

UNIVERSITY OF TURBAT

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

ILYAS SAEED & CO.
CHARTERED ACCOUNTANTS



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INDEPENDENT AUDITORS' REPORT TO THE MANAGEMENT

We have audited the accompanying financial statements of the University of Turbat (the University) which comprise the statement of financial position as at June 30, 2014 and the related income & expenditure account, statement of cash flows and statement of changes in general fund together with the summary of significant accounting policies and other explanatory notes forming part thereof for the year then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the approved international financial reporting standards as applicable in Pakistan. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the University's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the University as at June 30, 2014 and its financial performance, its cash flows and changes in fund for the year then ended in accordance with the approved international financial reporting standards as applicable in Pakistan.

ISLAMABAD: 24/06/2025.

Ilyas Saeed & Co.
CHARTERED ACCOUNTANTS
Engagement Partner: Imran Ilyas, FCA *Imran*

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UNIVERSITY OF TURBAT
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2014

	NOTE	<u>2014</u> (Rupees)
ASSETS		
NON-CURRENT ASSETS		
Property, Plant & Equipment - Development	4	90,920,532
Advances To Contractor	5	10,356,791
		101,277,323
CURRENT ASSETS		
Advances To Staff	6	1,099,830
Other Receivables	7	2,882,112
Cash & Bank	8	190,243,475
		194,225,417
		295,502,740
FUNDS & LIABILITIES		
FUND		
Accumulated Surplus		9,219,789
NON-CURRENT LIABILITIES		
Development Grant	9	70,312,440
Bridge Loan Payable	10	200,000,000
		270,312,440
CURRENT LIABILITIES		
Other Payables	11	15,970,511
Contingencies & Commitments	16	-
		295,502,740

The annexed notes from (1) to (14) form an integral part of these financial statements.



VICE CHANCELLOR



DIRECTOR FINANCE

UNIVERSITY OF TURBAT
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2014

PARTICULARS	NOTE	<u>2014</u> (Rupees)
INCOME	12	20,025,958
EXPENDITURES		
Operational Expenses	13	627,900
Administrative Expenses	14	10,160,433
Finance Cost	15	17,836
		10,806,169
Operating Surplus		9,219,789
SURPLUS FOR THE YEAR		9,219,789

The annexed notes from (1) to (14) form an integral part of these financial statements.



 VICE CHANCELLOR



 DIRECTOR FINANCE

UNIVERSITY OF TURBAT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

	2014
	(Rupees)
CASH FLOW FROM OPERATING ACTIVITIES	
Surplus For The Year	9,219,789
Adjustments For Non-Cash Changes And Other Items:	
Depreciation	2,346,238
Operating Cash Flows Before Working Capital Changes	11,566,027
Working Capital Changes:	
(Increase) / Decrease In Current Assets	
Advances	(11,456,621)
Other Receivables	(2,882,112)
Increase / (Decrease) In Current Liabilities	
Other Payables	15,970,511
Net Working Capital Changes	1,631,778
Net Cash Flow From Operating Activities	13,197,805
CASH FLOW FROM INVESTING ACTIVITIES	
Operating Fixed Assets	(20,662,333)
Capital Work In Progress	(72,604,437)
Net Cash Flow From Investing Activities	(93,266,770)
CASH FLOW FROM FINANCING ACTIVITIES	
Development Grant	70,312,440
Bridge Loan Payable	200,000,000
Net Cash Flow From Financing Activities	270,312,440
Net Changes In Cash & Cash Equivalents	190,243,475
Cash & Cash Equivalents At The Start Of The Year	-
Cash & Cash Equivalents At The End Of The Year	190,243,475

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The annexed notes from (1) to (14) form an integral part of these financial statements.


VICE CHANCELLOR

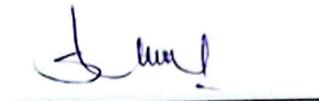

DIRECTOR FINANCE

UNIVERSITY OF TURBAT
STATEMENT OF CHANGES IN GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	<u>2014</u> (Rupees)
Balance As At June 30, 2013	-
Surplus For The Year	9,219,789
Balance as at 30 June 2014	<u><u>9,219,789</u></u>

The annexed notes from (1) to (14) form an integral part of these financial statements.


VICE CHANCELLOR


DIRECTOR FINANCE

UNIVERSITY OF TURBAT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

1 THE UNIVERSITY AND ITS ACTIVITIES

University of Turbat is the second General University in public sector, chartered by the Government of Balochistan vide Act of 2012 passed by the Balochistan Provincial Assembly in May, 2012. The University has its sub campus in Gawadar which started operations from January 01, 2017. The main objective of the establishment of the University of Turbat in the Mekran region in Balochistan is to provide better opportunities of higher education to the students of Turbat (Kech) and adjoining districts of Panjgur, Gwadar and Awaran. The University offers various programs in the fields of M.Phil, PhD, Management Sciences, Computer Sciences, Commerce, Economics, English, Political Sciences, Balochi and Education.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Approved International Financial Reporting Standards as applicable in Pakistan.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in preparation of these financial statements are set out below. These policies have been consistently applied, unless otherwise stated:

3.1 Basis of preparation

(a) Accounting convention

These financial statements have been prepared under the historical cost convention except as otherwise stated in the respective policies and notes given hereunder.

