,929)**	(7,130,195)					
Closing as on 30 June 2019	-	-	**647,581,610**	-	-	1,032,254	11,850,143	599,774,315	1,350,929	7,130,195

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8.2 PREPAYMENTS AND OTHER RECEIVABALES

NAVTTC:		
Other receivables	12,957	12,957
UNDP:		
Other receivables	-	410
GIZ:		
Other receivables	30,989	-
PMU:		
Prepayments	-	-
Other receivables	-	363,654
	-	363,654
ESC:		
Prepayments	424,519	4,516,990
Other receivables	13,049,427	6,427,329
	13,473,946	10,944,319
Skill tech:		
Prepayments	-	39,334
Other receivables	-	1,088,161
	-	1,127,495
	13,517,892	**12,448,835**

9. TRADE DEBTS

Unsecured - considered good
Related party

Pakistan Industrial Development Corporation	9.1	4,164,514	4,164,514
Trade receivables-others		27,287,457	9,340,328
Less: Provision For Doubtful Debt	9.2	(4,164,514)	-
		27,287,457	13,504,842

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

9.2 Provision For Doubtful Debt

Opening Balance	-	-
Add: Recognized as on 01 July 2018 (IFRS-9)	4,164,514	-
Add: Recognized during the year	-	-
Less: Reversed During the year	-	-
	4,164,514	-

10. STORES AND SPARES

Opening balance	13,441,297	17,816,527
Add: Purchased during the period	15,900	35,043
Less: Consumed during the period	(581,969)	(4,410,273)
Closing balance	**12,875,228**	13,441,297

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11. SHORT TERM ADVANCES-considered good

Advances to employees		
against expenses	316,722	95,654
against salary	25,548	267,486
Advances to suppliers	1,909,725	2,876,475
	2,251,995	3,239,615

12. SHORT TERM ADVANCES, DEPOSITS AND PREPAYMENTS

Trade deposits - bid security	-	1,867,374
Prepaid rent	-	145,200
Prepaid insurance	2,215,234	2,161,771
Sales tax/excise duty	1,092,224	715,958
Others	16,040	21,062
	3,323,498	4,911,365

13. SHORT TERM INVESTMENTS

Debt Instruments		
At Amortized Cost		
Soneri Bank Limited	-	10,000,000
Faysal Bank Limited	25,000,000	35,000,000
Add: Interest Accrued on TDR	6,438	256,506
	25,006,438	45,256,506

13.1 These represent Term Deposit Receipts (TDRs) which are on roll-over basis from Faysal Bank Limited, having maturity period of one to three months and carry mark-up at the rate ranging from 6.5% to 9.4% (2018: 5.75% to 6.90%) per annum.

14. TAX REFUNDS DUE FROM THE GOVERNMENT

Tax refunds due from the government	**14.1**	18,727,838	20,134,815
		18,727,838	**20,134,815**

14.1 Opening balance	20,134,815	9,188,410
During the year	256,685	10,946,405
Prior year adjustment	(1,663,662)	-
Closing balance	**18,727,838**	20,134,815

14.2 This represents income tax withheld by the banks from profits on deposit accounts and Term Deposit Receipts.

15. CASH AND BANK BALANCES

Cash in hand		563,401	388,156
Cash at banks			
- Deposit Accounts	**(15.1&15.2)**	57,029,467	37,048,840
		57,592,868	37,436,996

15.1 The deposits in saving accounts carry mark-up at the rate ranging from 10.25% to 11.25% (2018: 3.75% to 6.03 %) per annum.

15.2 This includes an amount of Rs. 1,200,000 (2018: Rs. 1,200,000) on which bank has lien against guarantees issued on behalf of the Company.

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16. AUTHORIZED SHARE CAPITAL

135,000,000 (2018: 15,000,000) ordinary shares of Rs. 10 each		1,350,000,000	150,000,000
Add:-			
(a)-GTDMC - 90,000,000 ordinary shares of Rs. 10 each	**16.1**	-	900,000,000
(b) - CDTC - 30,000,000 ordinary shares of Rs. 10 each	**16.2**	-	300,000,000
Closing Balance		**1,350,000,000**	1,350,000,000

16.1 This represents the amount of authorized share capital of Gujranwala Tools, Dies and Moulds Centre (GTDMC) being merged with TUSDEC under amalgamation policy as set out in note no. 19.

