

Birzeit University (BZU)
Birzeit – Palestine

Financial Statements
And Independent Auditor's Report
For the Year Ended August 31, 2020

INDEPENDENT AUDITOR'S REPORT

**To the Board of Trustees of
Birzeit University (BZU)
Birzeit – Palestine**

Report on the Financial Statements

Opinion

We have audited the financial statements of Birzeit University (BZU) (the "University"), which comprise the statement of financial position as of August 31, 2020, statement of activities, statement of changes in net assets, and cash flows statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Birzeit University (BZU) as of August 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 (IESBA Code) together with the other ethical requirements that are relevant to our audit of the University financial statements in Palestine, and we have fulfilled our other ethical responsibilities. 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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the University or to cease operations, or has no realistic alternative but to do so.

Management and those charged with governance are responsible for the supervision on the University's financial reports preparation.



INDEPENDENT AUDITOR'S REPORT (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 ISA's, we exercise professional judgement 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 risk, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 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 disclosure 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.

INDEPENDENT AUDITOR'S REPORT (Continued)

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Samir Sahhar

License number 109/2001

Deloitte & Touche (Middle East)

License Number 208

Ramallah – Palestine

28 July 2021



Birzeit University (BZU)
Statement of Financial Position
As of August 31, 2020

	Notes	2020 JOD	2019 JOD
ASSETS			
Current Assets			
Cash on hand and deposits with banks	5	13,208,901	13,226,785
Financial Assets at fair value through Statement of activities	6	55,404	81,122
Accounts and other receivable, Net	7	8,263,510	7,860,888
Total current assets		21,527,815	21,168,795
Non - current assets			
Inventories and Books	8	258,823	270,348
Financial investments to cover restricted funds	9	15,474,334	13,535,472
Property, plant and equipment, Net	10	37,200,916	37,217,387
Land	11	38,104,163	38,104,163
Total Non-current assets		91,038,236	89,127,370
Total assets		112,566,051	110,296,165
LIABILITIES AND NET ASSETS			
Current liabilities			
Payables and accruals	12	8,160,851	6,649,194
Current portion of loans payable	13	-	52,050
Deferred students' tuition and fees		7,367,548	8,103,003
Total current liabilities		15,528,399	14,804,247
Non current liabilities			
Reserve for legal claims	22	266,367	266,367
Reserve for end of service staff benefits	14	38,290,771	35,978,856
Total non current liabilities		38,557,138	36,245,223
Total liabilities		54,085,537	51,049,470
Net Assets			
Unrestricted			
General fund (Deficit)		(30,888,271)	(30,864,473)
Net investments in property, plant, equipment and library books		75,539,748	75,552,972
Total unrestricted net assets		44,651,477	44,688,499
Temporarily restricted Fund		1,404,386	1,042,989
Permanently restricted-Endowment Fund	15	9,630,885	9,540,655
Plant expansion fund		2,793,766	3,974,552
Total net assets		58,480,514	59,246,695
Total liabilities and net assets		112,566,051	110,296,165

Wisam Naser

Finance Manager

WNS

Dr. Abdul Latif Abu Hijleh

President

The accompanying notes from 1 to 25 are an integral part of these financial statements

**Birzeit University (BZU)
Statement of Activities
For the Year Ended August 31, 2020**

Notes	2020			2019		
	Unrestricted Fund	Temporarily Restricted Fund	Total	Unrestricted Fund	Temporarily Restricted Fund	Total
	JOD	JOD	JOD	JOD	JOD	JOD
Operating Income:						
Tuition and fees, Net of students aid	26,510,975	-	26,510,975	25,931,327	-	25,931,327
Auxiliary services and other Income	538,861	290,500	829,361	882,474	330,900	1,213,374
Total operating income	27,049,836	290,500	27,340,336	26,813,801	330,900	27,144,701
Grants:						
Grants contributions and service contracts	2,946,169	3,146,888	6,093,057	2,403,184	3,522,734	5,925,918
Total operating income and grants	29,996,005	3,437,388	33,433,393	29,216,985	3,853,634	33,070,619
Operating expenses:						
Academic departments	21,491,122	-	21,491,122	21,059,967	-	21,059,967
Administration and supporting services	7,368,584	-	7,368,584	7,386,803	-	7,386,803
Community programs	-	3,075,991	3,075,991	-	3,202,446	3,202,446
Total operating expenses	28,859,706	3,075,991	31,935,697	28,446,770	3,202,446	31,649,216
Depreciation and Amortization	2,047,384	-	2,047,384	2,043,002	-	2,043,002
Total expenses	30,907,090	3,075,991	33,983,081	30,489,772	3,202,446	33,692,218
(Deficit) Surplus / of operating income for the year	(911,085)	361,397	(549,688)	(1,272,787)	651,188	(621,599)
Other non-operating income (loss):						
Unrealized (loss) gain on revaluation of marketable securities	(25,718)	-	(25,718)	(7,524)	-	(7,524)
Gain on investment Portfolios	535,746	-	535,746	206,106	-	206,106
Expected Credit Loss	(639,825)	-	(639,825)	(459,680)	-	(459,680)
Dividend Income	-	-	-	6,266	-	6,266
Effect of fixing the exchange rate of Jordan Dinar against Israeli Shekel at Nis 5.6/1 JOD on the reserve for end of service staff benefits	(1,976,200)	-	(1,976,200)	(820,179)	-	(820,179)
Gain on difference of currency and finance cost	354,997	-	354,997	46,728	-	46,728
(Decrease) / Increase in net assets for the year	(2,662,085)	361,397	(2,300,688)	(2,301,070)	651,188	(1,649,882)

