

**FOUNDATION UNIVERSITY  
ISLAMABAD  
AUDITED  
CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
SEPTEMBER 30, 2018**



## **Independent Auditor's Report to the Board of Governors**

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### **Opinion**

We have audited the financial statements of Foundation University Islamabad here-in-after referred to as ("the University"), which comprise of the balance sheet as at September 30, 2018, the income and expenditure account, statement of comprehensive income, statement of changes in University funds and cash flow statement 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 balance sheet of the University as at September 30, 2018 and the income and expenditure account, statement of comprehensive income, statement of changes in University funds and its cash flows for the year then ended in accordance with the Approved Accounting 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 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 Board of Governors is responsible for the preparation and fair presentation of the financial statements in accordance with approved Accounting and Financial Reporting Standards as applicable in Pakistan, and for such internal controls as the Board of Governors 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, Board of Governors 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 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



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Chartered Accountants

accordance with Approved Accounting Standards 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.


Date: 17-3-2020  
Islamabad


**HLB IJAZ TABUSSUM & CO.**  
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Engagement Partner:  
Ijaz Akber – FCA

**FOUNDATION UNIVERSITY ISLAMABAD  
BALANCE SHEET  
AS AT SEPTEMBER 30, 2018**

	Note	2018 Rupees	2017 Rupees
<b>ASSETS</b>			
<b>NON - CURRENT ASSETS</b>			
Property, plant & equipment	4	282,302,024	230,555,258
Capital work in progress	5	163,955,369	63,283,575
Long term investments	6	-	276,265,583
Long term security deposits		1,852,243	779,603
		<u>448,109,636</u>	<u>570,884,019</u>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools	7	6,422,039	5,702,492
Tax deducted at source		75,268,698	37,420,973
Due from students		69,765,198	74,797,752
Advances	8	13,039,190	20,651,702
Security deposits and prepayments	9	2,536,151	2,294,992
Due from related party	10	-	18,013,027
Other receivables		8,321,229	26,817,040
Short term investments	11	2,934,312,840	1,742,276,787
Cash and bank balances	12	550,549,253	960,745,542
		<u>3,660,214,598</u>	<u>2,888,720,307</u>
<b>TOTAL ASSETS</b>		<u><b>4,108,324,234</b></u>	<u><b>3,459,604,326</b></u>
<b>FUND AND LIABILITIES</b>			
University funds		3,116,067,978	2,648,601,232
<b>LIABILITIES</b>			
<b>NON - CURRENT LIABILITIES</b>			
Deferred credit and restricted funds	13	14,987,423	10,459,110
Provision for employees' compensated absences		154,585,253	122,579,030
Liabilities against assets subject to finance lease	14	-	-
Long term security deposits	15	86,289,516	94,818,218
		<u>255,862,192</u>	<u>227,856,358</u>
<b>CURRENT LIABILITIES</b>			
Creditors, accrued and other liabilities	16	125,204,693	76,340,792
Current portion of non-current liabilities	14	-	916,388
Unearned income		460,314,887	408,502,773
Fee received in advance		30,322,200	40,191,097
Due to related party	17	120,552,284	57,195,686
		<u>736,394,064</u>	<u>583,146,736</u>
<b>TOTAL FUND AND LIABILITIES</b>		<u><b>4,108,324,234</b></u>	<u><b>3,459,604,326</b></u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
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The annexed notes from 1 to 23 form an integral part of these financial statements.

