

**FOUNDATION UNIVERSITY ISLAMABAD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS**Opinion****T +92 51 2271906****F +92 51 2273874**

We have audited the financial statements of **Foundation University Islamabad** (the University), which comprise the statement of financial position as at September 30, 2021 and the income statement, the statement of comprehensive income, the statement of changes in funds, the statement of cash flows for the year then ended and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of the University as at September 30, 2021 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium - Sized Entities (IFRS for SMEs).

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 University 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 Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with approved accounting and reporting standard for Small and Medium - Sized Entities (IFRS for SMEs) issued by the International Accounting Standard Board (IASB) as notified by the Securities and Exchange Commission of Pakistan (SECP) 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 University'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 University or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the University'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 as applicable in Pakistan, 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 University'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 University'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 University 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.



Grant Thornton Anjum Rahman
Chartered Accountants

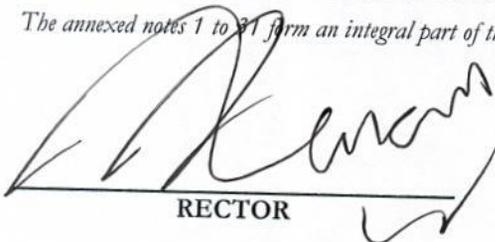
Engagement Partner: Waqas Waris
Islamabad
January 4, 2023

FOUNDATION UNIVERSITY ISLAMABAD
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2021

	Note	2021	2020
----- Amount in Rupees -----			
ASSETS			
NON CURRENT ASSETS			
Property and equipment	4	492,113,946	677,315,664
Capital work in progress	5	11,863,151	45,519,077
Intangible assets	6	340,000	670,000
Long term security deposits		2,438,669	2,136,669
		506,755,766	725,641,410
CURRENT ASSETS			
Stores, spares and loose tools	7	8,625,979	9,675,813
Due from students		39,358,696	45,314,886
Advances, deposits and prepayments	8	20,322,172	31,794,089
Other receivables	9	19,446,769	6,556,186
Tax deducted at source	10	528,103,039	507,244,701
Short term investments	11	3,177,736,818	2,188,349,201
Cash and bank balances	12	1,341,078,596	1,996,260,899
		5,134,672,069	4,785,195,775
TOTAL ASSETS		5,641,427,835	5,510,837,185
LIABILITIES			
NON CURRENT LIABILITIES			
Deferred credit and restricted funds	14	17,661,635	16,776,897
Long term security deposits	15	64,959,578	66,413,557
Employee benefit obligations	16	238,336,205	204,340,254
		320,957,418	287,530,708
CURRENT LIABILITIES			
Trade and other payables	17	186,735,014	183,268,216
Due to related party	18	178,990,940	200,628,189
Unearned revenue	19	390,619,039	518,106,561
		756,344,993	902,002,966
TOTAL LIABILITIES		1,077,302,411	1,189,533,674
NET ASSETS			
REPRESENTED BY:			
Endowment fund		558,034,342	544,689,898
General fund		4,006,091,082	3,776,613,613
		4,564,125,424	4,321,303,511

CONTINGENCIES & COMMITMENTS

The annexed notes 1 to 31 form an integral part of these financial statements.


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GM (FINANCE)

FOUNDATION UNIVERSITY ISLAMABAD
INCOME STATEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Note	2021	2020
----- Amount in Rupees -----			
INCOME			
Fee income	21	1,986,986,448	1,859,160,027
Investment income - net	22	185,603,435	194,318,436
Other income	23	175,078,387	163,939,232
		2,347,668,270	2,217,417,695
EXPENDITURES			
Salaries, allowances and other benefits	24	1,094,162,876	998,700,268
Trainees stipend	25	125,994,452	102,421,459
FAP/merit scholarship		35,631,828	30,670,373
Teaching hospital charges		32,791,067	27,457,576
Research & development		14,426,777	9,436,730
Rents, rates and taxes		436,613,097	204,558,881
Depreciation and amortization		132,531,632	125,590,974
Utilities		49,772,375	39,203,112
Repairs & maintenance		18,022,764	39,546,303
Security & janitorial expenses		26,864,014	28,480,199
Vehicle running expense		7,933,283	7,832,494
Printing & stationary		9,883,523	9,270,942
Discount on fee		11,614,567	9,238,830
Stores consumed		13,246,881	8,533,997
Labs expenses		20,197,992	7,844,340
University events		21,498	3,449,376
Examination		6,842,383	4,476,429
Legal & professional charges		2,383,090	2,861,860
Insurance		2,826,577	2,092,619
Communication expenses		1,947,463	1,843,631
Travelling and conveyance		301,731	365,448
Students medical facility		3,170,305	2,910,181
Advertisement		1,499,670	2,285,232
Auditors remuneration		520,000	611,600
Bank charges		2,933,980	500,860
Registration/affiliation		1,178,541	785,720
Debit balance written off		19,092,896	7,816,637
Loss on closure of campus		18,100,750	-
Miscellaneous expenses		14,340,345	26,901,027
		2,104,846,357	1,705,687,098
SURPLUS OF INCOME OVER EXPENDITURES		242,821,913	511,730,597

The annexed notes 1 to 31 form an integral part of these financial statements.


