PUNJAB VOCATIONAL TRAINING COUNCIL
FINANCIAL STATEMENTS
AUDIT FOR THE YEAR ENDED 30 JUNE 2019

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INDEPENDENT AUDITOR'S REPORT

TO CHAIRMAN OF PUNJAB VOCATIONAL TRAINING COUNCIL (THE COUNCIL)

Report on the Audit of Financial Statements as at 30 June 2019

Opinion

We have audited the accompanying financial statements of the **Punjab Vocational Training Council**, which comprise the statement of financial position as at **30 June 2019**, statement of income and expenditure, statement of comprehensive income, statement of movement in fund balance and 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 notes, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Council as at **30 June 2019**, and its financial performance and cash flows for the year then ended in accordance with the approved accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with 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 Council in accordance with the International Ethics Standards Board for *Accountants' Code of Ethics for Professional Accountants (IESBA Code)* as adopted by the Institute of Chartered Accountants of Pakistan, together with the ethical requirements that are relevant to our audit of the financial statements in Pakistan and we have fulfilled our other ethical responsibilities under these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

Our opinion covers the financial statements of the Council as a whole and accordingly we do not express assurance on any particular individual vocational training institute.

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Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting standard adopted and approved by the Council. Approved accounting standards comprise of Accounting and Financial Reporting Standard for Non-Profit Organizations (NPO's) issued by the Institute of Chartered Accountants of Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Council'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 Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Council's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- 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 Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

The engagement partner on the audit resulting in this independent auditors' report is Abdullah Fahad Masood.

EY Ford Rhodes

EY Ford Rhodes
Chartered Accountants
Lahore: 5 May 2021

PUNJAB VOCATIONAL TRAINING COUNCIL
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	Total 2019 Rupees	Total 2018 Rupees
NON-CURRENT ASSETS			
Property and equipment	4	597,389,764	792,806,359
Long term deposits	5	2,526,189	2,511,189
		599,915,953	795,317,548
CURRENT ASSETS			
Fee income receivable / (payable)	6	1,037,348,113	445,658,708
Grant income receivable / (payable)	7	-	-
Advances	8	249,296,169	1,466,402
Short term prepayments		6,280,731	5,847,463
Interest accrued		60,080,111	60,845,925
Other receivables	9	5,277,282	5,050,386
Taxation - net		97,726,152	80,830,139
Short term investments	10	1,082,036,000	1,082,036,000
Cash and bank balances	11	1,359,176,824	2,824,948,408
		3,897,221,382	4,506,683,431
TOTAL ASSETS		4,497,137,335	5,302,000,979
FUND AND LIABILITIES			
Fund balance - unrestricted		2,154,903,114	2,898,872,677
Grant for establishment / rehabilitation of VTIs - restricted	12	83,767,389	90,424,803
		2,238,670,503	2,989,297,480
Deferred Government grants - restricted	13	710,148,232	909,709,455
		2,948,818,735	3,899,006,935
NON-CURRENT LIABILITIES			
Long term loan - secured	14	85,000,000	85,000,000
Gratuity payable	15	645,338,373	448,966,653
CURRENT LIABILITIES			
Trade and other payables	16	792,767,727	843,389,891
Short term loan	17	25,000,000	25,000,000
Interest accrued on long term loan		212,500	637,500
		817,980,227	869,027,391
TOTAL FUND AND LIABILITIES		4,497,137,335	5,302,000,979
CONTINGENCIES AND COMMITMENTS	18		

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

CHAIRMAN

MEMBER / SECRETARY

PUNJAB VOCATIONAL TRAINING COUNCIL
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2019

