

**Punjab Skills Development Fund
Financial Statements**

**For the period ended
June 30, 2011**

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Punjab Skills Development Fund** ("the company") as at **June 30, 2011** and the related income and expenditure account and cash flow statement together with the notes forming part thereof, for the period then ended 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 our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of accounts have been kept by the company as required by Companies Ordinance, 1984;
- b) in our opinion:
 - i. the balance sheet and income and expenditure account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with the accounting policies as explained in note no.3 to the financial statements;
 - ii. the expenditure incurred during the period was for the purpose of the company's business; and
 - iii. the business conducted, investments made and the expenditure incurred during the period were in accordance with the objects of the company;
- c) In our opinion and to the best of our information and according to the explanations given to us, the balance sheet, income and expenditure account and cash flow statement together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required, and respectively give a true and fair view of the state of the company's affairs as at June 30, 2011 and of the surplus and its cash flows for the period then ended; and
- d) In our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

AHN Avais Hyder Liaquat Nauman

AVAIS HYDER LIAQUAT NAUMAN
Chartered Accountants

Engagement partner: Syed Naveed Abbas

Date: *23rd August 2011*
Place: Lahore

**Punjab Skills Development Fund
Balance Sheet
As at June 30, 2011**

	Note	<u>2011 Rupees</u>
ASSETS		
Non current assets		
Operating fixed assets	4	9,652,354
Current Assets		
Prepayments	5	319,221
Advances, deposits and other receivables	6	407,577
Cash and bank balances	7	19,253,854
		19,980,652
		<u>29,633,006</u>
FUNDS AND LIABILITIES		
Capital Fund	8	1,800,000
Accumulated surplus		10,632,376
		<u>12,432,376</u>
Deferred Grant	9	12,153,757
Current Liabilities		
Accrued and other payables	10	5,046,873
Provision for taxation		-
		5,046,873
Contingencies and commitments	11	<u>29,633,006</u>

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The annexed notes 1 to 18 form an integral part of these financial statements.


Chief Executive


Director


**Punjab Skills Development Fund
Income & Expenditure Account
For the period ended June 30, 2011**

	Note	From October 11, 2010 to June 30, 2011
		<u>Rupees</u>
Grant Income	12	16,046,243
Operating Expenses		
Program activities	13	175,898
Non program activities	14	5,311,509
		5,487,407
Financial charges	15	8,224
Other income	16	81,764
		<u>10,632,376</u>
Taxation		-
Surplus of income over expenditure		<u><u>10,632,376</u></u>

The annexed notes 1 to 18 form an integral part of these financial statements.


Chief Executive

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Director

**Punjab Skills Development Fund
Cash Flow Statement
For the period ended June 30, 2011**

	Note	From October 11, 2010 to June 30, 2011
		<u>Rupees</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the year before taxation		10,632,376
Adjustment of non-cash items:		
Depreciation		190,243
Amortisation of deferred grant		(190,243)
Financial charges		8,224
		8,224
Changes in working capital:		
(Increase)/decrease in current assets:		
Prepayments		(319,221)
Deposit		(339,000)
Advances		(33,873)
Other receivables		(34,704)
Increase/(Decrease) in current liabilities:		
Deferred Grant		12,344,000
Accounts payable		5,046,873
Net cash inflow / (outflow) after working capital changes		16,664,075
Financial charges paid		(8,224)
		27,296,451
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed assets purchased		(9,842,597)
		(9,842,597)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received as capital fund		1,800,000
		1,800,000
Cash and cash equivalent at the beginning of the year		-
Cash and cash equivalent at the end of the year		<u>19,253,854</u>

The annexed notes 1 to 18 form an integral part of these financial statements.


Chief Executive

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Director

Punjab Skills Development Fund
Notes to the financial statements
For the period ended June 30, 2011

1 COMPANY AND ITS OPERATIONS

The Punjab Skills Development Fund (PSDF) was incorporated on October 11, 2010 under section 42 of Companies Ordinance, 1984 funded by Government of the Punjab and Department for International Development, UK. PSDF is a funding organization which acts as a financier of skills development /vocational training projects and intends to stimulate the market for skills development for the population of Pakistan and particularly of the province of Punjab.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance 1984. Approved accounting standards comprise of such International Financial Reporting Standards as notified under the provisions of the Companies Ordinance, 1984. Whenever, the requirements of the Companies Ordinance, 1984 or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take precedence.

2.2 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is Company's functional currency. All financial information presented in Pakistan Rupees has been rounded to nearest rupee.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting Convention

These accounts have been prepared under the historical cost convention.

3.2 Property, Plant & Equipment

Cost

Property, plant and equipment are stated at cost less accumulated depreciation. Cost of Property, plant and equipment consists of direct cost, and attributable cost of bringing the assets in their working conditions

Depreciation

Operating assets depreciation is calculated using straight line method to allocate their cost over their estimated useful lives at the rate specified in note 4. Depreciation on additions to tangible assets is charged on "No. of Days basis".

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Repairs and Maintenance

Maintenance and normal repairs, including minor alterations are charged to income as and when incurred. Renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gains and Losses on Deletion

Difference between carrying value and sales proceeds is recognized as gains and losses on disposal of assets and included in income and expenditure account during the year.

