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Chartered Accountants

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SHIFA TAMEER-E-MILLAT UNIVERSITY
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2016

INDEPENDENT AUDITORS' REPORT TO THE SENATE

We have audited the accompanying financial statements of **Shifa Tameer-e-Millat University** ("the University"), which comprise the balance sheet as at 30 June 2016 and the income and expenditure account, statement of comprehensive income, statement of cash flows and statement of changes in funds for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The management is responsible for the preparation and fair presentation of these financial statements in conformity with the approved accounting standards as applicable in Pakistan, and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Shifa Tameer-e-Millat University as at 30 June 2016, and of its financial performance, its cash flows and changes in funds for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

The financial statements of the University for the year ended 30 June 2015 were audited by another firm of Chartered Accountants, who have issued an un-modified opinion dated 23 June 2016.

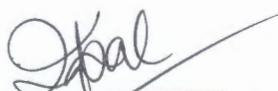
Date: **23 DEC 2016**
Islamabad


Chartered Accountants
Engagement Partner: Nadeem Safdar

SHIFA TAMEER-E-MILLAT UNIVERSITY
BALANCE SHEET
AS AT 30 JUNE 2016

	NOTE	2016 (Rupees)	Restated 2015
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	3	732,778,127	90,089,348
Intangible asset	4	491,992	272,047
Long term investment	5	18,465,264	17,030,113
Long term deposits		1,515,400	1,516,442
		<u>753,250,783</u>	<u>108,907,950</u>
CURRENT ASSETS			
Fee receivable	6	11,878,263	16,700,729
Stores and spares	7	4,482,213	6,546,912
Advances and prepayments	8	9,774,054	8,516,145
Other receivables	9	6,574,376	5,395,301
Due from Shifa International Hospitals Limited - related party		1,413,368	-
Cash and bank balances	10	152,256,551	197,490,253
		<u>186,378,825</u>	<u>234,649,340</u>
TOTAL ASSETS		<u>939,629,608</u>	<u>343,557,290</u>
FUNDS AND LIABILITIES			
FUNDS			
General fund		22,316,464	(15,686,445)
Fair value reserve		6,512,030	6,097,519
		<u>28,828,494</u>	<u>(9,588,926)</u>
NON-CURRENT LIABILITIES			
Deferred grants	11	97,168,453	17,638,168
Students' security deposits	12	22,530,204	17,893,036
Liabilities against assets subject to diminishing musharkah finance	13	450,622,872	1,245,644
Deferred liability	14	118,336,694	112,217,460
		<u>688,658,223</u>	<u>148,994,308</u>
CURRENT LIABILITIES			
Fee received in advance	15	197,712,513	178,847,239
Current portion of students' security deposits	12	5,029,105	4,800,000
Current portion of liabilities against assets subject to diminishing musharkah finance	13	1,605,282	1,370,390
Accrued and other liabilities	16	17,795,991	17,859,721
Due to Shifa International Hospitals Limited - related party		-	1,274,558
		<u>222,142,891</u>	<u>204,151,908</u>
TOTAL LIABILITIES		<u>910,801,114</u>	<u>353,146,216</u>
TOTAL FUNDS AND LIABILITIES		<u>939,629,608</u>	<u>343,557,290</u>
CONTINGENCIES AND COMMITMENTS	17		

The annexed notes from 1 to 24 form an integral part of these financial statements.


VICE CHANCELLOR

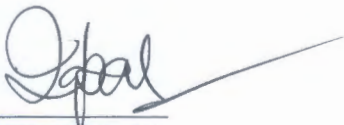

TREASURER

SHIFA TAMEER-E-MILLAT UNIVERSITY
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2016

	NOTE	2016 (Rupees)	2015
INCOME			
Fee income	18	560,149,129	482,809,014
Donations	19	15,875,346	19,205,864
Amortization		469,715	1,632,062
Other income	20	8,218,496	11,321,833
		<u>584,712,686</u>	<u>514,968,773</u>
EXPENSES			
Salaries, allowances and other benefits		364,385,989	344,832,437
Travelling and conveyance		245,320	357,493
Repair and maintenance		3,495,202	3,215,349
Rent		45,010,490	42,958,574
Printing and stationery		4,919,492	5,676,972
Utilities		21,372,975	17,991,860
Trainings and workshops		2,210,249	1,253,681
Vehicles' running		1,513,356	1,747,355
Falahee clinic support cost - net		3,585,862	7,954,794
Affiliation and inspection fee		203,448	890,000
Students' awards and convocation		6,117,569	4,187,178
Auditors' remuneration		230,000	165,000
Insurance		6,004,344	5,877,625
Advertisement		4,879,906	4,220,458
Fee and subscription		73,243	197,150
Hostel		28,044,152	27,383,206
Examination		6,960,020	5,555,600
PCR laboratory		9,955,245	7,879,281
Legal and professional		3,352,664	8,630,834
Depreciation	3.1	15,630,745	12,893,186
Amortization of intangible asset	4	128,055	133,993
Bank charges		106,997	70,001
Financial charges		17,132,783	834,370
Exchange loss		-	6,130,841
Store and spares - written off	7	480,001	2,843,363
Current Account with Shifa Foundation - net written off		-	8,802,501
Provision against soft loan		1,700,000	-
Provision against other receivables		382,000	-
Miscellaneous		3,108,534	2,487,827
		<u>551,228,641</u>	<u>525,170,929</u>
SURPLUS / (DEFICIT) FOR THE YEAR		<u>33,484,045</u>	<u>(10,202,156)</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.