  
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**FOUNDATION UNIVERSITY ISLAMABAD  
INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Note	2018 Rupees	2017 Rupees
<b>INCOME</b>			
Fee income	19	1,366,991,492	1,212,936,120
Other income	20	426,418,861	266,846,951
		<u>1,793,410,353</u>	<u>1,479,783,071</u>
<b>EXPENDITURE</b>			
Salaries, allowances and other benefits		897,912,212	705,593,248
Human resource development		3,589,315	1,869,194
Utilities		27,796,622	29,201,072
Repairs and maintenance		16,605,695	9,128,663
Communication charges		1,726,344	1,945,452
Vehicle running expenses		7,212,071	6,496,308
Financial assistance / merit scholarship		20,810,115	17,837,305
Legal and professional charges		2,572,672	2,747,729
Insurance		1,254,710	1,211,360
Printing and stationery		6,617,223	8,402,151
Stores consumed		4,807,869	4,670,796
Rent, rates and taxes		165,103,076	153,894,100
Travelling and conveyance		2,479,459	3,958,906
Hospital charges		19,717,241	16,397,938
Students' medical facility		848,466	630,483
Advertisement		3,912,795	5,168,381
Auditors' remuneration		535,000	535,000
Depreciation	4	66,091,901	63,020,845
Campus management system licensing		1,162,000	-
Information technology center lab expense		3,996,137	1,773,865
Information resource center library		1,800	1,200
Janitorial services and items		13,071,839	11,978,789
Security expenses		13,758,308	13,846,937
Financial charges		657,855	247,373
Research and development		7,537,245	2,830,282
University events		1,494,981	592,644
Examination expenses		1,403,360	1,182,004
Loss on disposal of assets		217,448	2,125,029
Discount to students fee		5,504,100	5,107,840
Debit balance written off		19,407,696	-
Miscellaneous		28,138,052	15,088,041
		<u>1,345,943,607</u>	<u>1,087,482,935</u>
<b>SURPLUS/(DEFICIT) OF INCOME OVER EXPENDITURE</b>		<u>447,466,746</u>	<u>392,300,136</u>

The annexed notes from 1 to 23 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, 2018**

	<u>Note</u>	<u>2018 Rupees</u>	<u>2017 Rupees</u>
Surplus/(Deficit) of income over expenditure		447,466,746	392,300,136
Other comprehensive income		-	-
Total comprehensive income for the year		<u>447,466,746</u>	<u>392,300,136</u>

The annexed notes from 1 to 23 form an integral part of these financial statements.

  
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**FOUNDATION UNIVERSITY ISLAMABAD  
STATEMENT OF CHANGES IN UNIVERSITY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>*Endowment fund Rupees</u>	<u>General fund Rupees</u>	<u>Total Rupees</u>
Balance at 01 October 2016	521,181,225	1,735,119,871	2,256,301,096
Total comprehensive income	3,592,184	388,707,952	392,300,136
<b>Balance at 30 September 2017</b>	<b>524,773,409</b>	<b>2,123,827,823</b>	<b>2,648,601,232</b>
Research Fund - Endowment	20,000,000	-	20,000,000
Total comprehensive income	(15,492,378)	462,959,124	447,466,746
<b>Balance at 30 September 2018</b>	<b>529,281,031</b>	<b>2,586,786,947</b>	<b>3,116,067,978</b>

\* It is established in compliance with the requirements of the Higher Education Commission.

The annexed notes from 1 to 23 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, 2018