	Note	Total 2019	Total 2018
		Rupees	Rupees
Income			
Tuition fee	19	795,844,600	912,888,831
Grants and donations	20	1,429,611,974	3,854,347,720
Return on saving accounts		125,722,456	127,194,325
Return on investments		85,168,779	58,585,388
Supplies & services charges written back / (provision for doubtful)		-	-
Other income		12,820,488	36,128,283
		2,449,168,297	4,989,144,547
Expenditure			
Salaries, wages and other benefits		1,498,728,288	1,958,710,902
Security expenses		39,951,108	40,235,305
Repairs and maintenance		20,031,858	41,733,912
Conveyance		11,295,435	14,142,406
Petrol, oil and lubricants		11,758,633	12,815,802
Postage and telephone		13,641,986	15,985,737
Utilities		61,348,039	78,511,159
Printing and stationery		19,823,591	35,009,982
Newspapers, books and periodicals		868,237	1,395,182
Insurance		25,887,807	28,529,611
Publicity and advertisement		7,356,285	16,154,317
Entertainment expenses		1,958,436	3,583,486
Expenses specify to VTI		6,221,598	12,045,236
Legal and professional charges		576,180	501,900
Office supplies		1,834,940	2,613,113
Depreciation	4.1	222,010,378	233,349,992
Rent, rates and taxes		28,610,082	36,737,367
Auditor's remuneration		2,395,000	2,294,422
Liveries and uniform		24,612,418	92,297,287
Training and teaching material		8,531,335	25,915,645
Laboratory consumables		54,744,478	153,273,060
Receivables written off		280,000	-
Provision for doubtful receivables		1,032,099,488	2,790,719,325
Bank charges		1,767,986	2,180,284
Miscellaneous		4,226,456	5,953,504
GIZ stipend		-	128,639
Training Fee to VTIs		-	55,420,581
Staff teacher training institute charges		-	-
Supplies and services charges		-	-
		3,100,560,042	5,660,238,156
Excess of (expenditure over income) / income over expenditure		(651,391,745)	(671,093,609)

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

PUNJAB VOCATIONAL TRAINING COUNCIL
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	Total 2019 Rupees	Total 2018 Rupees
Excess of (expenditure over income) / income over expenditure		(651,391,745)	(671,093,609)
Other comprehensive income:			
Remeasurement adjustments relating to gratuity	15.4	(92,577,818)	3,276,204
Total other comprehensive income / (loss) for the year		(735,596,990)	(667,817,405)

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

CHAIRMAN

MEMBER / SECRETARY

PUNJAB VOCATIONAL TRAINING COUNCIL
STATEMENT OF MOVEMENT IN FUND BALANCE
FOR THE YEAR ENDED 30 JUNE 2019

	VTI-169 Tarnol	VTI-172 Attock	VTI-173 Mailsi	Sub Total VTIs	PVTC Head Office	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at 01 July 2017	12,192,562	13,090,371	-	1,596,209,826	1,970,480,256	3,566,690,082
Excess of (expenditure over income) / income over expenditure	(4,481,937)	(4,688,161)	-	(675,639,228)	4,545,619	(671,093,609)
Oher comprehensive income / (loss) for the year	5,612	38,368	-	3,626,395	(350,191)	3,276,204
Balance as at 01 July 2018	7,716,237	8,440,578	-	924,196,993	1,974,675,684	2,898,872,677
Excess of (expenditure over income) / income over expenditure	(4,370,692)	(1,726,392)	(5,384,249)	(690,293,288)	38,901,543	(651,391,745)
Oher comprehensive income / (loss) for the year	(665,702)	(664,825)	(2,988,324)	(85,813,054)	(6,764,764)	(92,577,818)
Balance as at 30 June 2019	2,679,843	6,049,361	(8,372,573)	148,090,651	2,006,812,463	2,154,903,114

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

CHAIRMAN

MEMBER / SECRETARY

PUNJAB VOCATIONAL TRAINING COUNCIL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 Rupees	2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	24	(1,634,271,177)	(1,078,537,219)
Finance cost paid		(2,192,986)	(1,967,795)
Interest received on saving accounts and investments		211,657,049	156,080,526
Gratuity paid	15.2	(5,727,287)	(13,012,606)
Income tax paid		(16,896,013)	(11,915,972)
Net cash flows used in from operating activities	A	(1,447,430,414)	(949,353,066)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(26,593,783)	(146,394,024)
Short term investments - net		-	(400,000,000)
Increase in long term deposits		(15,000)	(5,182)
Net cash flows used in investing activities	B	(26,608,783)	(546,399,206)
CASH FLOWS FROM FINANCING ACTIVITY			
Grant received for establishment / rehabilitation of VTIs		8,267,613	15,446,626
Net cash flows from financing activity	C	8,267,613	15,446,626
Net decrease in cash and cash equivalents	A+B+C	**(1,465,771,584)**	**(1,480,305,646)**
Cash and cash equivalents at the beginning of the year		**2,824,948,408**	**4,305,254,054**
Cash and cash equivalents at the end of the year	11	**1,359,176,824**	**2,824,948,408**

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

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CHAIRMAN

MEMBER / SECRETARY