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TREASURER

SHIFA TAMEER-E-MILLAT UNIVERSITY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	(Rupees)	
Surplus/(deficit) for the year	33,484,045	(10,202,156)
Other comprehensive income for the year		
Experience adjustment on unfunded gratuity scheme	4,518,864	-
Total comprehensive income for the year	<u>38,002,909</u>	<u>(10,202,156)</u>

The annexed notes from 1 to 24 form an integral part of these financial statements. *New*


VICE CHANCELLOR


TREASURER


SHIFA TAMEER-E-MILLAT UNIVERSITY
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
NOTE	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus / (Deficit) for the year	33,484,045	(10,202,156)
Adjustments for non-cash charges and other items:		
Dividend income	(1,166,446)	(909,952)
Gratuity expense	29,737,610	32,780,511
Depreciation	15,630,745	12,893,186
Amortization of deferred grants	(469,715)	(1,632,062)
Loss from sale of property and equipment	219,599	-
Amortization of intangible asset	128,055	133,993
Stores and spares written-off	480,001	2,843,363
Provision against soft loan	1,700,000	-
Provision against other receivables	382,000	-
Cash generated from operations before working capital changes	80,125,894	35,906,883
Working capital changes		
Decrease / (increase) in current assets		
Fees receivable	3,122,466	5,109,915
Stores and spares	1,584,698	4,023,321
Due from Shifa Foundation	-	18,233,719
Due from Shifa International Hospitals Limited - related party	(1,413,368)	-
Advances and prepayments	(1,257,909)	(4,281,362)
Other receivables	(7,695)	344,081
Increase / (decrease) in current liabilities		
Fee received in advance	18,865,274	11,025,347
Accrued and other liabilities	(63,730)	(21,312,072)
Due to Shifa International Hospitals Limited - related party	(1,274,558)	(2,163,054)
	19,555,178	10,979,895
Cash generated from operations	99,681,072	46,886,778
Income tax paid	(1,553,380)	(1,171,897)
Gratuity paid	(19,099,512)	(7,740,479)
Net cash from operating activities	79,028,180	37,974,402
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(501,952,179)	(31,006,972)
Capital work-in-progress	(157,886,944)	-
Proceeds from sale of property and equipment	1,300,000	-
Purchase of long term investment	(1,020,640)	(909,952)
Purchase of intangible asset	(348,000)	-
Long term deposits	1,042	(515,400)
Dividend received	1,166,446	909,952
Net cash (used in) investing activities	(658,740,275)	(31,522,372)
CASH FLOWS FROM FINANCING ACTIVITIES		
Grants received	80,000,000	8,912,561
Liabilities against assets subject to diminishing musharakah - net	449,612,120	(2,316,799)
Students' security deposits	4,866,273	3,723,500
Net cash from financing activities	534,478,393	10,319,262
Net (decrease) / increase in cash and cash equivalents	(45,233,702)	16,771,292
Cash and cash equivalents at the beginning of the year	197,490,253	180,718,961
Cash and cash equivalents at the end of the year	152,256,551	197,490,253

10

The annexed notes from 1 to 24 form an integral part of these financial statements.


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TREASURER

SHIFA TAMEER-E-MILLAT UNIVERSITY
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 30 JUNE 2016

	General fund	Fair value reserve	Total
	----- Rupees -----		
Balance as at 01 July 2014	(8,209,938)	4,827,766	(3,382,172)
Total comprehensive income for the year:			
Deficit for the year	(10,202,156)	-	(10,202,156)
Other comprehensive income	-	-	-
	(10,202,156)	-	(10,202,156)
Gain on remeasurement of available for sale investment	-	1,269,753	1,269,753
Balance as at 01 July 2015 - as previously reported	(18,412,094)	6,097,519	(12,314,575)
Effect of change in accounting policy (Note 2.3)	2,725,649	-	2,725,649
Balance as at 01 July 2015 - restated	(15,686,445)	6,097,519	(9,588,926)
Total comprehensive income for the year:			
Surplus for the year	33,484,045	-	33,484,045
Other comprehensive income	4,518,864	-	4,518,864
	38,002,909	-	38,002,909
Gain on remeasurement of available for sale investment	-	414,511	414,511
Balance as at 30 June 2016	22,316,464	6,512,030	28,828,494

The annexed notes from 1 to 24 form an integral part of these financial statements.