	Note	2018 Rupees	2017 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Surplus of income over expenditure		447,466,746	392,300,136
<b>Adjustments for non-cash items:</b>			
Depreciation	4	66,091,901	63,020,845
Amortisation of deferred credit and restricted funds		15,971,277	5,590,020
(Gain)/loss on disposal of fixed assets		132,229	-
Exchange (Gain)/loss		(127,700,195)	(7,145,971)
Provision for employees' compensated absences - net		32,006,223	12,990,591
Financial charges		657,855	247,373
Debit Balance written off		19,407,696	-
<b>Operating surplus before working capital changes</b>		<b>454,033,732</b>	<b>467,002,995</b>
<b>Changes in working capital</b>			
<b>(Increase)/decrease in current assets:</b>			
Stores, spares and loose tools		(719,547)	(625,965)
Tax deducted at source		(37,847,725)	(16,546,202)
Due from students		5,032,554	(6,279,823)
Advances		7,232,768	(15,630,560)
Deposits and prepayments		(241,159)	(111,809)
Other receivables		17,480,886	(10,140,109)
		(9,062,223)	(49,334,468)
<b>Increase/(decrease) in current liabilities:</b>			
Creditors, accrued and other liabilities		49,089,041	22,363,546
Liabilities against assets subject to finance lease		(916,388)	(383,643)
Unearned income		51,812,114	136,506,592
Fee received in advance		(9,868,897)	47,595
Due to related party		63,356,598	22,442,475
<b>Cash generated from operations</b>		<b>598,443,977</b>	<b>598,645,092</b>
Long term security deposits		(1,072,640)	135,000
Long term security deposits from students		(8,528,702)	13,032,972
Financial charges		(657,855)	(247,373)
<b>Net cash flow from operating activities</b>		<b>588,184,780</b>	<b>611,565,691</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditures on operating fixed assets		(120,146,560)	(89,045,774)
Capital expenditures on capital work in progress		(100,671,794)	(63,217,575)
Long term investments		276,265,583	67,852,334
Short term investments-net		(1,097,297,101)	(288,099,744)
Proceeds from sale of operating fixed assets		896,720	-
<b>Net cash used in investing activities</b>		<b>(1,040,953,152)</b>	<b>(372,510,759)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Lease rental paid		(449,564)	(383,643)
Research Fund - Endowment		20,000,000	-
Deferred credit and restricted funds		23,021,647	7,558,396
<b>Net cash generated from financing activities</b>		<b>42,572,083</b>	<b>7,174,753</b>
<b>Net increase in cash and cash equivalents</b>		<b>(410,196,289)</b>	<b>246,229,685</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>960,745,542</b>	<b>714,515,857</b>
<b>Cash and cash equivalents at end of the year</b>	12	<b>550,549,253</b>	<b>960,745,542</b>

The annexed notes from 1 to 23 form an integral part of these financial statements.

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**1. STATUS AND NATURE OF BUSINESS**

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

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

These financial statements have been prepared in accordance with the Approved Accounting Standards as applicable in Pakistan.

**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 guidelines requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, 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 recognised in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by the management in application of the guidelines that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the ensuing paragraphs.

**2.4.1 Property, plant and equipment**

The University regularly reviews useful life and residual value of property, plant and equipment for the calculation of depreciation. Further where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis.

#### **2.4.2 Impairment**

The carrying amounts of the University's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. Any change in estimates in future years might affect the carrying amounts of the respective assets with a corresponding effect on the depreciation / amortization charge and impairment.

#### **2.4.3 Due from students and other receivables**

The allowance for doubtful accounts is based on the University's assessment of the collectability of counterparty accounts. The University regularly reviews its receivables that remain outstanding past their applicable payment terms and establishes allowance and potential write-offs by considering factors such as historical experience, credit quality, age of the accounts receivable balances and current economic conditions that may affect a student's ability to pay.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **3.1 Property, plant 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 and expenditure account as and when incurred whereas major improvements and modifications are capitalized.

Depreciation is charged on straight line basis. Depreciation is charged to the income and expenditure account 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 equipments are charged to income and expenditure account.

#### **3.2 Assets subject to finance lease**

Assets subject to finance lease are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of such assets. The related obligations under the lease are accounted for at net present value of liabilities. The assets so acquired are depreciated over their expected useful life. The depreciation is charged to current year's income and expenditure account.

#### **3.3 Impairment**

The carrying amounts of the University's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any indication exists, the recoverable amount of such assets is estimated and impairment losses are recognised in the income and expenditure account. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the initial cost of the asset. A reversal of the impairment loss is recognised in income and expenditure account.

#### **3.4 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 to cover the obligations is made using the current salary level of employees.

### **3.5 Intangible assets**

Intangible assets, which are non-monetary assets without physical substance, are recognised at cost, which comprise 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 amortised from the month, when these assets are available for use, using the straight line method, whereby the cost of the intangible asset is amortised 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 balance sheet date.

### **3.6 Investments**

Investments are classified as loans and receivables which have fixed or determinable payments and are not quoted in an active market. These investments are measured at amortised cost using effective interest method, less any impairment losses.

These investments are initially recognised at cost which comprises of fair value of consideration paid and cost of transaction. Subsequent to initial recognition these investments are measured at amortised cost. The amortised cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortization, using the effective interest method, of any difference between the initially recognised amount and the maturity amount. Gains and losses are recognised in income and expenditure account when the investments are derecognised or impaired, as well as through the amortization process.