16.2 This represents the amount of authorized share capital of Ceramic Development and Training Complex (CDTC) being merged with TUSDEC under amalgamation policy as set out in note no. 19.

17. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

22,625,000 (2018: 15,000,000) ordinary shares of Rs. 10 each	226,250,000	150,000,000
Add:-		
Issued 1,258,000 (2018: 7,625,000) ordinary shares of Rs. 10 each	12,580,000	76,250,000.00
Less:-		
Share Transfer	-	-
Closing Balance	**238,830,000**	226,250,000

18. SHARE DEPOSIT MONEY

Share Deposit Money	**18.1**	-	12,580,000
		-	**12,580,000**

18.1 This represents the amount received from Pakistan Industrial Development Corporation (PIDC) against issuance of 1,258,000 ordinary shares of Rs. 10 each. These shares have been issued against this amount on 11th July, 2018.

19. Merger reserve-Business combination

Two companies namely Gujranwala Tools Dies and Moulds Centre (GTDMC) and Ceramics Development and Training Complex(CDTC) has been amalgamated in to Technology Upgradation and Skill Development Company (TUDEC) with effect from 18th July, 2017. Ministry of Industry and Production (MOIP) approved the amalgamation of aforementioned companies vide its decision dated 25th May, 2017. Subsequent to the approval of MOIP the BOD of respective companies approved the scheme of amalgamation as required under section 284 of the Companies Act, 2017. Securities and exchange commission of Pakistan (SECP) has acknowledged the scheme of amalgamation and BOD resolution vide its letter no. ARL/0082377/9050 dated 2nd November, 2017. As per terms of the Scheme of amalgamation, Pooling Interest method is to be used for amalgamation i-e All the assets (properties, rights, titles, interest, investments, receivables and others) and all liabilities (duties, obligations and undertakings) of the transferee companies (GTDMC & CDTC) are transferred to transferor company(TUSDEC) at carrying amount at effective date of amalgamation scheme.

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The fair value and carrying amounts of the assets and liabilities acquired are as follows:

(a) - GUJRANWALA TOOLS, DIES AND MOULDS CENTRE - Net Assets

	Carrying Amounts as at July 17, 2017	Fair value and other Adjustments	Fair value as at July 17 , 2017
Assets			
Property, plant and equipment- operating	319,587,553	-	319,587,553
Capital work in progress	2,075,273	-	2,075,273
Long term deposits	852,688	-	852,688
Stores, spare parts and loose tools	16,365,510	-	16,365,510
Stock in trade	793,875	-	793,875
Trade debts and other receivables	5,196,175	-	5,196,175
Loans, advances and prepayments	3,463,876	-	3,463,876
Advance tax	5,144,505	-	5,144,505
Cash and bank balances	7,160,984	-	7,160,984
	360,640,439	-	360,640,439
Liabilities			
Liability against assets subject to finance lease	1,356,348	-	1,356,348
Trade and other payables	27,378,111	-	27,378,111
Current portion of long term liabilities	333,652	-	333,652
	29,068,111	-	29,068,111
	331,572,328	**-**	**331,572,328**

(b) - CERAMICS DEVELOPMENT AND TRAINING COMPLEX- Net Assets

	Carrying Amounts as at July 17, 2017	Fair value and other Adjustments	Fair value as at July 17 , 2017
Assets			
Property, plant and equipment	146,916,835	-	146,916,835
Long term security deposits	2,196,524	-	2,196,524
Stores and spares	1,451,017	-	1,451,017
Trade debts	1,129,660	-	1,129,660
Receivables	180,204	-	180,204
Prepayments	349,109	-	349,109
Short term investments	13,000,000	-	13,000,000
Tax refunds due from the Government	3,015,544	-	3,015,544
Cash and bank balances	5,719,222	-	5,719,222
	173,958,115	-	173,958,115
Liabilities			
Accrued and other liabilities	664,758	-	664,758.00
	664,758	-	664,758
	173,293,357	**-**	**173,293,357**