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FOUNDATION UNIVERSITY ISLAMABAD
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	2021	2020
	----- Amount in Rupees -----	
Surplus of income over expenditure	242,821,913	511,730,597
Other comprehensive income	-	-
Total comprehensive income	<u>242,821,913</u>	<u>511,730,597</u>

The annexed notes 1 to 31 form an integral part of these financial statements.


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FOUNDATION UNIVERSITY ISLAMABAD
 STATEMENT OF CHANGES IN FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Endowment fund (note 13)	General fund	Total
	----- Amount in Rupees -----		
Balance as at October 01, 2019	558,580,279	3,250,992,635	3,809,572,914
Total comprehensive income	-	511,730,597	511,730,597
Apportionment of income of endowment	15,655,038	(15,655,038)	-
Utilization during the year	(29,545,419)	29,545,419	-
Balance as at September 30, 2020	544,689,898	3,776,613,613	4,321,303,511
Balance as at October 01, 2020	544,689,898	3,776,613,613	4,321,303,511
Total comprehensive income	-	242,821,913	242,821,913
Apportionment of income of endowment	13,344,444	(13,344,444)	-
Utilization during the year	-	-	-
Balance as at September 30, 2021	558,034,342	4,006,091,082	4,564,125,424

The annexed notes 1 to 31 form an integral part of these financial statements.



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FOUNDATION UNIVERSITY ISLAMABAD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Note	2021	2020
----- Amount in Rupees -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus of income over expenditure		242,821,913	511,730,597
Adjustments for non-cash items:			
Depreciation on property and equipment	4	132,201,632	125,260,974
Amortization of intangible assets	6	330,000	330,000
Amortization of deferred credit and restricted funds		(4,301,169)	(2,384,968)
(Gain)/ loss on disposal of property and equipment		(32,230,092)	(4,405,957)
Exchange gain		(46,481,776)	(83,940,575)
Provision for employees' benefits - net		33,995,951	29,390,481
		83,514,546	64,249,955
Operating surplus before working capital changes		326,336,459	575,980,552
Changes in working capital	27	(160,928,953)	587,754,789
Cash generated from operations		165,407,506	1,163,735,341
Security deposits - net		(1,755,979)	(11,232,545)
Net cash flow from operating activities		163,651,527	1,152,502,796
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures on property and equipment		(100,351,312)	(182,196,758)
Capital expenditures on capital work in progress		(72,536,120)	(43,337,331)
Capital expenditures on intangibles		-	(1,000,000)
Short term investments	11. & 11.2	(2,912,370,772)	-
Exchange gain		46,481,776	83,940,575
Proceeds from sale of property and equipment		291,773,536	6,021,691
Net cash used in investing activities		(2,747,002,892)	(136,571,823)
CASH FLOWS FROM FINANCING ACTIVITIES			
Deferred credit and restricted funds		5,185,907	2,430,374
Net cash generated from financing activities		5,185,907	2,430,374
Net increase in cash and cash equivalents		(2,578,165,458)	1,018,361,347
Cash and cash equivalents at beginning of the year		3,919,244,054	2,900,882,707
Cash and cash equivalents at end of the year	26	1,341,078,596	3,919,244,054

The annexed notes 1 to 31 form an integral part of these financial statements.


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**FOUNDATION UNIVERSITY ISLAMABAD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

1. UNIVERSITY AND ITS OPERATIONS

Foundation University Islamabad ("the University") was established under the Foundation University Ordinance, 2002. The University is engaged in providing education through its colleges in the field of medicine, engineering, developing technologies, arts and sciences.

These financial statements include Endowment Fund established in compliance with the requirements of the Higher Education Commission and the result of following campuses:

- Foundation University Islamabad - Secretariat;
- Foundation University Islamabad Campus;
- Foundation University Rawalpindi Campus;
- Foundation University Sialkot Campus.

2. BASIS OF PREPARATION

2.1. Statement of compliance

These financial statements have been prepared in accordance with accounting and reporting standards, as applicable in Pakistan. Accounting and reporting standards comprise of;

- International Financial Reporting Standards for Small and Medium – Sized Entities (IFRS for SMEs), issued by International Accounting Standard Board (IASB) as are notified by Securities and Exchange Commission of Pakistan (SECP) to companies in Pakistan.

The University is not required to comply with the requirements of IFRS for SMEs, however to follow the best practices, the University has adopted accounting and reporting standards as applicable in Pakistan as a framework for preparation of these financial statements.