New


VICE CHANCELLOR


TREASURER

**SHIFA TAMEER-E-MILLAT UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

1. THE UNIVERSITY AND ITS ACTIVITIES

Shifa Tameer-e-Millat University, ("the University") was established vide The Shifa Tameer-e-Millat University Act, 2012 dated 06 March, 2012 and is being managed by Senate Members. All the assets, liabilities, proceedings and undertakings of Shifa College of Medicine (SCM) and Shifa College of Nursing (SCN) were transferred to and vested in Shifa Tameer-e-Millat University by the Shifa Foundation (Sponsor) on 01 July 2012. The University is currently providing high quality education in the field of medicine, nursing and social sciences with special emphasis on Islamic Medical Ethics. The Shifa Tameer-e-Millat University is located at H-8/4, Islamabad.

The financial statements of the University also include the financial statements of the Shifa Tameer-e-Millat University - Endowment Fund.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated:

2.1 Basis of preparation

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

(a) Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of Accounting and Financial Reporting Standards for Medium - Sized Entities (MSEs) issued by the Institute of Chartered Accountants of Pakistan.

(b) Accounting convention

These financial statements have been prepared under the historical cost convention except as otherwise stated in the respective policies and notes given hereunder.

(c) Critical accounting estimates and judgments

The preparation of financial statements in conformity with the Accounting and Financial Reporting Standards for Medium - Sized Entities issued by the Institute of Chartered Accountants of Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and 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 recognized in the period in which the estimates are revised.

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets. However, assumptions and judgments made by the management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

2.2 Foreign exchange

Foreign currency transactions are recorded at the exchange rate applicable at the transaction date. Monetary assets and liabilities are translated into Pak Rupees using exchange rates applicable at the balance sheet date. All gains and losses on settlement and translation at year end are recognized in the income and expenditure account.

2.3 Retirement benefits

The University operates an unfunded gratuity scheme for its employees who have completed the qualifying period as defined under the respective scheme.

Up to 30 June 2015, the amount of liability of each employee at year end is computed by number of years completed as prescribed in the scheme multiplied by the last drawn monthly gross salary. The difference between the current and the previous liability is charged to income and expenditure account as expense for the year.

In the current year, the University carries out an actuarial valuation for the calculation of provision for gratuity. Contributions are made in accordance with the actuarial recommendations and the actuarial valuation is carried out using the Projected Unit Credit Method. The University has applied IAS 19 retrospectively in accordance with the requirements of IAS 8 " Accounting Policies, Changes in Accounting Estimates and Errors". Accordingly, opening balance of the earliest comparative period presented (01 July 2015) has been restated. This change has resulted a decrease in the balance of retirement benefits (unfunded gratuity fund) by amounts mentioned below with the corresponding effect on general fund:

New

Effect due to change in accounting policy is given below:	Rupees
Balance as at June 30, 2015 – as previously reported	114,943,109
Effect of change in policy	(2,725,649)
Balance as at June 30, 2015 – as restated	<u>112,217,460</u>
General fund	
Balance as at June 30, 2015 – as previously reported	(18,412,094)
Effect of change in policy	2,725,649
Balance as at June 30, 2015 – as restated	<u>(15,686,445)</u>

2.4 Taxation

No provision for taxation has been made in these financial statements as the University is allowed one hundred percent tax credit of the total tax payable, including minimum tax and final taxes payable under clause (d) of subsection (2) of Section 100C of The Income Tax Ordinance, 2001 subject to the conditions mentioned therein.

2.5 Property and equipment

Owned

Property and equipment except land and capital work in progress are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Capital work in progress is stated at cost less impairment losses, if any. Cost in relation to property and equipment comprises acquisition cost and other directly attributable cost of bringing the asset to working condition. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the University and the cost of the item can be measured reliably.

Depreciation is charged to income and expenditure account on reducing balance method. Depreciation on additions to property and equipment is charged from the month in which an item is put in use while no depreciation is charged for the month in which the item is derecognized / disposed off.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the income and expenditure account in the year the asset is derecognized.

The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant. Gains and losses on disposal of fixed assets are included in income and expenditure account currently.

Maintenance and repairs are charged to income and expenditure account as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are written off. Gains and losses on disposal of assets, if any, are included in income and expenditure account currently.

Assets subject to diminishing musharkah facility

Assets subject to diminishing musharkah facility are capitalized at the commencement of the facility term at the lower of present value of minimum payments under the facility and the fair value of the assets, each determined at the inception of the facility.

The related rental obligation, net of finance cost, is included in liabilities against assets subject to diminishing musharkah facility. The liability is classified as current and long term depending upon the timing of payments.

Each payment under the facility is allocated between the liability and musharkah charges so as to achieve a constant rate on the balance outstanding. The musharkah charges is charged to income and expenditure account over the term of diminishing musharkah.

Depreciation of assets subject to finance lease is recognized in the same manner as for owned assets. Depreciation of the leased assets is charged to income and expenditure account.

2.6 Intangible asset

These are stated at cost less accumulated amortization and accumulated impairment losses, if any. The cost of intangible asset is amortized on a systematic basis over the estimated useful life using the reducing balance method. Amortization on additions to intangible assets is charged from the month in which an item is put in use.

