

SARGODHIAN SPIRIT TRUST

CONSOLIDATED FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION

30 JUNE 2019

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF TRUSTEES

Opinion

We have audited the consolidated financial statements of Sargodhian Spirit Trust ("the Trust"), which comprise the consolidated statement of financial position as at 30 June 2019, and the consolidated statement of income and expenditure, consolidated statement of changes in funds and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Trust as at 30 June 2019, and its financial performance and its cash flows for the year then ended in accordance with approved accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with the 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 Consolidated Financial Statements section of our report. We are independent of the Trust 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 Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Trust'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 Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated 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 consolidated 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 Trust'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 Trust'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 consolidated 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 Trust to cease to continue as a going concern.

Riaz Ahmad & Company

Chartered Accountants

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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.

Riaz Ahmad 3rd Floor
RIAZ AHMAD & COMPANY
Chartered Accountants

Date: 28 JAN 2020

ISLAMABAD

Name of engagement partner: Raheel Arshad

SARGODHIAN SPIRIT TRUST
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	NOTE	2019 Rupees	2018 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	4	464,459,322	372,311,766
Intangible assets	5	2,605,258	2,894,731
Long term deposit		510,125	510,125
		<u>467,574,705</u>	<u>375,716,622</u>
CURRENT ASSETS			
Stores and spares		-	271,141
Loan to employee	6	22,000,000	-
Advances, deposits and prepayments	7	9,748,721	6,795,442
Receivable from students		6,446,948	4,992,486
Other receivables		2,206,688	1,614,794
Taxation recoverable		2,443,425	983,850
Short term investments	8	77,507,595	290,961,969
Cash and bank balances	9	276,148,626	122,109,707
		<u>396,502,003</u>	<u>427,729,389</u>
TOTAL ASSETS		<u><u>864,076,708</u></u>	<u><u>803,446,011</u></u>
FUNDS AND LIABILITIES			
FUNDS			
General fund		117,404,459	159,537,081
Endowment fund		54,116,187	-
TOTAL FUNDS		<u>171,520,646</u>	<u>159,537,081</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred credit - grants	10	595,142,280	554,031,366
Students' security deposits	11	11,253,329	12,173,459
		<u>606,395,609</u>	<u>566,204,825</u>
CURRENT LIABILITIES			
Accrued and other payables	12	39,709,698	30,892,353
Current portion of students' security deposits	11	900,000	750,000
Advance fee		45,550,755	46,061,752
		<u>86,160,453</u>	<u>77,704,105</u>
TOTAL LIABILITIES		<u>692,556,062</u>	<u>643,908,930</u>
CONTINGENCIES AND COMMITMENTS	13	-	-
TOTAL FUNDS AND LIABILITIES		<u><u>864,076,708</u></u>	<u><u>803,446,011</u></u>

The annexed notes form an integral part of these consolidated financial statements. *Paul*

Alta Hussain

CHAIRMAN

Ershad Hussain

CHIEF EXECUTIVE

[Signature]

TRUSTEE

SARGODHIAN SPIRIT TRUST
CONSOLIDATED STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	2019 Rupees	2018 Rupees
INCOME			
Fee income	14	135,614,864	126,897,343
Donations	15	5,293,683	12,652,519
Amortization of grants	10	45,119,086	45,165,986
Return on investments		8,328,927	8,406,486
Profit on bank deposits		8,165,661	4,037,421
Other income	16	4,817,047	909,653
		207,339,268	198,069,408
EXPENDITURE			
Salaries, wages and other benefits	17	116,356,969	105,265,940
Students boarding, lodging and living	18	28,270,856	26,968,058
Utilities		12,688,205	4,351,091
Communication		1,558,043	1,189,307
Repair and maintenance		3,623,993	4,228,430
International General Certificate of Secondary Education fee		4,622,648	3,237,166
Advertisement expenses		1,669,810	1,899,520
Travelling		3,303,893	3,988,223
Insurance		884,559	121,946
Staff professional development fee		113,086	28,459
Printing and stationery		886,160	1,223,642
Consumables		933,680	835,177
Fuel		916,200	2,766,842
Entertainment		438,022	725,083
Office maintenance		10,330	18,726
Special functions		1,050,930	1,140,561
Admission charges		-	104,377
Professional and legal charges		464,466	553,475
Auditor's remuneration	19	360,000	360,000
Depreciation	4.1	16,430,309	15,827,563
Amortization	5	289,473	321,638
Loss on disposal of fixed asset	20	2,219,231	235,787
Postage		250,181	234,250
Office rent		1,487,961	1,300,410
Accommodation charges		293,000	274,290
Bank charges		131,971	194,484
Others		217,914	412,844
		(199,471,890)	(177,807,289)
SURPLUS FOR THE YEAR		7,867,378	20,262,119