2.2. Basis of measurement

These financial statements have been prepared under the historical cost convention.

2.3. Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the University operates. The financial statements are presented in Pakistani Rupees which is the University's functional and presentation currency.

2.4. Use of estimates and judgments

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgement in the process of applying the University's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- Useful life and depreciation method of property and equipment (Note 3.1)
- Useful life and amortization method of intangible assets (Note 3.2)
- Impairment of non-financial assets (Note 3.4)
- Provision for employee benefits obligations (Note 3.7)
- Provisions (Note 3.10)
- Contingent liabilities (3.11)
- Taxation (3.12) 

3. SIGNIFICANT ACCOUNTING POLICIES

3.1. Property and equipment

These are stated at cost, which includes purchase price, import duties and directly attributable costs less accumulated depreciation and impairment loss, if any.

Normal repairs and maintenance are charged to income statement as and when incurred whereas major improvements and modifications are capitalized.

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis.

Depreciation is charged on straight line basis. Depreciation is charged to the income statement over its estimated useful life at the rates given in Note 4. Full year's depreciation is charged on the assets if addition is made during the first half of the year, whereas half year's depreciation is charged if addition is made in second half of the year. No depreciation is charged in the year in which the assets are disposed off.

Gains and losses on disposals of property, plant and equipment are charged to income statement.

3.2. Intangible assets

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. After initial recognition, an intangible asset is carried at cost less accumulated amortization and impairment losses, if any. Intangible assets are amortized from the month, when these assets are available for use, using the straight line method, whereby the cost of the intangible asset is amortized over its estimated useful life over which economic benefits are expected to flow to the University. The useful life and amortization method is reviewed and adjusted, if appropriate, at each reporting date.

3.3. Capital work in process

Capital work in process is stated at cost less any identified impairment loss. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to property and equipment as and when these are available for use.

3.4. Impairment of non-financial assets

The assets that are subject to depreciation or amortization are assessed at each reporting date to determine whether there is any indication that the assets are impaired. If there is an indication of possible impairment, the recoverable amount of the asset is estimated and compared with its carrying amount.

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. The impairment loss is recognized in the income statement. An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. The University recognizes the reversal immediately in the income statement.

3.5. Stores, spares and loose tools

Stores and spare parts are valued at lower of weighted average cost or net realizable value, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs necessary to be incurred to make the sale.

3.6. Due from students

Due from students are recognized initially at the transaction price. They are subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment is established when there is objective evidence that the University will not be able to collect all amounts due according to the original terms of the receivables.

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3.7. Employee benefit obligations

3.7.1. Provision for employees' compensated absences

The University accounts for the liability in respect of employees' compensated absences in the year in which these are earned. Provision for compensated absences has been made on the basis of Projected Unit Credit ("PUC") actuarial cost method. The amount recognized in the statement of financial position represents the present value of defined benefit obligations. Calculation of compensated absences requires assumptions to be made of future outcomes which mainly include increase in remuneration and the discount rates used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

3.7.2. Gratuity

The University operates an unfunded gratuity scheme for Welfare and Rehabilitation (W&R) employees who have completed the minimum qualifying period of services as specified by the scheme. Provision is made annually to cover obligations under the scheme in accordance with actuarial valuation using the projected unit credit method. The actuarial gains or losses at each evaluation date are charged to other comprehensive income. The amount recognized in the statement of financial position represents the present value of defined benefit obligations. Calculation of gratuity requires assumptions to be made of future outcomes which mainly include increase in remuneration and the discount rates used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

3.8. Trade creditors

Trade creditors are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method.

3.9. Income

Income from tuition fee is recognized over the period and the amount received against which tuition is not provided till the year end is recognized as unearned revenue in statement of financial position. Revenue from admission fee is recognized at the time of admission. Profit on bank deposit is recognized on a time proportion basis taking into account the principal outstanding and the interest applicable. Return on investment is recognized on accrual basis at the rates specified in respective investment instrument assuming that such investment will be held till maturity.

3.10. Provision

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 will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each reporting date and adjusted to reflect current best estimates.

3.11. Contingent liabilities

A contingent liability is disclosed when the University has a possible obligation as a result of past events, 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 University; or the University has a present legal or constructive 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.

3.12. Taxation

3.12.1. Current tax

Current tax is the expected tax payable on the taxable income for the year; calculated using rates enacted or substantively enacted by the end of the reporting period. The calculation of current tax takes into account tax credit and tax rebates, if any, and is inclusive of any adjustment to income tax payable or recoverable in respect of previous years.

The University is a non-profit organization can claim tax credit equal to 100% of the tax payable under section 100C of the Income Tax Ordinance 2001. Accordingly, no provision for tax has been made in the financial statements.