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Fair value of Net Assets		
-Gujranwala Tools, Dies And Moulds Centre	331,572,328	-
-Ceramics Development And Training Complex	173,293,358	-
	504,865,686	-
Elimination of Investment	60	-
	504,865,626	-

20. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

Balance at 01 July	5,778,146	8,873,634
Incremental depreciation charged during the year	(1,780,264)	(2,032,988)
Realized on disposal of vehicles	-	(1,062,500)
Closing balance	3,997,882	5,778,146

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21 DEFERRED GRANT

	Note	Opening Balance as at 01 July	Addition: Fund Received for the year	Addition: Other Income	Addition: Acquisition through merger	Deletion/Transfer: Amortization of Grant for the year Note 24	Deletion/Transfer: Fund returned/ Surrendered/Transferred	Closing balance as at 30 June
		---------- Rupees ----------						
30 June 2019								
Grant related to assets	21.1	6,478,126			4,787,000	2,303,410	-	8,961,716
Grant related to income:								
Engineering support centres	21.2	618,558,022	53,614,339	6,656,874	-	-	-	678,829,235
Project monitoring unit (PMU)	21.3	1,925,104	-	-	-	-	1,925,104	-
European commission (EC)	21.4	11,529,613	-	-	-	-	11,529,613	-
Agency for technical cooperation and development	21.5	1,032,253	-	-	-	-	1,032,253	-
National vocational and technical commission	21.6	7,517,559	18,687,853	65,965	-	20,265,475	-	6,005,902
United nation development program		417,653			-	-	417,653	-
GIZ	21.6	-	23,965,500	905,430	-	6,605,093		18,265,837
Skill tech	21.7	5,761,351	-		-	-	5,761,351	-
		646,741,555	96,267,692	7,628,269	-	26,870,568	20,665,974	703,100,974
		653,219,681	96,267,692	7,628,269	4,787,000	29,173,978	20,665,974	712,062,690
30 June 2018								
Grant related to assets	21.1	8,066,604	-		-	1,588,478	-	6,478,126
Grant related to income:								
Engineering support centres	21.2	511,145,466	107,134,076	278,480	-	-	-	618,558,022
Project monitoring unit (PMU)	21.3	4,221,345	-	28,126	-	2,324,367	-	1,925,104
European commission (EC)	21.4	12,910,346	-	45,049	-	(8,618)	1,434,400	11,529,613
Agency for technical cooperation and development	21.5	1,032,253	-	-	-	-	-	1,032,253
National vocational and technical commission	21.6	925,825	7,330,810	10,050	3,667,096	4,416,222	-	7,517,559
United nation development program		406,408	-	15,853		4,608	-	417,653
Skill tech	21.7	5,585,091	5,000,000	3,765,808		8,589,548	-	5,761,351
		536,226,734	119,464,886	4,143,366	3,667,096	15,326,127	1,434,400	646,741,555
		544,293,338	119,464,886	4,143,366	3,667,096	16,914,605	1,434,400	653,219,681

21.1 This represents grant against assets of NIDA transferred to Tusdec as per letter no. 3(15)2006-plg dated 31 December 2013 granted by the Ministry of Industries and Production.

21.2 These projects will be incorporated as independent companies under section 42 of Companies Act 2017.

21.3 Project monitoring unit (PMU) is established to monitor the ESC project (PIDC Project) and it is merged in Tusdec after completion of ESC project.

21.4 This represents the project funded by European Union and it is merged in Tusdec as per letter no. 1310571 dated 19 June 2017

21.5 These projects are merged in Tusdec after their completion.

21.6 It is not certain at the year end date whether these projects will be handed over to the donor or not.

21.7 Skill tech Karachi is project of PIDC and it is merged in Tusdec after completion according latter no. 3235 dated 20 August 2018.