The annexed notes form an integral part of these consolidated financial statements. *Page*


CHAIRMAN


CHIEF EXECUTIVE


TRUSTEE

SARGODHIAN SPIRIT TRUST
CONSOLIDATED STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED 30 JUNE 2019

Description	General fund	Endowment fund	Total
 Rupees		
Balance as at 30 June 2017	139,274,962	-	139,274,962
Surplus for the year ended 30 June 2018	20,262,119	-	20,262,119
Balance as at 30 June 2018	<u>159,537,081</u>	-	<u>159,537,081</u>
Surplus for the year ended 30 June 2019	7,867,378	-	7,867,378
Transferred from general fund to endowment fund	(50,000,000)	50,000,000	-
Return on endowment fund investment	-	2,236,187	2,236,187
Contributions received from students during the year	-	1,880,000	1,880,000
Balance as at 30 June 2019	<u><u>117,404,459</u></u>	<u><u>54,116,187</u></u>	<u><u>171,520,646</u></u>

The annexed notes form an integral part of these consolidated financial statements. *Rao.*



CHAIRMAN



CHIEF EXECUTIVE



TRUSTEE

SARGODHIAN SPIRIT TRUST
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	7,867,378	20,262,119
Adjustments for non-cash charges and other items:		
Depreciation	16,430,309	15,827,563
Amortization of intangible assets	289,473	321,638
Amortization of grants	(45,119,086)	(45,165,986)
Loss / (gain) on sale of fixed asset	2,219,231	235,787
Liabilities written back	(195,222)	(373,107)
Stores written off	271,141	-
Profit on bank deposits	(558,410)	(4,037,421)
Cash used in operations before working capital changes	(18,795,186)	(12,929,407)
Working capital changes		
Decrease / (increase) in current assets:		
Stores	-	533
Advances and prepayments	(2,953,279)	(3,054,257)
Loan to employees	(22,000,000)	-
Receivable from students	(1,454,462)	342,518
Other receivables	(591,894)	(958,538)
	(26,999,635)	(3,669,744)
Increase / (decrease) in current liabilities		
Accrued and other payables	9,012,567	4,303,927
Advance fee	(510,997)	21,153,768
	8,501,570	25,457,695
Net cash (used in) / generated from operations	(37,293,251)	8,858,544
Decrease in students' security deposits	(770,130)	(324,108)
Tax paid	(1,459,575)	(983,850)
Net cash (used in) / generated from operating activities	(39,522,956)	7,550,586
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on operating fixed assets	(24,919,045)	(29,588,680)
Long term deposit	-	(55,125)
Proceeds from sale of fixed asset	11,175,769	700,000
Additions in capital work in progress	(97,053,820)	(1,933,745)
Short term investments encashed / (made) - net	213,454,374	(283,395,861)
Proceeds from endowment fund	4,116,187	-
Interest received	558,410	4,037,421
Net cash from / (used in) investing activities	107,331,875	(310,235,990)
CASH FLOWS FROM FINANCING ACTIVITIES		
Grants received - net	86,230,000	191,848,000
Net cash from financing activities	86,230,000	191,848,000
Net increase / (decrease) in cash and cash equivalents	154,038,919	(110,837,404)
Cash and cash equivalents at the beginning of the year	122,109,707	232,947,111
Cash and cash equivalents at the end of the year	276,148,626	122,109,707