2.7 Impairment of assets

An assessment is made at each balance sheet date to determine whether there is any indication of impairment or reversal of previous impairment, including items of property and equipment, long term investments and short term investments. In the event that an asset's carrying amount exceeds its recoverable amount, an impairment loss is recognized in the income and expenditure account. Previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of depreciation), had no impairment losses been recognized for the asset in the prior years. Reversal of impairment loss is restricted to the original cost of the asset.

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2.8 Investment

Classification of investment is made on the basis of intended purpose for holding such investment. Management determines the appropriate classification of its investments at the time of purchase. Investments are initially measured at fair value plus transaction cost directly attributable to the acquisition.

Available for sale

Investments which are classified as available for sale are measured at fair value. Gain or loss on these investments is recognized directly in reserve until the investment is sold, derecognized or is determined to be impaired at which the cumulative gain or loss previously reported in reserve is included in income and expenditure account. Upon impairment, gain / loss including that had been previously recognized directly in reserve is included in income and expenditure account for the year.

2.9 Revenue recognition

- (i) Income from the University fee is recognized on accrual basis. Revenue from the admission fee is recognized at the time of admission;
- (ii) Donations, zakat and patient income are recognized on actual receipt basis;
- (iii) Return on investments and profit on bank deposits is recognized on a time proportion basis taking into account the principal outstanding and the interest rate applicable;
- (iv) Dividend income is recognized when the shareholder's right to receive payment is established;
- (v) Capital grants are taken to income to the extent the related assets are purchased / depreciated; and
- (vi) Tuition fee and hostel fee received in advance are deferred and recognized as income in the related financial year.

2.10 Stores and spares

These are valued at lower of cost and net realizable value.

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

2.11 Other receivables

Other receivables are recognized and carried at original invoice amount / cost less any allowance for any uncollectable amount.

2.12 Deferred grants

Capital grants received / used for acquisition of property and equipment are deferred and recognized as income in income and expenditure account to the extent the related item of property and equipment is depreciated over its useful life.

2.13 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents comprise cash in hand, cash with banks on current and deposit accounts.

2.14 Off-setting

Financial assets and financial liabilities are off-set and the net amount is reported in the balance sheet, if the University has a legally enforceable right to set-off the recognized amounts and the University intends to settle either on a net basis or realize the asset and settle the liability simultaneously.

2.15 Financial instruments

Financial assets and liabilities are recognized when the University becomes a party to the contractual provisions of the instrument, the particular recognition methods adopted are disclosed in the individual policy statements associated with each item. The University derecognizes the financial assets and liabilities when it ceases to be a party to such contractual provisions of the instruments. The University recognizes the regular way purchase or sale of financial assets using settlement date accounting.

2.16 Accrued and other liabilities

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

2.17 New accounting standards, interpretations and amendments

During the year certain amendments to standards or new interpretations became effective, however, the amendments or interpretations did not have any material effect on these financial statements.

The following revised standards and amendments and interpretations to the approved accounting standards, as applicable in Pakistan, would be effective from the dates mentioned below against the respective standard.

New

		Effective date (annual periods beginning on or after)
IAS 1	Presentation of Financial Statements - Disclosure Initiative (Amendments)	1-Jan-16
IAS 7	Statement of Cash Flows - Disclosure Initiative (Amendment)	1-Jan-16
IAS 12	Income taxes - Recognition of deferred tax assets for unrealized losses - (Amendment)	1-Jan-17
IAS 16	Property, Plant and Equipment - Clarification of acceptable method of depreciation (Amendments)	1-Jan-16
IAS 19	Employee Benefits (Amendments)	1-Jan-16
IAS 27	Separate Financial Statements - Equity method in separate financial statements (Amendments)	1-Jan-16
IAS 28	Associates and Joint Ventures - Investment entities applying consolidation exceptions (Amendment)	1-Jan-16
IAS 34	Interim Financial Reporting (Amendments)	1-Jan-16
IAS 38	Intangible Assets - Clarification of acceptable method amortization (Amendments)	1-Jan-16
IAS 41	Agriculture Bearer Plants - Amendments to IAS 16 and IAS 41	1-Jan-16
IFRS 2	Share based payments - Classification and measurement of share based payments transaction (Amendment)	1-Jan-16
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations (Amendments)	1-Jan-16
IFRS 7	Financial Instruments: Disclosures (Amendments)	1-Jan-16
IFRS 10	Consolidated Financial Statements - Investment entities applying consolidation exceptions (Amendment)	1-Jan-16
IFRS 11	Joint Arrangements - Accounting for acquisitions of interests in joint operations (Amendments)	1-Jan-16
IFRS 12	Disclosure of interests in other entities - Investment entities applying consolidation exceptions (Amendment)	1-Jan-16
IFRS 10 & IAS 28	Sale or Contribution of assets between an investor and its associate or joint venture (Amendment)	Not yet Finalized

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than the impact on presentation / disclosures.