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3.12.2. Deferred tax

A deferred tax liability is recognized for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognized for all temporary differences that are expected to reduce taxable profit in the future, and the carryforward of unused tax losses.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using the tax rates enacted at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. If required, carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits to allow the benefit of part or all of that recognized deferred tax asset to be utilized. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Deferred tax has not been provide in these financial statements as the University's management believes that the temporary differences will not reverse in the foreseeable future due to the fact that the University is allowed a tax credit equal to 100% of the tax payable, including minimum tax and final taxes, under section 100C of the Income Tax Ordinance 2001.

3.13. Foreign currency transactions and translations

Foreign currency transactions are translated into Pakistani Rupee at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupee at the exchange rates prevailing at the reporting date. All non-monetary items are translated into Pakistani Rupee at exchange rate prevailing on the date of transaction or the date when the fair values are determined. Exchange differences are taken to income account.

3.14. Endowment fund

3.14.1. General endowment fund

General endowment fund is established in compliance with the requirements of the Higher Education Commission for sustainability of operation of the University. The principal objective of the University is to make investments in schemes where principal asset is not depleted. 50% of the income for the year earned from endowment fund's investments is used to fund the activities of the University while remaining balance is retained in endowment fund.

3.14.2. Financial assistance programme

Endowment fund is created for sustainability of operation of the University. The principal objective of the University is to make investments in schemes where principal asset is not depleted. 50% of the income for the year earned from endowment fund's investments is used to fund the activities of the University while remaining balance is retained in endowment fund.

3.14.3. Research endowment fund

Research endowment fund is created to provide a steady and additional funding source for the research activities and also provide a sustainable solution for the research requirement of the University. 50% of the income for the year earned from research endowment fund's investments is used to fund the research activities of the University while remaining balance is retained in research endowment fund.

3.15. Deferred grants

Deferred credit represents the amount received from Higher Education Commission and from different Companies of Fauji Foundation group for scholarship purposes. Grants are recognized at their fair value where there is a reasonable assurance that the grant will be received and the University will comply with all attached conditions.

Grants relating to expenses are deferred and recognized in the income statement in the period in which the related expense is incurred.

Grants relating to property and equipment are presented separately from the assets to which they relate and recognized as income equal to the amount of respective asset's depreciation or amortization charge. Grants received before the income recognition criteria are satisfied are presented as a separate liability in the statement of financial position.

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3.16. Financial instruments at amortized cost

Financial instruments are recognized on the date the University becomes a party to the contractual provisions of the instrument.

A financial instruments is derecognized when the contractual rights/obligations to the cash flows from the instruments expire, or when the University transfers the rights/obligations to settle the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial instruments are transferred. Any interest in such transferred financial instruments that is created or retained by the University is recognized as a separate asset or liability.

3.16.1. Measurement:

Financial Instruments at amortized cost include due from students, short term investments, cash and bank balances, trade and other payables and security deposits. These financial instruments are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortized cost using the effective interest method. Debt instruments which are classified as current assets and liabilities are measured at the undiscounted amount of cash expected to be received or paid unless the credit terms are deferred beyond normal credit term, in which case the arrangement is effectively a financing arrangement and shall be measured at the present value of the future payments/receipts discounted at a market interest rate for similar instruments.

3.16.2. Impairment of financial assets

The financial assets other than those that are carried at fair value are assessed at each reporting date to determine whether there is any objective evidence of their impairment. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

The impairment loss is recognized immediately in the income statement and the carrying amount of the related financial asset is reduced accordingly. An impairment loss is reversed only if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

3.16.3. Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the University has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

3.17. Cash and cash equivalents

Cash and cash equivalents comprises of cash and bank balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the University in the management of its short-term commitments.



FOUNDATION UNIVERSITY ISLAMABAD
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

4 Property and equipment	Rupees.....							
Particulars	Leaschold improvements	Motor vehicles	Furniture and fixtures	Office & other equipments	Laboratory equipments	Computer equipments	Books	FM Radio	Total Assets
2021									
Cost									
Balance as at October 01, 2020	272,504,994	119,231,994	183,668,022	233,134,151	328,363,953	108,344,019	68,584,639	13,311,727	1,327,143,499
Additions	33,712,484	-	11,703,922	13,422,368	20,485,134	16,473,464	4,553,940	-	100,351,312
Transfer from CWIP	4,725,000	85,587	-	7,902,142	-	-	-	-	12,712,729
Disposal / adjustment (note 18)	(200,243,803)	849,639	331,699	(3,215,383)	(686,932)	(1,552,513)	(4,588)	-	(204,521,882)
Balance as at September 30, 2021	110,698,675	120,167,220	195,703,643	251,243,277	348,162,155	123,264,970	73,133,991	13,311,727	1,235,685,658
Accumulated depreciation									
Balance as at October 01, 2020	31,307,702	71,833,526	86,142,469	100,960,137	251,769,471	80,833,435	20,942,860	6,038,235	649,827,835
Depreciation for the year	14,679,163	18,945,942	12,523,971	29,644,805	18,528,061	30,010,655	3,476,165	4,392,870	132,201,632
Disposal / adjustment (note 18)	(32,358,197)	847,040	265,449	(5,568,799)	(160,858)	(1,482,389)	-	-	(38,457,755)
Balance as at September 30, 2021	13,628,667	91,626,508	98,931,890	125,036,143	270,136,673	109,361,701	24,419,025	10,431,105	743,571,712
Written down value as at September 30, 2021	97,070,008	28,540,712	96,771,753	126,207,135	78,025,482	13,903,269	48,714,966	2,880,622	492,113,946
Rate %	5%	25%	10% - 15%	15% - 33%	15%	33%	5%	33%	

