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PUNJAB VOCATIONAL TRAINING COUNCIL

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2020

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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 2020

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 2020**, 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 2020**, 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.

477-

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.

617

- 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: 13 April 2022

PUNJAB VOCATIONAL TRAINING COUNCIL
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020 Rupees	2019 Rupees
NON-CURRENT ASSETS			
Property and equipment	5	409,074,621	597,389,764
Long term deposits	6	2,754,239	2,526,189
Tax refunds due from the Government		100,657,221	97,726,152
		512,486,081	697,642,105
CURRENT ASSETS			
Fee income receivable / (payable)	7	364,918,332	1,037,348,113
Grant income receivable / (payable)	8	-	-
Advances	9	2,519,106	249,296,169
Short term prepayments		6,873,575	6,280,731
Interest accrued		43,308,317	60,080,111
Other receivables	10	5,525,283	5,277,282
Short term investments	11	972,036,000	1,082,036,000
Cash and bank balances	12	1,254,465,041	1,359,176,824
		2,649,645,654	3,799,495,230
TOTAL ASSETS		3,162,131,735	4,497,137,335
FUND AND LIABILITIES			
Fund balance - unrestricted		1,066,765,452	2,154,903,114
Grant for establishment / rehabilitation of VTIs - restricted	13	84,140,900	83,767,389
		1,150,906,352	2,238,670,503
Deferred Government grants - restricted	14	544,759,433	710,148,232
		1,695,665,785	2,948,818,735
NON-CURRENT LIABILITIES			
Long term loan - secured	15	85,000,000	85,000,000
Accumulated compensated absences		403,349,338	351,951,501
Staff retirement obligations - gratuity	16	475,677,579	645,338,373
		964,026,917	1,082,289,874
CURRENT LIABILITIES			
Trade and other payables	17	477,226,533	440,816,226
Short term loan	18	25,000,000	25,000,000
Interest accrued on long term loan		212,500	212,500
		502,439,033	466,028,726
TOTAL FUND AND LIABILITIES		3,162,131,735	4,497,137,335
CONTINGENCIES AND COMMITMENTS	19		

The annexed notes from 1 to 29 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 2020

	Note	2020 (Total)	2019 (Total)
		Rupees	Rupees
Income			
Tuition fee	20	865,988,920	795,844,600
Grants and donations	21	720,744,148	1,429,611,974
Return on saving accounts		99,119,894	125,722,456
Return on investments		107,676,406	85,168,779
Supplies & services charges written back / (provision for impairment)		-	-
Other income		6,224,936	12,820,488
		1,799,754,304	2,449,168,297
Expenditure			
Salaries, wages and other benefits		1,589,946,082	1,498,728,288
Security expenses		30,425,309	39,951,108
Repairs and maintenance		15,577,367	20,031,858
Conveyance		8,724,028	11,295,435
Petrol, oil and lubricants		10,388,327	11,758,633
Postage and telephone		11,935,979	13,641,986
Utilities		49,647,171	61,348,039
Printing and stationery		20,495,213	19,823,591
Newspapers, books and periodicals		865,305	868,237
Insurance		31,098,394	25,887,807
Publicity and advertisement		4,380,338	7,356,285
Entertainment expenses		1,589,262	1,958,436
Expenses specific to VTI		5,457,047	6,221,598
Legal and professional charges		119,508	576,180
Office supplies		1,477,457	1,834,940
Depreciation	5.1	192,313,189	222,010,378
Rent, rates and taxes		21,311,846	28,610,082
Auditor's remuneration		2,300,000	2,395,000
Liveries and uniform		4,168,656	24,612,418
Training and teaching material		6,033,800	8,531,335
Laboratory consumables		24,800,437	54,744,478
Receivables written off		-	280,000
Provision for impairment		879,041,629	1,032,099,488
Bank charges		1,670,776	1,767,986
Miscellaneous		3,760,142	4,226,456
Supplies and services charges		-	-
		2,917,527,262	3,100,560,042
Excess of (expenditure over income) / income over expenditure		(1,117,772,958)	(651,391,745)

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

PUNJAB VOCATIONAL TRAINING COUNCIL
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Note	Total 2020 Rupees	Total 2019 Rupees
Excess of (expenditure over income) / income over expenditure		(1,117,772,958)	(651,391,745)
Other comprehensive income:			
Remeasurement adjustments relating to gratuity	16.5	29,635,296	(92,577,818)
Total other comprehensive income / (loss) for the year		(1,088,137,662)	(743,969,563)

The annexed notes from 1 to 29 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 2020

	VTI-173 Mailsi	Sub -Total VTIs	PVTC Head Office	Total
	Rupees	Rupees	Rupees	Rupees
Balance as at 01 July 2018	-	**924,196,993**	**1,974,675,684**	**2,898,872,677**
Excess of (expenditure over income) / income over expenditure	(5,384,249)	(690,293,288)	38,901,543	(651,391,745)
Oher comprehensive income / (loss) for the year	(2,988,324)	(85,813,054)	(6,764,764)	(92,577,818)
Balance as at 01 July 2019	**(8,372,573)**	**148,090,651**	**2,006,812,463**	**2,154,903,114**
Excess of (expenditure over income) / income over expenditure	(4,485,620)	(1,096,746,989)	(21,025,969)	(1,117,772,958)
Oher comprehensive income / (loss) for the year	204,313	23,042,605	6,592,691	29,635,296
Balance as at 30 June 2020	**(12,653,880)**	**(925,613,733)**	**1,992,379,185**	**1,066,765,452**

The annexed notes from 1 to 29 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 2020

	Note	2020	2019
		Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	26	(418,881,373)	(1,634,271,177)
Finance cost paid		(1,670,776)	(2,192,986)
Interest received on saving accounts and investments		223,568,094	211,657,049
Gratuity paid	16.2	(6,038,562)	(5,727,287)
Income tax paid		(26,847,631)	(16,896,013)
Net cash flows used in from operating activities	A	(229,870,248)	(1,447,430,414)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(3,998,046)	(26,593,783)
Short term investments - net		110,000,000	-
Increase in long term deposits		(228,050)	(15,000)
Net cash generated from investing activities	B	105,773,904	(26,608,783)
CASH FLOWS FROM FINANCING ACTIVITIES			
Grant received for establishment / rehabilitation of VTIs		19,384,561	8,267,613
Net cash flows from financing activities	C	19,384,561	8,267,613
Net decrease in cash and cash equivalents	A+B+C	(104,711,783)	(1,465,771,584)
Cash and cash equivalents at the beginning of the year		1,359,176,824	2,824,948,408
Cash and cash equivalents at the end of the year	12	1,254,465,041	1,359,176,824

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

CHAIRMAN

MEMBER / SECRETARY