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 9	Financial Instruments
IFRS 14	Regulatory Deferral Accounts
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases

The following interpretations issued by the IASB have been waived of by SECP:

IFRIC 4	Determining whether an Arrangement contains Lease
IFRIC 12	Service Concession Arrangements

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3 PROPERTY AND EQUIPMENT - TANGIBLE

Less: Grants received for purchase of land
 Opening balance
 Land purchased during the year
 Add: Capital work in progress

NOTE	2016 (Rupees)	2015
3.1	598,966,183	114,164,348
	(24,075,000)	(20,750,000)
11	-	(3,325,000)
	(24,075,000)	(24,075,000)
3.2	157,886,944	-
	<u>732,778,127</u>	<u>90,089,348</u>

3.1 Property and equipment

	OWNED ASSETS												Musharkah	Grand Total	
	Land	Computer equipment	Furniture and fixture	Electrical equipment	Office equipment	Vehicles	Lab equipment	Museum	Audio visual equipment	Library books	Mortuary room	Medical equipment	Total		Vehicles and Generator
----- Rupees -----															
At 01 July 2014															
Opening net book value	20,750,000	9,003,027	20,605,564	8,134,406	3,251,634	2,366,798	9,085,631	1,538,401	3,230,694	7,444,474	86,514	4,329,379	89,826,522	6,224,040	96,050,562
Additions	3,325,000	2,509,215	2,979,550	3,549,127	404,697	378,481	1,569,200	261,240	104,200	2,517,933	-	-	17,598,643	-	17,598,643
Donation received during the year	-	-	-	-	-	-	-	-	-	-	-	3,980,639	3,980,639	-	3,980,639
Transfer in	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost	-	-	2,266,720	888,078	944,617	-	5,131,805	-	-	-	-	15,690,394	24,921,614	-	24,921,614
Accumulated depreciation	-	-	(1,693,645)	(599,237)	(687,758)	-	(4,135,593)	-	-	-	-	(8,377,691)	(15,493,924)	-	(15,493,924)
Depreciation charge	-	(3,319,499)	573,075	288,841	256,859	(522,949)	(1,920,319)	(160,371)	(656,809)	(422,040)	(8,651)	7,312,703	9,427,690	-	9,427,690
Closing net book value	24,075,000	8,192,743	21,979,915	11,044,354	3,247,620	2,222,330	9,730,724	1,639,270	2,678,085	9,540,367	77,863	14,756,845	109,185,116	4,979,232	114,164,348
At 30 June 2015															
Cost	24,075,000	39,648,067	39,968,535	18,017,635	8,329,566	11,516,591	39,436,764	3,550,709	9,454,167	12,300,062	331,744	30,499,273	237,128,113	6,545,000	243,673,113
Accumulated depreciation	-	(31,455,324)	(17,988,620)	(6,973,281)	(5,081,946)	(9,294,261)	(29,706,040)	(1,911,439)	(6,776,082)	(2,759,695)	(253,881)	(15,742,428)	(127,942,997)	(1,565,768)	(129,508,765)
Net book value	24,075,000	8,192,743	21,979,915	11,044,354	3,247,620	2,222,330	9,730,724	1,639,270	2,678,085	9,540,367	77,863	14,756,845	109,185,116	4,979,232	114,164,348
Opening net book value	24,075,000	8,192,743	21,979,915	11,044,354	3,247,620	2,222,330	9,730,724	1,639,270	2,678,085	9,540,367	77,863	14,756,845	109,185,116	4,979,232	114,164,348
Additions	485,000,000	1,459,226	2,546,233	1,232,967	435,464	2,002,500	3,661,483	1,732,895	349,306	1,035,045	-	161,460	499,616,579	2,335,600	501,952,179
Disposals:															
Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,066,667)	(2,066,667)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	547,068	547,068
Depreciation charge	-	(2,950,740)	(2,336,868)	(1,178,212)	(699,810)	(723,071)	(2,256,236)	(282,487)	(561,538)	(507,991)	(7,786)	(2,966,960)	(14,471,699)	(1,159,046)	(15,630,745)
Closing net book value	509,075,000	6,701,229	22,189,280	11,099,109	2,983,274	3,501,759	11,135,971	3,089,678	2,465,853	10,067,421	70,077	11,951,345	594,329,996	4,636,187	598,966,183
At 30 June 2016															
Cost	509,075,000	41,107,293	42,514,768	19,250,602	8,765,030	13,519,091	43,098,247	5,283,604	9,803,473	13,335,107	331,744	30,660,733	736,744,692	6,813,933	743,558,625
Accumulated depreciation	-	(34,406,064)	(20,325,488)	(8,151,493)	(5,781,756)	(10,017,332)	(31,962,276)	(2,193,926)	(7,337,620)	(3,267,686)	(261,667)	(18,709,388)	(142,414,696)	(2,177,746)	(144,592,442)
Net book value	509,075,000	6,701,229	22,189,280	11,099,109	2,983,274	3,501,759	11,135,971	3,089,678	2,465,853	10,067,421	70,077	11,951,345	594,329,996	4,636,187	598,966,183
Annual rate of depreciation (%)	-	33	10	10	20	20	20	10	20	5	10	20	20	20	

NSW

	NOTE	2016 (Rupees)	2015
3.2 Capital Work in Progress			
Building and other equipment	3.2.1	115,000,000	-
Building improvements	3.2.2	42,886,944	-
		<u>157,886,944</u>	<u>-</u>

3.2.1 During the year, the University has acquired a building including land (NCBMS) against the total consideration paid of Rs. 600 million. As per valuation done by an independent valuer named Impulse (Private) Limited, the said cost has been allocated between land, building and other equipment by an amount of Rs. 485 million and Rs. 115 million respectively.