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FOUNDATION UNIVERSITY ISLAMABAD
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

4 Property and equipment		Rupees							
Particulars	Leaschold improvements	Motor vehicles	Furniture and fixtures	Office & other equipments	Laboratory equipments	Computer equipments	Books	FM Radio	Total Assets
2020									
Cost									
Balance as at October 01, 2019	252,558,117	93,316,732	157,183,594	156,495,945	298,402,091	93,945,350	60,984,334	11,641,819	1,124,527,982
Additions	18,569,741	32,755,584	26,567,285	49,279,749	31,283,562	14,470,624	7,600,305	1,669,908	182,196,758
Transfer from CWIP	1,377,136	-	517,613	29,036,490	-	-	-	-	30,931,239
Disposal	-	(6,840,322)	(600,470)	(1,678,033)	(1,321,700)	(71,955)	-	-	(10,512,480)
Balance as at September 30, 2020	272,504,994	119,231,994	183,668,022	233,134,151	328,363,953	108,344,019	68,584,639	13,311,727	1,327,143,499
Accumulated depreciation									
Balance as at October 01, 2019	18,623,840	58,330,203	75,878,048	79,337,981	216,608,999	65,203,506	17,560,130	1,920,900	533,463,607
Depreciation for the year	12,683,862	18,767,893	10,854,434	23,048,462	36,469,501	15,936,757	3,382,730	4,117,335	125,260,974
Disposal	-	(5,264,570)	(590,013)	(1,426,306)	(1,309,029)	(306,828)	-	-	(8,896,746)
Balance as at September 30, 2020	31,307,702	71,833,526	86,142,469	100,960,137	251,769,471	80,833,435	20,942,860	6,038,235	649,827,835
Written down value as at September 30, 2020	241,197,292	47,398,468	97,525,553	132,174,014	76,594,482	27,510,584	47,641,779	7,273,492	677,315,664
Rate %	5%	25%	10% - 15%	15% - 33%	15%	33%	5%	33%	33%

FOUNDATION UNIVERSITY ISLAMABAD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

		2021	2020
		----- Amount in Rupees -----	
5 CAPITAL WORK IN PROGRESS	Note		
Opening balance		45,519,077	33,112,985
Additions during the year		72,536,120	43,337,331
Transferred / adjusted during the year		(106,192,046)	(30,931,239)
		<u>11,863,151</u>	<u>45,519,077</u>
6 INTANGIBLE ASSETS			
Cost			
Opening balance		1,000,000	-
Addition for the year	6.1	-	1,000,000
Closing balance		<u>1,000,000</u>	<u>1,000,000</u>
Accumulated amortization			
Opening balance		330,000	-
Amortization charged for the year		330,000	330,000
Closing balance		<u>660,000</u>	<u>330,000</u>
Written down value		<u>340,000</u>	<u>670,000</u>
Useful life		<u>3 years</u>	
6.1 This represents E-Office management system purchased from Fauji Foundation Pakistan.			
7 STORES, SPARES AND LOOSE TOOLS	Note	2021	2020
		----- Amount in Rupees -----	
Stores and spares		2,733,611	1,972,652
Lab consumables		2,043,954	2,314,477
Loose tools		34,375	34,375
Dental material		2,095,836	3,695,981
Dental instrument		1,568,443	1,508,568
Sports gear/ items		149,760	149,760
		<u>8,625,979</u>	<u>9,675,813</u>
8 ADVANCES, DEPOSITS AND PREPAYMENTS			
Advance to employees	8.1	11,093,068	11,947,131
Advance to suppliers/contractors		5,562,863	16,810,940
Security deposits		699,580	699,580
Prepayments		2,966,661	2,336,438
		<u>20,322,172</u>	<u>31,794,089</u>
8.1 Advances to employees			
- Advance against salary		6,096,195	5,167,751
- Advance for operations		4,996,873	6,779,380
		<u>11,093,068</u>	<u>11,947,131</u>
9 OTHER RECEIVABLES			
Other receivables		17,599,764	5,557,911
Panel partners		1,847,005	998,275
		<u>19,446,769</u>	<u>6,556,186</u>

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FOUNDATION UNIVERSITY ISLAMABAD
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

10 TAX DEDUCTED AT SOURCE

This represents tax withheld at source or advance tax under section 151, 231-A and 236 and further includes a tax recovery amounting to Rs. 386,369,387 made by tax department through assessment proceeding for the tax year 2014-2018. The University is in appeal against the department as disclosed in 20.1.