### **3.7 Stores, spares and loose tools**

Useable stores and spares are valued principally at moving average cost, while items considered obsolete are carried at nil value. In-transit stores and spares are valued at cost comprising invoice value plus other charges paid thereon.

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

### **3.8 Income**

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

### **3.9 Provision**

Provisions are recognised 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 balance sheet date and adjusted to reflect current best estimates.

### **3.10 Liability against assets subject to finance lease**

Lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

### **3.11 Foreign currency transactions and translations**

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

### **3.12 Deferred credit - grants**

Deferred credit represents the amount received from Higher Education Commission and from different companies of Fauji Foundation group for scholarship purposes. Grants are recognised 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 recognised in the income and expenditure account in the period in which the related expense is incurred.

Grants relating to property, plant and equipment are deducted from the carrying amount of the assets and recognised as income equal to the amount of respective asset's depreciation or amortisation charge.

### **3.13 Financial instruments**

#### **Non-derivative financial assets**

These are initially recognised on the date the University becomes a party to the contractual provisions of the instrument.

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

The University classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss and loans and receivables.

#### **Loans and receivables**

Loans and receivables comprise investments classified as loans and receivables, cash and cash equivalents and due from students and other receivables.

#### **Due from students and other receivables**

Due from students and other receivables are stated initially at the fair value, subsequent to initial recognition these are stated at their fair value as reduced by appropriate provision for impairment. Known impaired receivables are written off, while receivables considered doubtful of recovery are fully provided for.

The allowance for doubtful accounts is based on the University's assessment of the collectability of counterparty accounts. The University regularly reviews its receivables that remain outstanding past their applicable payment terms and establishes allowance and potential write-offs by considering factors such as historical experience, credit quality, age of the accounts receivable balances and current economic conditions that may affect a student's ability to pay.

#### **Cash and cash equivalents**

Cash and cash equivalents comprises of cash 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, 2018**

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**Non-derivative financial liabilities**

The University initially recognises non- derivative financial liabilities on the date that the University becomes a party to the contractual provisions of the instrument. The University derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

These financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Non-derivative financial liabilities comprise of markup bearing borrowings including obligations under finance lease, bank overdrafts and trade and other payables.

**3.14 Offsetting of financial assets and financial liabilities**

Financial assets and liabilities are offset and the net amount presented in the balance sheet 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 realise the asset and settle the liability simultaneously.

FOUNDATION UNIVERSITY ISLAMABAD  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

4 PROPERTY, PLANT & EQUIPMENT

	COST				Rate	ACCUMULATED DEPRECIATION				WRITTEN DOWN VALUE
	As at 01 Oct 2017	Additions	Adjustments/ Disposal	As at 30 Sep 2018		As at 01 Oct 2017	Charge for the year	Adjustments/ Disposal	As at 30 Sep 2018	
	Rupees									
Building	39,614,637	19,832,225	(3,741,530)	59,446,862	5	4,912,154	2,299,351	-	7,211,505	52,235,357
Motor vehicles	51,330,169	5,390,285	(3,741,530)	52,978,924	25	41,040,522	5,352,625	(294,750)	46,098,397	6,880,527
Motor vehicles - Leased	1,647,000	-	-	1,647,000	25	823,500	411,750	(1,235,250)	-	1,647,000
Furniture and fixtures	101,373,865	19,727,191	(1,954,749)	119,146,307	10	57,144,090	8,281,682	(1,102,552)	64,323,220	54,823,087
Office and other equipments	83,167,554	26,898,328	(2,221,245)	107,844,637	10-15	55,159,651	9,401,916	(2,103,755)	62,457,812	45,386,825
Laboratory equipment	232,060,335	33,845,732	(210,031)	265,696,036	15-33	147,194,833	33,942,878	(210,016)	180,927,696	84,768,340
Computer equipment	56,416,386	4,538,037	(59,700)	60,894,723	33	52,379,614	4,286,885	(933,040)	55,733,459	5,161,264
Library books	36,171,834	9,914,762	-	46,086,596	5	12,572,158	2,114,814	-	14,686,972	31,399,624
	601,781,780	120,146,560	(8,187,255)	713,741,085		371,226,522	66,091,901	(5,879,363)	431,439,061	282,302,024