3.2.2 This represents the cost incurred on construction of NCBMS building and includes civil works and other direct expenses incurred during the year.

	2016 (Rupees)	2015
3.3 Movement of Capital Work in Progress is as under:		
Balance at beginning of year	-	-
Additions during the year	157,886,944	-
Transferred to property and equipment	-	-
Balance at end of year	<u>157,886,944</u>	<u>-</u>

4 INTANGIBLE ASSET

Computer software

Opening net book value	272,047	406,040
Additions	348,000	-
Amortization	(128,055)	(133,993)
Closing net book value	<u>491,992</u>	<u>272,047</u>
Cost as at 30 June	1,207,472	859,472
Accumulated amortization	(715,480)	(587,425)
	<u>491,992</u>	<u>272,047</u>
Amortization rate - per annum	33%	33%

5 LONG TERM INVESTMENT - AVAILABLE FOR SALE

	30 June 2016			30 June 2015		
	Units (No. of units)	Cost (Rupees)	Fair value (Rupees)	Units (No. of units)	Cost (Rupees)	Fair value (Rupees)
ENDOWMENT FUND INVESTMENT						
National Investment Trust Limited	275,190	11,953,234	18,465,264	259,210	10,932,594	17,030,113
Add: Fair value adjustment		6,512,030			6,097,519	
		<u>18,465,264</u>	<u>18,465,264</u>		<u>17,030,113</u>	<u>17,030,113</u>
				2016	2015	
				(Rupees)		

6 FEE RECEIVABLE

From:

Students - against tuition fees - considered good	7,580,563	7,393,391
Soft loan from students and sponsored organizations - considered good	4,297,700	9,307,338
Soft loan from students - considered doubtful	1,700,000	-
	13,578,263	16,700,729
Less: Provision against soft loan from students	(1,700,000)	-
	<u>11,878,263</u>	<u>16,700,729</u>

7 STORES AND SPARES

Stores and spares	3,305,617	8,483,822
Stores and spares - written off	(480,001)	(2,843,363)
	2,825,616	5,640,459
Other stores	1,656,597	906,453
	<u>4,482,213</u>	<u>6,546,912</u>

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	NOTE	2016 (Rupees)	2015
8 ADVANCES AND PREPAYMENTS			
Advances to employees		281,245	537,338
Prepaid rent		9,248,112	7,704,770
Prepaid insurance		244,697	274,037
		<u>9,774,054</u>	<u>8,516,145</u>
9 OTHER RECEIVABLES			
Advance income tax		5,419,687	3,866,307
Accrued income on deposit accounts		44,694	764,994
Others		1,491,995	764,000
		6,956,376	5,395,301
Less: Provision against others		(382,000)	-
		<u>6,574,376</u>	<u>5,395,301</u>
10 CASH AND BANK BALANCES			
Cash in hand		73,435	17,601
Cash at bank:			
Deposit accounts:			
Local currency		111,387,457	110,692,697
Foreign currency	10.1	40,795,465	86,772,163
		152,182,922	197,464,860
Current accounts:			
Local currency		194	7,792
		<u>152,256,551</u>	<u>197,490,253</u>

10.1 It includes USD 381,937 (2015: 838,831), EUR 5,252 (2015: 5,247) and GBP 2.56 (2015: 2.56).

11 DEFERRED GRANTS

	2016					2015
	Development of library	Grants for Buildings	Medical equipment	Purchase of land	Total	Total
	Rupees					
Balance at beginning of year	2,000,000	-	2,348,577	13,289,591	17,638,168	13,682,669
Grants received during the year	-	80,000,000	-	-	80,000,000	8,912,561
Less: Land purchased during the year (Note 3)	-	-	-	-	-	(3,325,000)
Less: Amortization of deferred grants	-	-	(469,715)	-	(469,715)	(1,632,062)
Balance at end of year	<u>2,000,000</u>	<u>80,000,000</u>	<u>1,878,862</u>	<u>13,289,591</u>	<u>97,168,453</u>	<u>17,638,168</u>

	NOTE	2016 (Rupees)	2015
12 STUDENTS' SECURITY DEPOSITS			
Students' security deposits	12.1	27,559,309	22,693,036
Less: Current portion shown under current liabilities		(5,029,105)	(4,800,000)
		<u>22,530,204</u>	<u>17,893,036</u>

12.1 It represents security deposits received from students and are repayable to students upon leaving the University after deduction of any amount due from them.