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22. TRADE AND OTHER PAYABLES

	Note	2019 Rupees	2018 Rupees
Creditors		4,158,197	2,961,753
Accrued liabilities		17,239,995	2,303,258
Advances from customers		-	1,538,179
Withholding income tax payable		504,358	375,239
Employees benefits payable		1,332,654	1,257,430
Other liabilities		6,634,314	5,390,620
Payable to machinery supplier	22.1	10,679,360	10,679,360
Current portion of long term liabilities		333,652	333,652
Payable to PIDC		66,242	66,242
		40,948,772	24,905,733

22.1 This constitutes an amount of Rs.10,679,360 as a performance bond which is payable to TRUMPF (Germany) after one year from the commissioning of Laser Cutting and Marking machine.

23. PROJECT LIABILITIES

These represent accrued expenses and/or payables in respect of the following projects:

	Note	2019 Rupees	2018 Rupees
EC:			
Payables		-	324,157
		-	324,157
GIZ:			
Payables		54,667	-
Accrued expenses		1,091,996	-
		1,146,663	-
PMU:			
Payables		-	79,601
		-	79,601
ESC:			
Payables	23.1	**6,077,976**	3,168,943
Skill tech:			
Payables		-	475,294
Accrued expenses		-	1,089,556
		-	1,564,850
UNDP:			
Payables		2,307,968	-
		2,307,968	-
ITB:			
Payables		2,909,778	-
		2,909,778	-
NAVTTC:			
Payables		(17,604)	-
Other Payable		4,350,536	-
		4,332,932	-
		16,775,317	5,137,551

23.1 This includes an amount of Rs. 2,000,253 (2018: Rs. 2,000,253) against the retention money of construction contractors as per the agreement for the ongoing construction of Peshawar Light Engineering Centre, (Lasbela, Light Engineering Upgradation Centre and Hyderabad Engineering Sports Centre.

24. CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

Guarantees issued by a bank on behalf of the Company in favour of the following parties:	Note	2019 Rupees	2018 Rupees
Pakistan State Oil		1,200,000	1,200,000

24.2 Commitments

	2019	2018
Commitments	Nil	Nil

25. INCOME FROM SERVICES

	Note	2019 Rupees	2018 Rupees
Income from:			
Trainings	**25.1**	67,729,228	41,575,496
Projects	**25.2**	6,261,387	2,070,079
Laboratory test and 3D scanning	**25.3**	11,884,224	11,662,877
Toll manufacturing	**25.4**	17,346,846	11,479,862
Consultancy fee		-	280,000
		103,221,685	67,068,314
		-	-
		103,221,685	**67,068,314**

25.1 This represents the amount being recognized in respect of income from training (solar training courses), short courses (CAD/CAM courses, Auto CAD) and other administrative fee against the EC and UNDP projects.

25.2 This represents amount recognized in respect of projects for the overheads shared.

25.3 This represents the amount being recognized in respect of income from laboratory test fee and 2D/3D scanning.

25.4 This represents the amount being recognized in respect of income from services provided by GTDMC and CDTC.

26. AMORTIZATION OF GRANT

	Note	2019	2018
amortization of grant related to asset	**26.1**	2,303,410	1,588,478
amortization of grant related to income	**26.2**	26,870,568	15,326,127
		29,173,978	**16,914,605**

26.1 This represents the amortization of deferred grant against the assets of NIDA being merged with the TUSDEC.

26.2 This represents amortization of grant against following projects:

	2019	2018
National Vocational and Technical Commission (NAVTTC)	20,265,475	4,416,222
European commission (EC)	-	(8,618)
United Nation Development Program (UNDP)	-	4,608
Skill Tech	-	8,589,548
GIZ	6,605,093	-
Project Monitoring Unit (PMU)	-	2,324,367
	26,870,568	15,326,127