	COST				Rate	ACCUMULATED DEPRECIATION				WRITTEN DOWN VALUE
	As at 01 Oct 2016	Additions	Adjustments	As at 30 Sep 2017		As at 01 Oct 2016	Charge for the year	Adjustments	As at 30 Sep 2017	
	Rupees									
Building	33,591,767	6,022,870	(6,809,282)	39,614,637	5	3,081,994	1,830,160	-	4,912,154	34,702,483
Motor vehicles	45,533,649	5,796,520	(1,640,978)	51,330,169	25	33,526,096	7,514,426	-	41,040,522	10,289,647
Motor vehicles - Leased	1,647,000	-	-	1,647,000	25	411,750	411,750	-	823,500	823,500
Furniture and fixtures	97,932,615	10,250,532	(6,809,282)	101,373,865	10	55,033,464	6,664,030	(4,553,404)	57,144,090	44,229,775
Office and other equipments	70,549,583	14,258,949	(1,640,978)	83,167,554	10-15	49,214,609	7,549,757	(1,604,715)	55,159,651	28,007,903
Laboratory equipment	191,578,720	42,924,342	(2,442,727)	232,060,335	15-33	117,128,476	32,463,385	(2,397,029)	147,194,833	84,865,502
Computer equipment	52,569,950	4,367,750	(521,314)	56,416,386	33	48,040,769	4,860,135	(521,290)	52,379,614	4,036,772
Library books	30,747,023	5,424,811	-	36,171,834	5	10,844,956	1,727,202	-	12,572,158	23,599,676
	524,150,307	89,045,774	(11,414,301)	601,781,780		317,282,114	63,020,845	(9,076,438)	371,226,522	230,555,258

2017

2018

**FOUNDATION UNIVERSITY ISLAMABAD  
NOTES TO THE FINANCIAL STATEMENTS  
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	Note	2018 Rupees	2017 Rupees
<b>5 CAPITAL WORK IN PROGRESS</b>			
Opening balance		63,283,575	66,000
Additions during the year		102,077,577	63,217,575
Transferred during the year		(1,405,783)	-
		<u>163,955,369</u>	<u>63,283,575</u>
<b>6 LONG TERM INVESTMENTS</b>			
Special saving certificates	6.1	265,366,046	260,636,086
United Bank Ltd		100,000,000	100,000,000
Current maturity of long term investments	11	(365,366,046)	(84,370,503)
		<u>-</u>	<u>276,265,583</u>
<b>6.1</b>	These represent National Saving Certificates (NSCs) for the period of three years with National Saving Centre carrying mark up @ 9.60% to 11.20% (2017: 9.60% to 11.20%) per annum.		
<b>7 STORES, SPARES AND LOOSE TOOLS</b>			
Stores and spares		588,856	603,104
Lab consumables		1,881,696	1,461,529
Loose tools		34,375	34,375
Dental material		2,710,870	2,475,726
Dental instrument		1,056,482	977,998
Sports gear		149,760	149,760
		<u>6,422,039</u>	<u>5,702,492</u>
<b>8 ADVANCES</b>			
To Employees		4,468,424	3,670,438
To Suppliers		8,570,766	6,519,275
To Contractors		-	10,461,989
		<u>13,039,190</u>	<u>20,651,702</u>
<b>9 SECURITY DEPOSITS AND PREPAYMENTS</b>			
Security Deposits		510,368	693,019
Prepaid insurance		1,029,572	741,341
Other prepayments		996,211	860,632
		<u>2,536,151</u>	<u>2,294,992</u>

**10 DUE FROM RELATED PARTY**

The Board of Trustees of Endowment Fund of the University has approved in its 13th Board meeting which was held on 17th August 2018 to write-off the unsecured balance of Rs.18.013 million (2017: Rs.18.013 million) from Fauji Foundation ("FF") recognized during the year 2014 under letter GMF/2244/Fin dated 12 December 2008 on account of property rent being paid by the University to FF under agreement dated 01 December 2005.