		2021	2020
11 SHORT TERM INVESTMENTS	Note	----- Amount in Rupees -----	
Term deposits			
- Local currency	11.1	1,980,680,161	1,029,298,654
- Foreign currency	11.2	931,690,611	893,684,501
Special saving certificates	11.3	265,366,046	265,366,046
	11.4	<u>3,177,736,818</u>	<u>2,188,349,201</u>

11.1 This represents investment in 12 month TDR's with Askari Bank Limited, UBL Bank Limited and NBP bank Limited carrying interest rate of 7.25%, 6.80% and 7.75% (2020: Nil) with a maturity period up to July 2022, Jan 2022 and May 2022 respectively.

11.2 This represents investment in 1 year TDR's in USD with Habib Metropolitan Bank carrying interest rate of 1.5% (2020: 3.15%) with a maturity period up to November 2021.

11.3 This represents investment in special savings certificates with National Savings Centre which carried interest rate of 11.20% matured in December 2017 but has not been encashed as yet due to possible deduction of zakat. The University claims that it is not a sahib-e-nisab and hence receipts are not chargeable to zakat, a claim which is disputed by National Saving Centre.

11.4 Above amount of short term investments includes accrued interest amounting to Rs. 103,320,798 (2020: 79,449,118).

		2021	2020
12 CASH AND BANK BALANCES	Note	----- Amount in Rupees -----	
Cash in hand		787,586	942,034
Cash at bank	12.1	1,340,291,010	1,995,318,865
		<u>1,341,078,596</u>	<u>1,996,260,899</u>

**12.1 Cash at banks in:
 Saving accounts**

Local currency	12.2	555,710,508	1,378,960,915
Foreign currency	12.2	784,580,502	616,357,950
		<u>1,340,291,010</u>	<u>1,995,318,865</u>

12.2 Effective markup rate in respect of saving accounts ranges from 5.5% to 6% (2020: 11.5% to 5.5%) on local currency and 0.25% (2020: 0.25) on foreign currency per annum.

13 ENDOWMENT FUND

General endowment fund		432,895,876	421,171,433
Financial assistance programme		70,755,085	70,732,335
Research endowment fund		54,383,381	52,786,130
		<u>558,034,342</u>	<u>544,689,898</u>

13.1 General endowment fund of Rs. 50 million is established in compliance with the requirements of the Higher Education Commission while endowment funds for financial assistance programme (FAP) were created on receipt of Rs. 50 million (Rs. 25 million each) from Fauji Fertilizer Bin Qasim Limited (FFBL) to finance the financial assistance programme to help the needy and talented student of the University. Research endowment fund was created on receipt of Rs. 20 million from Fauji Foundation, with a purpose to enhance the research activities. However, Rs. 30 million are internally allocated towards the endowment funds for research. All these funds were created for the sustainability of operation of the University.

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FOUNDATION UNIVERSITY ISLAMABAD
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FOR THE YEAR ENDED SEPTEMBER 30, 2021

14 DEFERRED CREDIT AND RESTRICTED FUNDS	Note	2021	2020
		----- Amount in Rupees -----	
Deferred credit - for capital expenses	14.1	7,535,512	9,283,576
Restricted funds - for revenue expenses	14.2	10,126,123	7,493,321
		<u>17,661,635</u>	<u>16,776,897</u>
14.1 Deferred credit - for capital expenses			
Opening balance		9,283,576	11,132,379
Received during the year		282,399	-
Assets purchased during the year		(282,399)	-
Amortized during the year		(1,748,064)	(1,848,803)
		<u>7,535,512</u>	<u>9,283,576</u>
14.2 Restricted funds - for revenue expenses			
Opening balance		7,493,321	5,599,112
Received during the year			
-Financial assistant programme		22,750	55,875
-Research fund		1,597,250	1,704,716
-Outreach model project		-	241,783
-Alternate dispute resolution		159,779	-
-Ultrasound guided verses blind corticosteroid		647,165	-
-School wide assessment and intervention		2,023,564	-
-HEC lab support		453,000	428,000
		<u>4,903,508</u>	<u>2,430,374</u>
Adjustment			
-Returned to HEC (Effectiveness of treadmill training)		(662,999)	-
-Transferred to FUI		(463,755)	(203,105)
-HEC lab support		-	(58,454)
-Amortized during the year		(1,143,952)	(274,606)
		<u>(2,270,706)</u>	<u>(536,165)</u>
		<u>10,126,123</u>	<u>7,493,321</u>

15 LONG TERM SECURITY DEPOSITS

These include security deposits by students at the time of admission to the University. These securities are refundable upon the completion of the program. These have not been carried at amortized cost as the effect of discounting is not considered material.