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27. OPERATING COST	Note	2019 Rupees	2018 Rupees
Gas charges		8,213,059	4,532,932
Salaries, wages and other benefits		15,389,620	10,293,044
Stores and spares consumed		581,969	1,180,028
Oil and lubricant consumed		-	238,963
Electricity charges		5,141,288	3,706,434
Diesel for generator		211,625	421,960
Repairs and maintenance		327,728	902,155
Insurance charges		432,360	638,370
Depreciation	5	86,075,498	86,075,426
Training expenses		2,625,060	4,832,961
Misc. expenses		70,500	89,470
		119,068,707	**112,911,743**

2 PROJECT EXPENSES

	2019 Rupees	2018 Rupees
ITB:		
Employee cost	4,002,606	-
Other expenses	4,957,957	-
	8,960,563	-
NAVTTC:		
Employee cost	6,710,123	1,722,200
Consumables	2,596,234	766,905
Other expenses	10,959,118	1,927,117
	20,265,475	4,416,222
EC:		
Training package/service fee	-	(9,000)
Other expenses	-	382
	-	(8,618)
UNDP:		
Advertisement	-	4,608
	-	4,608
GIZ:		
Employee cost	6,026,056	-
Advertisement	20,166	-
Travelling and conveyance	484,715	-
Postage and telephone	3,670	-
Other expenses	70,486	-
	6,605,093	-

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PMU:		
Employee cost	-	1,785,925
Vehicle running and maintenance cost	-	13,620
Travelling and conveyance	-	158,700
Postage and telephone	-	41,208
Other expenses	-	324,914
	-	2,324,367
Skill Tech:		
Employee cost	-	4,007,090
Vehicle running and maintenance cost	-	34,892
Electricity fuel and power	-	224,395
Consumables	-	250,123
Advertisement	-	25,980
Travelling and conveyance	-	142,634
Postage and telephone	-	89,009
Other expenses	-	3,815,425
	-	8,589,548
	35,831,131	15,326,127
	35,831,131	15,326,127

29. ADMINISTRATIVE AND GENERAL EXPENSES

	Note	2019 Rupees	2018 Rupees
Salaries and other benefits	29.1	72,421,337	71,720,378
Traveling, vehicle running and maintenance		6,894,540	5,991,303
Utilities		3,191,998	3,108,067
Rent, rate and taxes		1,796,370	3,475,555
Repair and maintenance		1,144,641	1,319,285
Advertisement and business development		699,121	306,668
Consumables		1,769,236	1,632,536
Janitorial services		1,849,983	2,013,089
Postage and telephone		2,048,562	2,115,055
Insurance		907,218	1,117,297
Security services		1,262,325	1,509,985
Printing and stationery		527,047	691,641
Legal and professional charges		735,798	1,208,974
Miscellaneous expenses		1,216,570	190,409
Auditors' remuneration	29.2	300,000	300,000
Fee and subscription		159,098	166,360
Project expenses		2,983,825	647,142
Depreciation	5	29,385,684	27,225,495
Amortization on intangibles	6	1,223,592	520,949
Balances written-off		-	7,605,912
		130,516,945	**132,866,100**

29.1 This includes an amount of Rs. 3,368,273 (2018: Rs. 3,810,969) recognized in respect of Provident Fund and Rs. 1,616,837 (2018: Rs. 533,645) in respect of compensated absences.

29.2 Auditor's remuneration

Audit fee	300,000	300,000
	300,000	**300,000**

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30. SELLING AND DISTRIBUTION EXPENSES	Note	2019 Rupees	2018 Rupees
Salaries and wages		1,159,766	1,044,185
Advertisement & promotion		137,781	87,648
Consumables		-	139,166
		1,297,547	**1,270,999**

31. OTHER INCOME

Income from financial assets:		
Saving accounts	676,287	1,681,990
Term deposits receipts	2,674,290	2,154,562
	3,350,577	3,836,552
Income from assets other than financial assets:		
Disposal of property and equipment	2,742	2,532,500
Miscellaneous	1,731,936	1,156,653
	1,734,678	3,689,153
	5,085,255	7,525,705

32. TAXATION

No provision for taxation has been charged as the Company's Income is subject to 100% tax credit under section 100c of Income Tax Ordinance, 2001.