The annexed notes form an integral part of these consolidated financial statements. *Page*



CHAIRMAN



CHIEF EXECUTIVE



TRUSTEE

SARGODHIAN SPIRIT TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1 LEGAL STATUS AND OPERATIONS

These consolidated financial statements of Sargodhian Spirit Trust comprise of the financial statements of Sargodhian Spirit Trust - Head Office, Sargodhian Spirit Trust Public School ("the School") and Sargodhian Spirit Institute For Professional Development ("the Institute") here-in-after referred to as the Trust.

Sargodhian Spirit Trust

Sargodhian Spirit Trust having its registered office at Islamabad, was created on 02 July 1998 by the PAF School Sargodha, Old Boys Association ("the Association"), principally to provide education to the general public, including members and children of the Association, and to create awareness amongst people for improved education and health. The Trust is managing the Sargodhian Spirit Trust Public School Rashidabad ("the School") and Sargodhian Spirit Institute for Professional Development ("the Institute").

Sargodhian Spirit Trust Public School

Sargodhian Spirit Trust Public School ("the School") is a project of Sargodhian Spirit Trust, Islamabad. The School commenced its operations from July, 2005 and was registered on 17 August 2005 with the District Education Department, Hyderabad under section 6 of the Sindh Private Educational Institutions (Regulation and Control) Ordinance, 2001. The objectives of the School are to offer courses of International standard and to undertake, organize, and disseminate knowledge in Rashidabad, Sindh.

Sargodhian Spirit Institute for Professional Development

Sargodhian Spirit Institute for Professional Development ("the Institute") is a project of Sargodhian Spirit Trust, Islamabad. The Institute commenced its operations from July 2017 and its registration is still in process with concerned authorities. The objectives of the Institute are to provide training to teachers for better education, to undertake research and evaluation in relation to education and developing a network of teachers in Sindh.

2 STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with the Accounting Standard for Not-for-Profit Organizations issued by the Institute of Chartered Accountants of Pakistan and International Financial Reporting Standards for Small and Medium-Sized Entities (SMEs) issued by International Accounting Standards Board as adopted by The Institute of Chartered Accountants of Pakistan.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of preparation

a) Accounting convention

These consolidated financial statements have been prepared under the historical cost convention, except for the certain financial instruments which are carried at their fair values.

b) **Critical accounting estimates and judgments**

The preparation of consolidated financial statements in conformity with the Accounting standard for Not-For-Profit Organizations issued by the Institute of Chartered Accountants of Pakistan and International Financial Reporting Standards for Small and Medium-Sized Entities issued by International Accounting Standards Board as adopted 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 consolidated financial statements relate to the useful life of depreciable / amortizable assets. However, assumptions and judgments made by the management in the application of accounting policies that have significant effect on the consolidated financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

3.2 **Property and equipment**

Cost

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost of property and equipment consists of historical 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 Trust and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to consolidated statement of income and expenditure during the year in which they are incurred.

Depreciation

Depreciation on all property and equipment is charged to consolidated statement of income and expenditure on reducing balance method after taking into account residual value, if any, so as to write off the depreciable amount of an asset over its estimated useful life at the rates given in Note 4. Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged for the month in which the assets are disposed off. The residual values and useful lives of assets are reviewed by the management at each financial year end and adjusted if impact on depreciation is significant.

De-recognition

An item of property and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the consolidated statement of income and expenditure in the year the asset is de-recognized.

3.3 **Intangible assets**

Intangible assets, which are non-monetary assets without physical substance, are recognized at cost, which comprise purchase price, non-refundable purchase taxes and other directly attributable expenditure relating to their implementation and customization. After initial recognition an intangible asset is carried at cost less amortization and impairment losses, if any.