16 EMPLOYEE BENEFIT OBLIGATIONS	Note	2021	2020
		----- Amount in Rupees -----	
Gratuity	16.1	6,285,461	5,076,479
Leave encashment	16.2	232,050,744	199,263,775
		<u>238,336,205</u>	<u>204,340,254</u>

16.1 The University has not carried out actuarial valuation in respect of gratuity since the management believes that the impact of such valuation is not material.

16.2	2021	2020
----- Amount in Rupees -----		
Opening balance	199,263,775	174,949,773
Charge for the year	58,915,005	44,582,122
Payments made during the year	(26,128,036)	(20,268,120)
Closing balance	<u>232,050,744</u>	<u>199,263,775</u>

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FOUNDATION UNIVERSITY ISLAMABAD
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

		2021	2020
Assumptions used in actuarial valuation:			
Discount rate		10.75%	10.25%
Salary increases		10.75%	10.25%
Withdrawals before normal retirement age		moderate	
Death in service		SLIC (2001 - 2005)	
		2021	2020
17 TRADE AND OTHER PAYABLES	Note	----- Amount in Rupees -----	
Trade creditors		44,319,002	15,782,290
Accrued liabilities		32,118,229	24,862,744
Current portion of long term security deposits	15	36,282,029	49,986,887
Other liabilities		74,015,754	92,636,295
		<u>186,735,014</u>	<u>183,268,216</u>

18 DUE TO RELATED PARTY

This represents amount payable to Fauji Foundation group entities in respect of normal course of business. During the year, the University has revised arrangement with Fauji Foundation on recommendation of board of officers. As per revised arrangement, control and ownership of buildings constructed by FUI, having net carrying value of Rs. 256,921,211 including capital work in progress of Rs. 93,479,317, have been transferred to Fauji Foundation for consideration of Rs. 290,586,905 resulting in gain of Rs. 33,665,694 on transfer of these buildings.

19 UNEARNED REVENUE

This represents fee received in advance, against which tuition is not provided at reporting date.

20 CONTINGENCIES AND COMMITMENTS

20.1 Contingency

Foundation University was allowed exemption from levy of income tax under clause 126 of Part I of Second Schedule of Income Tax Ordinance, 2001. The tax deductible under section 151, 231-A and 236 of Income Tax Ordinance, 2001 on bank profits, cash withdrawals and electricity bills was exempt from deduction of withholding tax. Therefore, no tax was withheld till June 30, 2015 when the exemption expired.

Foundation University applied for renewal of exemption from withholding taxes under section 159 along with tax exemption from levy of income tax under section 100c but were denied by Chief Commissioner Inland Revenue (CCIR) via order number 258c.c.

Later Honorable Islamabad High Court also confirmed the order passed by Chief Commissioner Inland Revenue (CCIR) and rejected University's petition number 1199/ 2016 in this regard.

The University has filed a review petition (No. 1651/2017) in honorable Supreme Court of Pakistan against this decision, where the Federal Board of Revenue (Member Legal) proposed that the University's status of Non-profit organization (NPO) will be considered by the concerned Commissioner Inland Revenue (CIR) on the basis of aforementioned stance of the Member Legal. The University did not press its petition before the honorable Supreme Court and filed application with Commissioner Inland Revenue (CIR) for approval under section 2(36) of the Income Tax Ordinance 2001. The application was rejected by Commissioner Inland Revenue (CIR) and Federal Board of Revenue recovered Rs. 386,369,387 through assessment proceedings for the tax years 2014 to 2018. Later the Assessment Orders for the tax years 2014 to 2018 were remanded back by the Commissioner (Appeals-II). Commissioner Inland Revenue (CIR) has filed appeal before the Appellate Tribunal Inland Revenue, Islamabad and the case is under hearing process. The University also filed an appeal against the order of Commissioner Inland Revenue (CIR) before the Chief Commissioner Inland Revenue (CCIR) under rule 218 of the Income Tax Rules, 2002 (Rules). The Chief Commissioner Inland Revenue (CCIR) has remanded the case back to Commissioner Inland Revenue (CIR) (order dated 29/11/2019). This case is still under hearing process, however, management and tax consultant are confident of favorable decision.