33. RELATED PARTY BALANCES AND TRANSACTIONS

33.1 The related parties comprise associated undertakings, directors of the Company, key management personnel and post employment benefit plans. The parent of the entity is Pakistan Industrial Development Corporation (Private) Limited which holds 99.9% capital of the entity. Amounts due from and to related parties are shown under respective notes to the financial statements.

34. FINANCIAL RISK MANAGEMENT

The Company's financial liabilities comprises of trade and other payables. The main purpose of these financial liabilities is to raise finances for Company's operations. The Company's financial assets comprise of long term deposits, trade debts, other receivables, short term investments and cash and bank balances that arrive directly from its operations.

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk and interest rate risk). The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board), and Chief Financial Officer (CFO). The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, interest rate risk, credit risk and liquidity risk.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to react to changes in market conditions and the Company's activities.

34.1 Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The Company's credit risk is attributable to its long term deposits, trade and other receivables, short term investments and bank balances. The maximum exposure to credit risk at the reporting date was as follows:

Balances with banks

The Company held balances of Rs. 57,029,467 with banks as at June 30, 2019 (June 2018: 36,832,252) Management assessed the credit quality of the counter parties as satisfactory. Credit rating information of banks is as follows:

Bank/Financial institution	Rating			2019	2018
	Short term	Long term	Agency	Rupees	Rupees
Askari bank limited	A1+	AA+	PACRA	46,377,152	25,505,527
Bank alfalah limited	A1+	AA+	PACRA	75,670	231,110
Mcb bank limited	A1+	AAA	PACRA	2,344,160	4,034,961
Soneri bank	A1+	AA-	PACRA	1,411,792	1,543,970
Faysal bank limited	A1+	AA-	JCR-VIS	2,189,554	487,248
National bank of Pakistan	A1+	AAA	PACRA	4,625,316	3,730,782
Habib bank limited	A1+	AAA	JCR-VIS	5,823	1,298,654
				57,029,467	36,832,252

Trade debts

The Company's exposure to Credit risk is influenced mainly by the individual characteristics of each customer. However management also considers the credit risks of its customer base. Credit risk related to trade debts is managed by established procedures and controls relating to customers credit risk management. The company maintains a provision for doubtful debts that represents its estimate of probable losses is respect of trade debts. Outstanding receivables are regularly monitored.

The maximum credit risk exposure at reporting date is carrying value of financial assets stated above.

The aging of trade debts at the reporting date is:	2019 Rupees	2018 Rupees
Past due but not impaired		
Current	15,892,315	8,432,002
30-180 days	11,395,142	908,326
180- 360 days	-	-
360 days and above	4,164,514	4,164,514
	31,451,971	**13,504,842**

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (If available) or to historical information about counterparty default rate. The table below shows the bank balances and short term investments held with some major counterparties at the statement of financial position date:

34.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. For this purpose the Company has export running finance facility available from a commercial bank to meet its liquidity requirements, without incurring unacceptable losses or risking damage to the company's reputation.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years
30 June 2019	(Rupees)			
Trade and other payables	40,948,772	40,948,772	40,948,772	-
Project liabilities	16,775,317	16,775,317	16,775,317	-
	57,724,089	**57,724,089**	**57,724,089**	**-**

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years
30 June 2018	(Rupees)			
Trade and other payables	24,905,733	24,905,733	24,905,733	-
Project liabilities	5,137,551	5,137,551	5,137,551	-
	30,043,284	**30,043,284**	**30,043,284**	**-**

34.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

Monitory Items, including financial assets and financial liabilities, denominated in currency other than functional currency of the Company are periodically restated to Pak rupee equivalent and the associated gain or loss is taken to the profit and loss account. As there are no foreign currency transactions during the year, the Company is not exposed to currency risk.

(b) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long-term interest-bearing financial instruments. The Company's interest rate risk arises from short term investments and bank balances only. There are no financial instruments obtained at variable rates so the Company is not exposed to cash flow interest rate risk. Saving accounts and short term investments are carried at fixed rate which expose the Company to fair value interest rate risk.