Intangible assets are amortized from the year, when these assets are available for use while no amortization is charged in the year of deletion, amortization is charged using the reducing balance method, whereby the cost of the intangible asset is amortized over its estimated useful life at the rate given in Note 5. The useful life and amortization method is reviewed and adjusted, if appropriate, at each financial position date.

3.4 Investments

Classification of an 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 and re-evaluates such designation on regular basis. Investments are initially measured at fair value plus transaction costs directly attributable to acquisition.

Equity instruments

The Trust subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

Fair value through other comprehensive income (FVTOCI)

Where the Trust's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Fair value through profit or loss

Changes in the fair value of equity investments at fair value through profit or loss are recognized in other income / (other expenses) in the statement of income and expenditure as applicable.

Dividends from such investments continue to be recognized in statement of income and expenditure as other income when the Trust's right to receive payments is established.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in statement of income and expenditure and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of income and expenditure.

3.5 Inventories

These are valued at lower of cost and net realizable value, less provision for any slow moving and obsolete items, if any.

3.6 Endowment fund

The Trust operates endowment fund. The fund sources include receipts from students and surplus funds of the school. The management is in process of finalizing rules and regulations of the fund.

Contributions and utilizations of endowment fund are directly recorded as increase or decrease in endowment fund.

3.7 **Deferred credit - grants**

Grants are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Trust will comply with all attached conditions. Fair value signifies the amount received in cash and current market value in case of grant received in kind. Grants related to expenses are deferred and recognized in the consolidated statement of income and expenditure over the period necessary to match them with the expenses that they are intended to compensate. Grants related to assets are recognized as deferred credit. An amount equivalent to the depreciation for each year on such assets is credited to consolidated statement of income and expenditure in the same year in which the depreciation is charged. Amount equal to book value of assets relating to grant is also transferred to consolidated statement of income and expenditure in the same year in which asset is disposed off.

Restricted contribution for the purchase of capital assets that will not be amortized is recognized as direct increase in fund.

3.8 **Revenue recognition**

Tuition, processing and registration fee are recognized on accrual basis.

Donations are recognized on the receipt basis.

Return on investments is recognized on accrual basis at the rates specified in respective investment scheme assuming that such investment will be held till maturity.

Interest on bank deposits is recognized on time proportion basis taking into account the amounts outstanding and rates applicable thereon.

Revenue from restricted funds is recognized, using deferral method in income and expenditure account over the period necessary to match them with the expenses that they are intended to compensate.

3.9 **Employees benefits - contributory provident fund**

The Trust operates contributory provident fund scheme for its regular employees. Equal contributions are made to the fund by the Trust and the employees at the rate of 7.5% of their basic salaries. The income of the fund is distributed to members at the rate of 6%. The fund has not yet been approved under the provisions of Income Tax Ordinance, 2001.

3.10 **Foreign currencies**

These consolidated financial statements are presented in Pak Rupees, which is the Trust's functional currency. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date, while the transactions in foreign currencies during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non-monetary items are translated into Pak Rupees at the exchange rates prevailing on the date of transaction or on the date when fair values are determined. Exchange gains and losses are recorded in the consolidated statement of income and expenditure.

3.11 **Financial instruments**

Financial instruments carried on the consolidated statement of financial position include investments, deposits, loans and advances, other receivables, cash and bank balances, interest accrued and other payables etc. Financial assets and liabilities are recognized when the Trust becomes a party to the contractual provisions of instrument. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition.

Financial assets are de-recognized when the Trust loses control of the contractual rights that comprise the financial asset. The Trust loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Trust surrenders those rights. Financial liabilities are de-recognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement and de-recognition is charged to the consolidated statement of income and expenditure. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item and in the accounting policy of investments.

3.12 Accrued and other liabilities

Accrued and other liabilities payable are initially recognized at fair value which is normally the transaction cost.