**FOUNDATION UNIVERSITY ISLAMABAD  
NOTES TO THE FINANCIAL STATEMENTS  
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11 SHORT TERM INVESTMENTS	Note	2018 Rupees	2017 Rupees
<b>Local currency</b>			
Bank Alfalah Limited		522,110,959	-
Bank Al-Habib Limited		77,709,168	73,569,125
National Bank of Pakistan		507,078,551	302,340,986
Askari Bank Limited		646,613,803	412,378,082
Samba Bank Limited		102,739,726	115,029,138
JS Bank Limited		58,455,816	159,617,893
Faysal Bank Limited		-	51,541,507
		<b>1,914,708,023</b>	<b>1,114,476,731</b>
<b>Foreign currency</b>			
The Bank of Punjab		132,844,030	110,437,137
Habib Metropolitan Bank		521,394,741	432,992,416
		<b>654,238,771</b>	<b>543,429,553</b>
<b>Current maturity of long term investment</b>			
Special Saving Certificates	6	365,366,046	84,370,503
		<b>2,934,312,840</b>	<b>1,742,276,787</b>

These represent Term Deposit Receipts (TDRs) carrying mark up ranging from 6.00% to 7.70%, FC 3.50% (2017: 5.80% to 6.50%, FC 2.33% to 2.70%) per annum.

12 CASH AND BANK BALANCES	2018 Rupees	2017 Rupees
<b>Cash at banks in:</b>		
<b>Saving accounts</b>		
Local currency	346,219,233	960,567,320
Foreign currency	204,030,945	-
	<b>550,250,178</b>	<b>960,567,320</b>
<b>Cash in hand</b>		
	299,075	178,222
	<b>550,549,253</b>	<b>960,745,542</b>

The balances in saving accounts carry interest ranging from 3.36% to 5.81%, FC 0.25% (2017: 3.75% to 6%, FC 1.5%) per annum.

13 DEFERRED CREDIT AND RESTRICTED FUNDS	2018 Rupees	2017 Rupees
<b>Deferred credit - For capital expenses</b>		
Opening balance	2,391,548	2,640,854
Received during the year	9,934,800	60,000
Amortised during the year	(312,531)	(309,306)
	<b>12,013,817</b>	<b>2,391,548</b>
<b>Restricted funds - For revenue expenses</b>		
Opening balance	8,067,562	4,794,851
Received during the year		
Financial assistant programme	8,103,687	4,100,000
Fund earning	768,207	3,203,680
Outreach model to promote basic life support	-	631,655
Gastro proactive project	-	618,090
To identify retraction in breast cancer	351,786	-
Ultrasound guided verses blind corticosteriod	321,952	-
Effectiveness of treadmill training	283,666	-
Effect of antigraivty tread mill	281,666	-
Histopathological & immunohistochemical study	333,826	-
HEC lab/lib support	120,000	-
	<b>10,564,790</b>	<b>8,553,425</b>
<b>Adjustment</b>		
Amortised during the year	(161,312)	-
	<b>(15,497,434)</b>	<b>(5,281,714)</b>
	<b>(15,658,746)</b>	<b>(5,281,714)</b>
	<b>2,973,606</b>	<b>8,067,562</b>
	<b>14,987,423</b>	<b>10,459,110</b>



FOUNDATION UNIVERSITY ISLAMABAD  
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14 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Note	2018 Rupees	2017 Rupees
Net principal liability	14.1	-	916,388
Current portion		-	(916,388)
		-	-

14.1 The future minimum lease payments to which the University is committed under the lease agreements and the years in which they will become due are as follows:-

	-----2018-----			-----2017-----		
	Minimum lease payments	Finance charge	Present value of minimum lease payment	Minimum lease payments	Finance charge	Present value of minimum lease payment
	Rupees			Rupees		
Not later than one year	-	-	-	935,300	18,912	916,388
Later than one year and not later than five years	-	-	-	-	-	-
	-	-	-	935,300	18,912	916,388

The above lease represents finance leases entered into with Askari bank to acquire a car. Monthly payments of lease are bearing pre-determined mark-up rates at 6 month KIBOR plus 3.5% per annum.