At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments was:

	2019 Rupees	2018 Rupees
Fixed rate instruments		
Financial assets		
Saving bank accounts	57,029,467	37,048,840
Short term investments	25,006,438	45,000,000
	82,035,905	**82,048,840**

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Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the statement of financial position date would not affect profit or loss of the Company.

(c) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to equity price risk as its investments in equity securities are recorded at cost and not equity method of accounting.

34.4 Fair value of financial instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

For working capital requirements and capital expenditure, the Company primarily relies on short term borrowings and internally generated cash flows.

34.5 Financial instruments by categories

	2019		
	Cash and cash equivalents	Loans and receivable	Total
Assets as per statement of financial position	-------------------(Rupees)-------------------		
Long term deposits	-	3,759,618	3,759,618
Trade debts	-	27,287,457	27,287,457
Other receivables	-	368,631	368,631
Short term investments	25,006,438	-	25,006,438
Bank balances	57,029,467	-	57,029,467
	82,035,905	31,415,706	113,451,611

Financial Liabilities

	2019
Liabilities as per statement of financial position	Rupees
Trade and other payables	40,948,772

Financial instruments by categories

	2018		
	Cash and cash equivalents	Loans and receivable	Total
Assets as per statement of financial position	-------------------(Rupees)-------------------		
Long term deposits	-	3,889,650	3,889,650
Trade receivables	-	13,504,842	13,504,842
Other receivables	-	406,550	406,550
Short term investments	45,000,000	-	45,000,000
Bank balances	37,048,840	-	37,048,840
	82,048,840	17,801,042	99,849,882

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	2018
Financial Liabilities	
Liabilities as per statement of financial position	**Rupees**
Trade and other payables	24,905,733

34.6 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide return for shareholders and benefits for other stakeholders and to maintain healthier capital ratios in order to support its business and maximize shareholders value. The Company manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the company may adjust dividend payments to the shareholders, return on capital to shareholders or issue new shares.

35. REMUNERATION OF CHIEF EXECUTIVE OFFICER AND DIRECTORS

	2019		2018	
	Chief Executive Officer	Directors	Chief Executive Officer	Directors
Managerial remuneration	4,751,082	-	4,151,232	-
Contribution to provident fund	452,711	-	415,331	-
Housing and utilities	2,036,178	-	2,075,824	-
Medical reimbursements	452,507	-	415,123	-
Fuel and Mobile Allowance	482,400		438,800	-
	8,174,878	-	7,496,310	-
Number of persons	1	8	1	8

36. 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 218 of the Companies Act 2017(previously Companies Ordinance, 1984) and the rules formulated for this purpose. The salient information of the fund is as follows:

	Note	2019 Rupees (unaudited)	2018 Rupees (unaudited)
Size of the fund		16,772,695	19,997,100
Cost of investment made	36.1	10,000,000	10,000,000
Percentage of investment made		60%	50%
Fair value of investment		10,000,000	10,000,000

36.1 Breakup of investment

	2019		2018	
	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	60%	10,000,000	50%

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TECHNOLOGY UPGRADATION AND SKILL DEVELOPMENT COMPANY
(A COMPANY REGISTERED UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
NOTES TO THE FINANCIAL STATEMENTS
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37. NUMBER OF EMPLOYEES

The number of employees at the year end were as follows:	2019	2018
- TUSDEC	132	132
- Projects	39	44
	171	176

The average number of employees during the year were as follows:		
- TUSDEC	136	102
- Projects	40	42
	176	144

38. DATE OF AUTHORIZATION

These financial statements were authorized for issue on 19-10-2019 by the Board of Directors of the Company.

39. CORRESPONDING FIGURES

Corresponding figures have been re-arranged or reclassified wherever necessary, for better and fair presentation. However, no significant reclassification / restatement have been made in these financial statements.

40. GENERAL

Figures in these financial statements have been rounded off to the nearest rupee, unless otherwise stated.

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CHIEF EXECUTIVE OFFICER **DIRECTOR**