3.3 Income Recognition

Grant and other receipts for operations are recognized as and when received.

Grants related to operating Property, plant and equipment e.g. building, vehicles etc. received are recognized as deferred income and amortized over the useful lives of asset from the date the asset is available for intended use.

3.4 Taxation

No provision for tax is made in these accounts as the Company is a non-profit organisation and exempt from tax.

3.5 Expenses

All expenses are recognized in the income and expenditure account on accrual basis.

3.6 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and deposits in bank.

3.7 Trade and Other Payables

Liabilities for amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

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Punjab Skills Development Fund
Notes to the financial statements
For the period ended June 30, 2011

4 OPERATING FIXED ASSETS

PARTICULARS	COST			Rate	DEPRECIATION			Book Value As at June 30, 2011
	As at July 01, 2010	Additions	As at June 30, 2011		As at July 01, 2010	For the year	As at June 30, 2011	
	----- Rupees -----				----- Rupees -----			
Furniture and fixture	-	839,921	839,921	10%	-	9,328	9,328	830,593
Computer & IT equipment	-	1,675,365	1,675,365	33%	-	37,203	37,203	1,638,162
Generator & Other electrical	-	1,509,397	1,509,397	10%	-	4,786	4,786	1,504,611
Vehicles	-	5,817,914	5,817,914	20%	-	138,926	138,926	5,678,988
2011	-	9,842,597	9,842,597		-	190,243	190,243	9,652,354

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Punjab Skills Development Fund
Notes to the financial statements
For the period ended June 30, 2011

	Note	From October 11, 2010 to June 30, 2011
		<u>Rupees</u>
5 PREPAYMENTS		
Prepaid rent		226,000
Prepaid insurance		93,221
		<u>319,221</u>
6 ADVANCES, DEPOSITS AND OTHER RECEIVABLES		
Security deposit		339,000
Advance for expenses		24,470
Tax suffered at source		9,403
Other receivable		34,704
		<u>407,577</u>
7 CASH AND BANK BALANCES		
Cash in hand		-
Cash at bank - Saving account		19,253,854
		<u>19,253,854</u>
8 CAPITAL FUND		
This represents contribution by the members on their joining the fund.		
9 DEFERRED GRANT		
Deferred Grant		12,344,000
Amortized during the year		(190,243)
		<u>12,153,757</u>
10 ACCRUED AND OTHER PAYABLES		
Salaries payable		947,567
Accounts payable		2,831,262
Accrued liability		4,970
Performance guarantee		71,165
Audit fee payable		110,000
Other payable		1,081,909
		<u>5,046,873</u>

11 CONTINGENCIES AND COMMITMENTS

There are no known contingencies and commitments as on June 30, 2011 (2010: Nil)

Actual

Punjab Skills Development Fund
Notes to the financial statements
For the period ended June 30, 2011

	From October 11, 2010 to June 30, 2011
	<u>Rupees</u>
12 GRANT INCOME	
Grant income	15,856,000
Grant related to asset amortized during the year	190,243
	<u>16,046,243</u>
13 PROGRAM ACTIVITIES	
Advertising & communication (Program activities)	175,898
	<u>175,898</u>
14 NON PROGRAM ACTIVITIES	
Salaries and other benefits	2,976,427
Depreciation	190,243
Rent	113,000
Utilities	63,786
Repair and maintenance	134,422
Office stationary	71,499
Fuel for vehicles & generator	262,359
Publicity & advertisement (non program publicity)	276,835
Travelling expenses	999,132
Vehicle insurance	21,635
Legal and professional	6,000
Audit Fee & out of pocket expenses	110,000
Postage & telegraph	4,140
Entertainment expenses	71,057
Janitorial & security	10,975
	<u>5,311,509</u>
14.1 Salaries and other benefits of Chief Executive Officer	
Salary	1,726,666
Other benefits	231,860
	<u>1,958,526</u>
14.1.1 Chief executive officer of the Company has been provided with company maintained car along with driver allowance. He also gets reimbursement on actual basis of fuel and mobile expenses.	
15 FINANCIAL CHARGES	
Bank charges	8,224
	<u>8,224</u>

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**Punjab Skills Development Fund
Notes to the financial statements
For the period ended June 30, 2011**

	From October 11, 2010 to June 30, 2011
Note	Rupees
16 OTHER INCOME	
Profit on bank account	81,764
	<u>81,764</u>

17 DATE OF AUTHORISATION

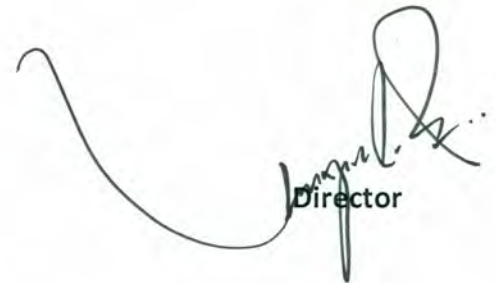
These financial statements have been authorised for issue on August 23, 2011 by the board of directors of the company.

18 GENERAL

18.1 Figures have been rounded off to the nearest Pak Rupee.

18.2 These financial statements are prepared for the period from incorporation of the Company (October 11, 2010) to June 30, 2011. The period covered is approximately nine months.


Chief Executive


Director