(b) Critical accounting estimates and judgments

The preparation of financial statements in conformity with the Approved International Financial Reporting Standards as issued by the Institute of Chartered Accountants of Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised. Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets. However, assumptions and judgments made by the management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.



3.2 Property and equipment

Owned

Cost

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost of tangible assets consists of historical cost and other directly attributable cost of bringing the asset to working condition. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the University and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income and expenditure account during the year in which they are incurred.

Depreciation

Depreciation on all operating property and equipment is charged to income and expenditure account on reducing balance method after taking into account residual value, if any, so as to write off the depreciable amount of an asset over its estimated useful life at the rates given in Note 4. Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month in which the assets are disposed off. The residual values and useful lives of assets are reviewed by the management at each financial year end and adjusted if impact on depreciation is significant.

Derecognition

An item of property and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the income and expenditure account in the year the asset is derecognized.

Leased

Finance Lease

Leases where the University has substantially all the risks and rewards of ownership are classified as finance lease. Asset subject to finance lease are capitalized at the commencement of the lease term at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets, each determined at the inception of the lease.

The related rental obligation net of finance cost is included in liabilities against assets subject to finance lease. The liabilities are classified as current and long term depending upon the timing of payments. Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The finance cost is charged to income and expenditure account over the lease term.

Depreciation of assets subject to finance lease is recognized in the same manner as for owned assets. Depreciation of the leased assets is charged to income and expenditure account.

3.3 Impairment of assets

An assessment is made at each balance sheet date to determine whether there is any indication of impairment or reversal of previous impairment, including items of property and equipment. In the event that an asset's carrying amount exceeds its recoverable amount and an impairment loss is recognized in the income and expenditure account.

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**UNIVERSITY OF TURBAT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of depreciation), had no impairment losses been recognized for the asset in the prior years. Reversal of impairment loss is restricted to the original cost of the asset.

3.4 Investments

Classification of an investment is made on the basis of intended purpose for holding such investment. Management determines the appropriate classification of its investments at the time of purchase and re-evaluates such designation on regular basis. Investments are initially measured at fair value plus transaction costs directly attributable to acquisition, except for "Investment at fair value through profit or loss" which is initially measured at fair value.

Held to maturity investments

Investments with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the University 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. 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 interest method, of any difference between the initially recognized amount and the maturity amount. For investments carried at amortized cost, gains and losses are recognized in profit and loss account when the investments are de-recognized or impaired, as well as through the amortization process.

3.5 Other receivables

Other receivables are stated at estimated realizable value after each debt has been considered individually. Where the payment of debt becomes doubtful a provision is made and charged to the income and expenditure account.

3.6 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents comprise cash in hand, cash with banks on current and saving accounts.

3.7 Security deposits

Security deposits received from students are recognized and carried at cost.

3.8 Borrowings

Borrowings are recognized initially at fair value and are subsequently stated at amortized cost.

3.9 Other payables

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



UNIVERSITY OF TURBAT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

3.10 Provisions

Provisions are recognized when the University has a present, legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made of the amount of obligation.

3.11 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet, if the University has a legally enforceable right to set off the recognized amounts and the University intends to settle either on a net basis or realize the asset and settle the liability simultaneously.

3.12 Revenue Recognition

Revenue is recognized when it is probable that the economic benefits associated with the transactions will flow to the University and the amount of revenue and the associated cost incurred or to be incurred can be measured reliably;

- (i) fee income and government grant is recognized on receipt basis; and
- (ii) Profit on deposits with banks is recognized on time proportion basis taking into account the amounts outstanding and rates applicable thereon.

3.13 Taxation

No provision for taxation has been provided in these financial statements as the University is a not for profit organization operating solely for educational purposes as defined in Section 2(36) read with Section 100C of the Income Tax Ordinance, 2001. As per clause (126) of Part I of Second Schedule of Income Tax Ordinance, 2001, the University is exempted from levy of tax.

3.14 Employees' benefits

The University has the following plans for its employees:

- a. **General Provident Fund**
The University operates an unapproved funded contributory fund scheme for its permanent employees. Equal contributions are made to the fund by the University and the employees at the rate of 5% of their basic pay. The University's contributions are charged to income and expenditure account for the year.
- b. **Benevolent Fund**
The University operates Benevolent fund for all employees. Employees are entitled to the fund at the time of retirement.

3.15 Financial instruments

Financial assets and liabilities are recognized when the University becomes a party to the contractual provisions of the instrument, the particular recognition methods adopted are disclosed in the individual policy statements associated with each item. The University derecognizes the financial assets and liabilities when it ceases to be a party to such contractual provisions of the instruments. The University recognizes the regular way purchase or sale of financial assets using settlement date accounting.