15 LONG TERM SECURITY DEPOSITS

These represent security deposited by the students at the time of admission to the University. These securities are refundable upon the completion of the program.

16 CREDITORS, ACCRUED AND OTHER LIABILITIES

	Note	2018 Rupees	2017 Rupees
Creditors		12,379,849	9,874,810
Accrued liabilities		17,848,253	15,926,764
Current portion: long term security deposits		19,225,000	15,316,000
Other liabilities		75,751,591	35,223,218
		125,204,693	76,340,792

17 DUE TO RELATED PARTY

	Note	2018 Rupees	2017 Rupees
Fauji Foundation - unsecured	17.1	120,552,284	57,195,686
Employees Provident Fund - FUI		-	-
		120,552,284	57,195,686

17.1 This represents amount charged by the Fauji Foundation on account of rent for the use of its premises and other expenditure incurred on the University's behalf.

**FOUNDATION UNIVERSITY ISLAMABAD  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**18 CONTINGENCIES AND COMMITMENTS**

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 profit, cash withdrawals and electricity was exempt from deduction of withholding tax. Therefore, no tax was withheld till June 30, 2015. Foundation University applied for renewal exemptions 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 via order number 258c.c.

Later Honorable Islamabad High Court also confirmed the order passed by Chief Commissioner and rejected University's petition number 1119/2016 in this regard.

The University has filed a review petition in Honorable Supreme Court of Pakistan against this decision and the case is still under hearing process so no provision for taxation has been made in these accounts.

**19 FEE INCOME**

	2018 Rupees	2017 Rupees
Registration fee	19,330,750	15,037,600
Examination fee	48,874,350	41,150,415
College fee	1,246,718,087	1,111,366,432
Hostel fee	52,068,305	45,381,673
	<u>1,366,991,492</u>	<u>1,212,936,120</u>

**20 OTHER INCOME**

**Income from financial asset**

Profit on bank accounts and investments	153,117,789	147,158,803
Exchange gain	127,700,195	7,145,971
	<u>280,817,984</u>	<u>154,304,774</u>

**Income from non- financial assets**

Sale of prospectus	10,627,500	8,224,508
Fines and penalties	122,741	78,995
Pick and drop facility	9,344,788	8,072,203
Histo path lab income	7,662,100	7,353,500
Grant income	2,143,829	1,656,121
Amortisation of deferred credit and restricted funds	7,050,370	1,968,376
Clinical training charges	45,649,325	37,278,939
Gain on sale of fixed assets	85,219	-
Other income	62,915,005	47,909,535
	<u>145,600,877</u>	<u>112,542,177</u>
	<u>426,418,861</u>	<u>266,846,951</u>

**21 RELATED PARTY TRANSACTIONS**

Related parties comprise of directors, key management personnel and entities having common directors. Transactions and balances with related parties during the year are as follows:

Relationship with the related parties	Nature and transaction	Name of related parties	2018	2017
			Rupees	Rupees
Associated undertakings	Security services	Askari Guards and Fauji Security Services	13,758,308	13,846,937
	Teaching Hospital charges	Fauji Foundation Pakistan (Head Office)	19,717,241	16,397,938
	Grant income	Higher Education Commission (HEC)	2,143,829	1,656,121
	Grant for Endowment Fund on account of Freeze Rental of FUI Premises (Oct-13 to Dec-13)	Fauji Foundation Pakistan (Head Office)	-	18,013,027
	Rent of FUI Premises and other expenses incurred by FFHO on behalf of University	Fauji Foundation Pakistan (Head Office)	120,552,284	57,195,686
Retirement benefit plans	Provident fund contribution		14,751,641	11,877,463
Retirement benefit plans	Provident fund (receivable)/payable		2,183,174	2,325,222
	Compensated absences (receivable)/payable		154,585,253	122,579,030


All transactions with the related parties are carried out on commercial terms and conditions.


**DATE OF AUTHORIZATION**

These financial statements were authorized for issue on 25-11-2019 by the Board of Governors of the University.

**23 GENERAL**

Figures in these financial statements have been rounded off to the nearest Rupee.

  
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 DIRECTOR FINANCE