	NOTE	2016 (Rupees)	2015
13 LIABILITIES AGAINST ASSETS SUBJECT TO DIMINISHING MUSHARAKAH FINANCE			
First Habib Modaraba	13.1	2,228,154	2,616,034
Albaraka Bank (Pakistan) Limited	13.2	450,000,000	-
		452,228,154	2,616,034
Less: Current portion shown under current liabilities		(1,605,282)	(1,370,390)
		<u>450,622,872</u>	<u>1,245,644</u>

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	2016	2015
	(Rupees)	
The amount of future lease payments and the period in which these will become due are as follows:		
Future minimum payments under the facility	564,091,724	3,199,768
Less: Un-amortized musharkah charges	(111,863,570)	(583,734)
Present value of future minimum payments under the facility	<u>452,228,154</u>	<u>2,616,034</u>
Less: Current portion shown under current liabilities	<u>(1,605,282)</u>	<u>(1,370,390)</u>
	<u>450,622,872</u>	<u>1,245,644</u>

	2016		2015	
	Future minimum payments under the facility	Present value of future minimum payments under the facility	Future minimum payments under the facility	Present value of future minimum payments under the facility
	Rupees	Rupees	Rupees	Rupees
Due not later than one year	34,828,583	1,605,282	1,745,328	1,370,390
Due later than one year but not later than five years	529,263,141	450,622,872	1,454,440	1,245,644
	<u>564,091,724</u>	<u>452,228,154</u>	<u>3,199,768</u>	<u>2,616,034</u>

- 13.1 The present value of future minimum payments under the facility has been discounted at an implicit interest rate of 6 monthly KIBOR plus 2.5% on quarterly basis to arrive at their present value.

Minimum payments under the facility are to be made in monthly installments. Taxes, repairs, replacements and insurance costs are to be borne by the University. The facility carries renewal and purchase option of musharkah units at the end of the facility term of three years.

- 13.2 This represents the diminishing musharkah facility of Rs. 450.00 million obtained during the year from Albaraka Bank Limited for the purchase of NCBMS building H-8, Islamabad. The present value of future minimum payments under the facility has been discounted at an implicit interest rate of 3 monthly KIBOR plus 1% p.a. The facility return will be calculated on the basis of the number of days elapsed in a year of 365 Days.

Profit: Quarterly in arrears calculated from the date of first drawdown. The first profit payment was received at the end of three (03) months from the first drawdown date and will be received subsequently every three (03) months thereafter on the outstanding balance of the facility. Profit is calculated on the basis of actual number of days elapsed in a year of 365 days.

Principal: In fourteen (14) equal installments commencing from the 27th month after first disbursement and subsequently every three (03) months.

Security: This facility is secured against equitable mortgage on land and building of NCBMS H-8 Islamabad, with 25% margin along with personnel guarantees of Chairman and Chief Executive Officer of Shifa International Hospital Limited (SIHL).

14 DEFERRED LIABILITY

	NOTE	2016	2015
		(Rupees)	
Defined benefit plan - gratuity			
14.1 The amounts recognized in the balance sheet are as follows:			
Present value of defined benefits obligation	14.1.1	117,811,267	-
Benefits payable to members left (unsettled)		<u>525,427</u>	-
Balance sheet liability		<u>118,336,694</u>	-
14.1.1 Movement in the present value of funded obligation is as follows:			
Present value of defined benefit at beginning of year		111,915,899	-
Interest cost		7,413,430	-
Current service cost		22,324,180	-
Benefit paid		(18,797,951)	-
Benefit payable		(525,427)	-
Remeasurement of defined benefit obligation		<u>(4,518,864)</u>	-
Present value of defined benefit at end of year		<u>117,811,267</u>	-

New

	NOTE	2016	Restated 2015
		(Rupees)	
14.2 Movement in liability recognized in balance sheet:			
Balance at beginning of year	14.2.1	112,217,460	89,903,077
Charge for the year	14.2.2	29,737,610	32,780,511
Remeasurement recognized in OCI during the year		(4,518,864)	-
Benefits paid		(19,099,512)	(7,740,479)
Effect of change in accounting policy		-	(2,725,649)
Balance at end of year		<u>118,336,694</u>	<u>112,217,460</u>
14.2.1 Effect due to change in accounting policy is given below:			
Opening balance as at 01 July 2015 as previously reported		114,943,109	-
Effect of change in accounting policy		(2,725,649)	-
Opening balance as at 01 July 2015 - restated		<u>112,217,460</u>	<u>-</u>
14.2.2 Charge for the year is as follows:			
Current service cost		22,324,180	-
Interest cost		7,413,430	-
		<u>29,737,610</u>	<u>-</u>
14.3 Principal actuarial assumptions			
Following are few important actuarial assumptions used in the valuation:			
Discount rate used for year end obligation		2016 7.25% p.a.	
Discount rate used for interest cost in P&L charge		7.25% p.a.	
Expected rate of increase in salary			
Salary increase FY 2016		N/A	
Salary increase FY 2017 onward		6.25%	
Mortality rate		SLIC 2001-2005 Setback 1 year	
Retirement assumption		Age 60	
		2016	2015
		(Rupees)	
15 FEE RECEIVED IN ADVANCE			
Tuition fee		179,836,216	160,560,792
Hostel fee		12,221,900	12,061,447
Extracurricular fee		3,837,932	4,150,000
Library fee		1,816,465	2,075,000
		<u>197,712,513</u>	<u>178,847,239</u>
16 ACCRUED AND OTHER LIABILITIES			
Payable to vendors		11,228,846	5,090,884
Withholding tax payable		2,990,387	2,572,151
Accrued liabilities		1,137,709	7,416,159
Other payables		2,439,049	2,780,527
		<u>17,795,991</u>	<u>17,859,721</u>
17 CONTINGENCIES AND COMMITMENTS			