3.13 Receivables

Receivables are recognized and carried at cost less an allowance for any uncollectible amounts. Carrying amounts of receivables are assessed on regular basis and if, there is any doubt about reliability of these receivables, appropriate amount of provision is made.

3.14 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

3.15 Provisions

Provisions are recognized when the Trust has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

3.16 Taxation

Income of Not for Profit Organizations is allowed a tax credit equal to one hundred percent of the tax payable under section 100C of the Income Tax Ordinance, 2001. Accordingly, no provision for taxation has been made in these consolidated financial statements.

3.17 Offsetting

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

4 PROPERTY AND EQUIPMENT

Operating fixed assets
Capital work in progress

	2019	2018
	Rupees	Rupees
4.1	351,185,842	356,092,106
4.2	113,273,480	16,219,660
	464,459,322	372,311,766

4.1 Operating fixed assets

Freehold land (Note - 4.1.1)	RUPEES										Total
	Building and infrastructure	Furniture and fittings	Office equipment	Computer equipment	Electrical equipment	Library books	Kitchen utensils and equipment	Science laboratory equipment	Sports equipment	Other equipment	

At 30 June 2017

Cost	130,580,880	282,439,926	29,360,552	7,618,359	18,806,087	11,234,958	3,227,737	2,124,532	3,870,944	1,115,403	1,115,577	10,377,961	501,872,916
Accumulated depreciation	-	(107,214,520)	(14,762,120)	(3,287,106)	(13,009,054)	(7,180,714)	(1,934,299)	(1,306,518)	(3,226,179)	(565,504)	(597,168)	(5,522,958)	(158,606,140)
Net book value	130,580,880	175,225,406	14,598,432	4,331,253	5,797,033	4,054,244	1,293,438	818,014	644,765	549,899	518,409	4,855,003	343,266,776

Year ended 30 June 2018

Opening net book value	130,580,880	175,225,406	14,598,432	4,331,253	5,797,033	4,054,244	1,293,438	818,014	644,765	549,899	518,409	4,855,003	343,266,776
Additions	60,260	11,651,190	5,514,605	926,749	1,092,672	2,698,588	164,500	131,076	355,334	265,716	96,440	3,300,850	26,257,980

Transfer in:

Cost	3,327,200	2,328,267	286,292	281,470	-	-	-	-	-	-	-	-	6,223,229
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-
Net book value	3,327,200	2,328,267	286,292	281,470	-	-	-	-	-	-	-	-	6,223,229

Transfer out:

Cost	(2,328,267)	-	(286,292)	(277,970)	-	-	-	-	-	-	-	-	(2,892,529)
Accumulated depreciation	-	-	(286,292)	(277,970)	-	-	-	-	-	-	-	-	(2,892,529)
Net book value	(2,328,267)	-	(286,292)	(277,970)	-	-	-	-	-	-	-	-	(2,892,529)

Disposals:

Cost	-	-	-	-	-	-	-	-	-	-	-	-	(1,558,229)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-	622,442
Net book value	-	-	-	-	-	-	-	-	-	-	-	-	(935,787)

Depreciation charge

Closing net book value	131,640,073	180,443,592	18,301,890	4,509,949	5,615,346	5,548,681	1,319,401	781,758	820,412	680,549	499,651	5,930,804	356,092,106
------------------------	-------------	-------------	------------	-----------	-----------	-----------	-----------	---------	---------	---------	---------	-----------	-------------

At 30 June 2018

Cost	131,640,073	296,419,383	34,875,157	8,548,608	19,898,759	13,933,546	3,392,237	2,255,608	4,226,278	1,381,119	1,212,017	12,120,582	526,572,667
Accumulated depreciation	-	(115,975,791)	(16,573,267)	(4,038,659)	(14,283,413)	(8,384,865)	(2,072,836)	(1,473,850)	(3,405,866)	(700,570)	(712,366)	(6,189,778)	(173,811,261)
Net book value	131,640,073	180,443,592	18,301,890	4,509,949	5,615,346	5,548,681	1,319,401	781,758	820,412	680,549	499,651	5,930,804	356,092,106