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FOUNDATION UNIVERSITY ISLAMABAD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

20.2 Commitment

There are no commitment as at year end. (2020: nil)

		2021	2020
	Note	----- Amount in Rupees -----	
21 FEE INCOME			
Tuition fee		1,926,284,151	1,796,980,807
Admission fee		5,063,600	3,330,000
Examination fee		6,147,200	5,603,200
Hostel fee		49,491,497	53,246,020
		<u>1,986,986,448</u>	<u>1,859,160,027</u>
22 INCOME ON INVESTMENTS -NET			
Income from:			
- Term deposit receipts		102,113,615	83,971,076
Profit on bank accounts		83,489,820	110,347,360
		<u>185,603,435</u>	<u>194,318,436</u>
23 OTHER INCOME			
Exchange gain		46,481,776	83,940,575
Sale of prospectus		4,873,000	6,441,500
Clinical income		34,676,815	23,920,577
Fines and penalties		418,616	566,939
Pick and drop facility		2,558,291	4,116,239
Histo path lab income		5,221,700	5,482,800
Grant income		10,000,000	10,000,000
Amortization of deferred credit and restricted funds		3,174,415	2,384,968
Gain on sale of property and equipment- net	18	34,000,693	4,405,957
Other income		33,673,081	22,679,677
		<u>175,078,387</u>	<u>163,939,232</u>
24 SALARIES, ALLOWANCES AND OTHER BENEFITS			
Faculty staff		584,258,503	549,024,222
Academic support staff		177,728,689	159,385,383
Management and admin staff		206,345,802	194,114,670
Other benefits	24.1	125,829,882	96,175,993
		<u>1,094,162,876</u>	<u>998,700,268</u>
24.1	This includes University's contribution of Rs. 23,254,186 (2020: Rs. 19,523,893) to provident fund.		
25 TRAINEES STIPEND			
House officers		101,547,290	28,663,371
Post graduate trainees		24,447,162	73,758,088
		<u>125,994,452</u>	<u>102,421,459</u>
26 CASH AND CASH EQUIVALENTS			
Short term investments	11.1	-	1,922,983,155
Cash and bank balances	12	1,341,078,596	1,996,260,899
		<u>1,341,078,596</u>	<u>3,919,244,054</u>

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FOUNDATION UNIVERSITY ISLAMABAD
NOTES TO THE FINANCIAL STATEMENTS
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		2021	2020
		----- Amount in Rupees -----	
27 CHANGES IN WORKING CAPITAL			
(Increase)/ decrease in current assets:			
Stores, spares and loose tools		1,049,834	(1,165,912)
Tax deducted at source		(20,858,338)	(24,728,451)
Due from students		5,956,190	30,293,301
Advances, deposits and prepayments		11,471,917	596,295,458
Other receivables		(12,890,583)	3,538,824
		(15,270,980)	604,233,220
Increase/ (decrease) in current liabilities:			
Trade and other payables		3,466,798	(25,881,892)
Unearned income		(127,487,522)	(17,519,141)
Due to related party		(21,637,249)	26,922,602
		(145,657,973)	(16,478,431)
		(160,928,953)	587,754,789
28 FINANCIAL INSTRUMENTS			
Financial assets - at amortized cost			
Security deposits		3,138,249	2,836,249
Due from students		39,358,696	45,314,886
Other receivables		19,446,769	6,556,186
Short term investments		3,177,736,818	2,188,349,201
Cash and bank balances		1,341,078,596	1,996,260,899
		4,580,759,128	4,239,317,421
Financial liabilities - at amortized cost			
Security deposits		101,241,607	116,400,444
Trade and other payables		150,452,985	133,281,329
Due to related party		178,990,940	200,628,189
		430,685,532	450,309,962
29 RELATED PARTY TRANSACTIONS			
Name of related party	Relationship	Nature of transactions/ account balances	
Fauji Foundation Pakistan	Associated undertaking	Rent of premises	425,664,000
		Grant - FUCN	10,000,000
		Payable	33,354,498
Fauji Foundation Hospital	Associated undertaking	Teaching hospital charges	32,791,067
		Medical - staff	25,893,633
		Medical - students	3,170,305
		Dental consultancy income	7,805,150
		Histo pathology laboratory	5,221,700
		(Payable)/receivable	3,302,386
Askari Guards (Private) Limited	Associated undertaking	Security services	9,907,294
Other Fauji Foundation Group Companies	Associated undertakings	Dental consultancy income	-
		Receivables	91,350
			85,250

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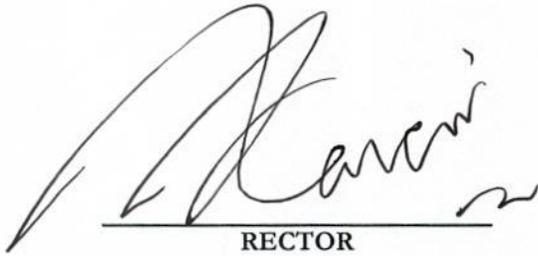
FOUNDATION UNIVERSITY ISLAMABAD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

30 AUTHORISATION

These financial statements have been approved by the Board of Governors on **04 JAN 2023**

31 GENERAL

Figures have been rounded off to the nearest rupee and reclassified wherever necessary for the purpose of comparison. *



RECTOR



GM (FINANCE)