4 PROPERTY, PLANT & EQUIPMENT - DEVELOPMENT

PARTICULARS	COST		RATE	DEPRECIATION		W.D.V. As At 30-06-2014	
	As At 01-07-2013	Additions / (Deletions) 30-06-2014		As At 01-07-2013	For the Year Adjustments 30-06-2014		
I.T. Computer & Automation	-	312,245	30%	-	34,037	34,037	278,208
Office & Teaching Equipment	-	4,064,394	10%	-	243,325	243,325	3,821,069
Books & Journals	-	1,117,695	10%	-	57,799	57,799	1,059,896
Furnitures & Fixtures	-	6,372,599	10%	-	317,557	317,557	6,055,042
Transport & Security Systems	-	8,795,400	30%	-	1,693,520	1,693,520	7,101,880
TOTAL	-	20,662,333		-	2,346,238	2,346,238	18,316,095

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UNIVERSITY OF TURBAT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2014

NOTE 2014
 (Rupees)

4.1 CAPITAL WORK IN PROGRESS

Civil Works Consultancy	19,000,000
Civil Works Boundary Wall	53,604,437
	<u>72,604,437</u>

5 ADVANCES TO CONTRACTORS

Mobilization Advance To Contractors - Civil Works	10,356,791
	<u>10,356,791</u>

6 ADVANCES TO STAFF

Advances To Staff - Unsecured - Considered Good	1,099,830
	<u>1,099,830</u>

7 OTHER RECEIVABLES

Receivable From UoB MPA's / Senator Fund	2,882,112
	<u>2,882,112</u>

8 CASH & BANK

Current Accounts:	
Summit Bank A/c	194,933
Habib Bank Limited - Quetta	346,798
Habib Bank Limited - Turbat	1,990,894
National Bank Of Pakistan - Grant-In-Aid Account	1,631,109
	4,163,734
Saving Account:	
Habib Bank Limited - Turbat (Bridge Loan Account)	175,278,327
Habib Bank Limited - Revenue A/c	10,801,414
	<u>190,243,475</u>

8.1 Balances in saving accounts carry interest rates ranging from 6.0% to 8.0% p. a.

9 DEVELOPMENT GRANT

Opening Balance	-
Grant Received During The Year	135,000,000
Other Receipts - Profit On PLS Account	126,110
	135,126,110
Expense During The Year	(64,813,670)
Deferred Grant	<u>70,312,440</u>

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UNIVERSITY OF TURBAT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2014

NOTE 2014
 (Rupees)

10 BRIDGE LOAN PAYABLE

Bridge Loan Payable To Government Of Balochistan	<u>200,000,000</u>
	<u>200,000,000</u>

11 OTHER PAYABLES

Security Deposit Syed Mohammed Govt. Co	219,374
Security deposit	1,891,000
Provision For GPF / BF / GI / Others.	182,906
Retention Money Mir Construction Co	3,277,241
Payable to Grant in Aid	5,000,000
PM Tuition Fee Refund Scheme	402,000
Salary Payable	1,631,109
Audit fee payable	150,000
Income Tax Payable	11,567
Security Fee (MBA Executive fees)	194,933
Deduction For Cyclone	3,594
Tender Fee Payable	500
Income Tax Payable	3,006,287
	<u>15,970,511</u>

12 INCOME

Grant From HEC	600,000
Grant In Aid	10,000,000
Tuition Fee	2,490,160
Receipt From Sub Campus	6,484,900
Admission Form Fee	67,500
Misc. Receipts	266,440
Bank profit	116,958
	<u>20,025,958</u>

13 OPERATIONAL EXPENSES

Conduct Of Exam	194,600
Sports Activities	209,300
Payment For Other Services / Evaluation Fee	80,000
Repair & Maintenance Of Structures	144,000
	<u>627,900</u>

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UNIVERSITY OF TURBAT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2014

NOTE 2014
 (Rupees)

14 ADMINISTRATIVE EXPENSE

Travelling Allowances	10,433
Pay & Allowances	10,000,000
Audit fee	150,000
	<u>10,160,433</u>

14.1

14.1 Auditors' Remuneration

Professional Fee	125,000
Out of Pocket Expenses	25,000
	<u>150,000</u>

15 FINANCE COSTS

Bank charges	17,836
	<u>17,836</u>

16 CONTINGENCIES & COMMITMENTS

No contingencies & commitments existed at the balance sheet date.

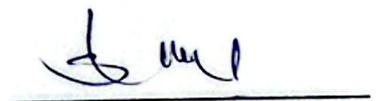
17 DATE OF AUTHORIZATION

The financial statements were authorized for issue by the Board of Governors on 20/06/2025.

18 GENERAL

- No comparative figures have been presented in these financial statements for previous periods, being the first year of establishment.
- Figures have been rounded off to the nearest Rupee.


 VICE CHANCELLOR


 DIRECTOR FINANCE