The accompanying notes from 1 to 25 are an integral part of these financial statements

Birzeit University (BZU)
Statement of Changes in Net Assets
For the Year Ended August 31, 2020

	JOD		JOD		JOD		JOD	
	General Funds (Deficit)	Temporarily Restricted Fund	Investment in Land , Property, Plant and Equipment	Permanently Restricted- Fund	Plant Expansion Fund	Total Net Assets		
Year Ended 31 August 2020								
Balance at Beginning of Year Before Adjustment	(30,864,473)	1,042,989	75,552,972	9,540,655	3,974,552	59,246,695		
Contributions Released During the Year	-	-	-	-	(294,832)	(294,832)		
Surplus/ (Deficit) of net activities	(2,662,085)	361,397	-	-	-	(2,300,688)		
General Fund Adjustments	1,739,109	-	-	-	-	1,739,109		
Endowments Received During the Year	-	-	-	56,349	-	56,349		
Yields from Endowments	-	-	-	33,881	-	33,881		
Adjustments of Property, plant and equipment	154,436	-	(154,436)	-	-	-		
Investment in Land, Property, Plant and Equipment	(1,302,642)	-	2,188,596	-	(885,954)	-		
Inetrfund transfers - Depreciation Expense	2,047,384	-	(2,047,384)	-	-	-		
Net assets at end of the year	(30,888,271)	1,404,386	75,539,748	9,630,885	2,793,766	58,480,514		
Year Ended 31 August 2019								
Balance at Beginning of Year Before Adjustment	(25,379,163)	391,801	73,347,809	8,974,322	2,644,215	59,978,984		
Effect of Implementing IFRS 9 (Note-7)	(1,054,422)	-	-	-	-	(1,054,422)		
Balance at Beginning of Year Adjusted	(26,433,585)	391,801	73,347,809	8,974,322	2,644,215	58,924,562		
Contributions Received During the Year (Note-18)	-	-	-	-	1,405,682	1,405,682		
Surplus/ (Deficit) of net activities	(2,301,070)	651,188	-	-	-	(1,649,882)		
Endowments Received During the Year	-	-	-	512,406	-	512,406		
Yields from Endowments	-	-	-	53,927	-	53,927		
Adjustments of Property, plant and equipment	(261,435)	-	261,435	-	-	-		
Investment in Land, Property, Plant and Equipment	(3,911,385)	-	3,986,730	-	(75,345)	-		
Inetrfund transfers - Depreciation Expense	2,043,002	-	(2,043,002)	-	-	-		
Net assets at end of the year	(30,864,473)	1,042,989	75,552,972	9,540,655	3,974,552	59,246,695		

The accompanying notes from 1 to 25 are an integral part of these financial statements

Birzeit University (BZU)
Statement of Cash Flows
For the Year Ended August 31, 2020

	2020	2019
	JOD	JOD
Operating Activities:		
Changes in net assets	(766,181)	(732,289)
Adjustments :		
Depreciation and amortization	2,047,384	2,043,002
Change of Reserve for end of service staff benefits and provident fund	2,807,164	3,616,017
Expected Credit Loss	639,825	459,680
Effect of fixing the exchange rate of Jordan Dinar against Israeli Shekel at Nis 5.6/1 JOD on the reserve for end of service staff benefits	1,976,200	820,179
(Gain) on investment Portfolios	(535,746)	(206,106)
Unrealized loss (gain) on revaluation of marketable securities	25,718	7,524
	6,194,364	6,008,007
(Increase) in Accounts and other receivable	(1,042,447)	(1,426,211)
Decrease / in Inventories and Books	11,525	28,462
Increase / in Payables and accruals	1,511,657	2,890,835
(Decrease) / in Deferred students' tuition and fees	(735,455)	(604,487)
Cash flows from operating activities	5,939,644	6,896,606
Reserve for end of service staff benefits and provident fund paid	(2,471,449)	(2,057,590)
Net Cash flows from operating activities	3,468,195	4,839,016
Investing Activities:		
Financial investments to cover restricted funds	(1,403,116)	(114,282)
Procurement of property, plant and equipment	(2,030,913)	(4,249,952)
Net Cash Used in Investing Activities	(3,434,029)	(4,364,234)
Financing Activities :		
Loans payable	(52,050)	(97,810)
Cash Used in Financing Activities	(52,050)	(97,810)
Increase in cash	(17,884)	376,972
Cash on hand and deposits with banks at beginning of the year	13,226,785	12,849,813
Cash on hand and deposits with banks at end of the year	13,208,901	13,226,785

The accompanying notes from 1 to 25 are an integral part of these financial statement