For the tax year 2014, Shifa Tameer-e-Millat University (STMU) has been selected for tax audit under Section 214C of the Income Tax Ordinance, 2001. The tax department has created a demand u/s 137(2) of the Income Tax Ordinance, 2001 amounting to Rs 11,039,143 and Rs 3,620,234 on account of withholding tax and default surcharge thereon respectively by considering that STMU failed to properly collect or deduct tax while making payments under different heads of expenses. Against the said order, STMU has filed an appeal to Commissioner, Inland Revenue (Appeals-II) Islamabad, which passed an order on October 19, 2016 to set aside the above passed order and the case is remanded back.

There is no other contingencies and commitments as at balance sheet date (2015: Nil).

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	2016	2015
	(Rupees)	
18 FEE INCOME		
Tuition fee	454,144,091	390,636,236
Admission fee	19,748,500	16,134,000
Application fee	16,522,318	13,468,504
Examination fee	17,100,000	13,701,000
Administrative charges	376,000	441,000
Hostel income	33,175,066	30,361,720
Medical checkup	870,000	1,042,000
Campus fund	2,704,932	2,990,781
Library fee	3,916,465	3,815,781
Extracurricular fee	7,788,181	7,671,563
Others	3,803,576	2,546,429
	<u>560,149,129</u>	<u>482,809,014</u>
19 DONATIONS		
From related parties		
In cash		
Shifa International Hospitals Limited	8,875,346	16,616,315
Shifa Foundation	5,000,000	1,589,549
Tameer-e-Millat Foundation	-	1,000,000
	<u>13,875,346</u>	<u>19,205,864</u>
From others		
In cash	2,000,000	-
	<u>15,875,346</u>	<u>19,205,864</u>
20 OTHER INCOME		
Profit on deposit accounts	5,214,864	6,279,064
Profit on investments	-	1,973,917
Exchange gain	502,218	-
Dividend income	1,166,446	909,952
Prospectus sale	1,081,900	1,181,400
Laboratory and other charges	-	72,000
Miscellaneous	253,068	905,500
	<u>8,218,496</u>	<u>11,321,833</u>
21 RELATED PARTY TRANSACTIONS		

The related parties comprise of Shifa International Hospitals Limited (SIHL), Tameer-e-Millat Foundation and Shifa Foundation, their close relatives and the staff retirement plan. The balance with related party disclosed on the balance sheet. Detail of transactions with related parties other than those which have been specially disclosed elsewhere in the financial statements during the year, are as follows:

	2016	2015
	(Rupees)	
Shifa International Hospitals Limited (SIHL)		
- Rent and utilities	38,909,426	41,278,574
- Charge against services provided to patients of falahee clinic	13,541,677	17,837,018
- Grants for Building	50,000,000	-
- Vehicle sold to SIHL	1,300,000	-
- Deficit financing for Shifa College of Nursing	17,237,846	6,616,315
- Donation	-	10,000,000
Tameer-e-Millat Foundation		
- Donation	-	1,000,000
- Grants for Building	25,000,000	-
Shifa Foundation		
- Grants for Building	5,000,000	-
- Donations	5,000,000	2,089,549
Employee gratuity fund		
Contribution during the year	29,737,610	32,780,511

NSW

	2016	2015
	(Rupees)	
21.1 Donations / support provided by the Sponsor since inception to date		
In kind		
Shifa Foundation (Net worth of SCM, Falahee Clinic and SCN)	(32,848,994)	(32,848,994)
Tameer-e-Millat Foundation	10,017,790	10,017,790
In cash		
Shifa Foundation	23,089,549	18,089,549
Shifa International Hospitals Limited (SIHL)	28,000,000	28,000,000
Tameer-e-Millat Foundation	16,000,000	16,000,000
Grants for building		
Shifa Foundation	5,000,000	-
Shifa International Hospitals Limited (SIHL)	50,000,000	-
Tameer-e-Millat Foundation	25,000,000	-
	<u>124,258,345</u>	<u>39,258,345</u>

22 CORRESPONDING FIGURES

Previous year figures have been rearranged / reclassified, wherever, necessary for the purpose of comparison. However, no significant change / rearrangement of corresponding figures has been made in these financial statements.

23 GENERAL

- Figures in these financial statements have been rounded off to the nearest Pakistani Rupee, unless otherwise stated.
- Number of employees of the University as on 30 June 2016 is 432 (2015: 413).

24 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on **23 DEC 2016** by the Senate of the University.

New



VICE CHANCELLOR



TREASURER