Year ended 30 June 2019

Opening net book value	131,640,073	180,443,592	18,301,890	4,509,949	5,615,346	5,548,681	1,319,401	781,758	820,412	680,549	499,651	5,930,804	356,092,106
Additions	700,500	17,318,223	1,698,317	676,861	540,460	213,500	93,824	91,868	9,500	139,880	91,017	3,345,095	24,919,045

Disposals:

Cost	(13,395,000)	-	-	-	-	-	-	-	-	-	-	-	(13,395,000)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-
Net book value	(13,395,000)	-	-	-	-	-	-	-	-	-	-	-	(13,395,000)

Depreciation charge

Closing net book value	118,945,573	188,793,396	18,069,866	4,293,189	4,973,287	4,622,995	1,274,124	707,438	665,197	658,674	478,930	7,703,173	351,185,842
------------------------	-------------	-------------	------------	-----------	-----------	-----------	-----------	---------	---------	---------	---------	-----------	-------------

At 30 June 2019

Cost	118,945,573	313,737,606	36,573,474	9,225,469	20,439,219	14,147,046	3,486,061	2,347,476	4,235,778	1,520,999	1,303,034	15,465,677	541,427,412
Accumulated depreciation	-	(124,944,210)	(18,503,608)	(4,932,280)	(15,465,932)	(9,524,051)	(2,211,937)	(1,640,038)	(3,570,581)	(862,325)	(824,104)	(7,762,504)	(190,241,570)
Net book value	118,945,573	188,793,396	18,069,866	4,293,189	4,973,287	4,622,995	1,274,124	707,438	665,197	658,674	478,930	7,703,173	351,185,842

Depreciation rate (%)

		5	10	15	20	20	10	20	20	20	20	20	20
--	--	---	----	----	----	----	----	----	----	----	----	----	----

4.1.1 It includes freehold land purchased for the School amounting to Rupees 63 million title of which is in the name of the Principal.

	NOTE	2019 Rupees	2018 Rupees
4.2 Capital work in progress			
Opening capital work in progress		16,219,660	14,285,915
Transfer to fixed assets		-	(5,680,700)
Project development expenses	4.2.1	97,053,820	7,614,445
		<u>113,273,480</u>	<u>16,219,660</u>
4.2.1 Project development expenses			
Neelab Project - KPK			
Salaries and other benefits		1,470,000	1,452,000
Wall construction KPK		-	826,352
Project Development KPK		697,194	522,599
Architect fee		-	500,000
		<u>2,167,194</u>	<u>3,300,951</u>
Sargodhian Spirit Institute for Professional Development			
Architect fee	4.2.2	2,143,656	3,742,286
Professional fee for well drilling		111,111	345,208
Soil survey cost		-	226,000
Construction work		92,631,859	-
		<u>94,886,626</u>	<u>4,313,494</u>
		<u>97,053,820</u>	<u>7,614,445</u>
4.2.2 This include an amount of Rupees 279,131 (2018: Rupees 135,475) given to IVCC Engineering (Private) Limited, where a trustee is director.			

5 INTANGIBLE ASSETS

	Learning management system	Campus management system	Inventory management system	English as a secondary language system	Total
----- Rupees -----					
At 30 June 2017					
Cost	3,022,850	1,484,973	538,229	618,400	5,664,452
Accumulated amortization	(1,544,835)	(402,428)	(233,053)	(267,767)	(2,448,083)
Net book value	<u>1,478,015</u>	<u>1,082,545</u>	<u>305,176</u>	<u>350,633</u>	<u>3,216,369</u>
Year ended 30 June 2018					
Opening net book value	1,478,015	1,082,545	305,176	350,633	3,216,369
Amortization charge	(147,802)	(108,255)	(30,518)	(35,063)	(321,638)
Closing net book value	<u>1,330,213</u>	<u>974,290</u>	<u>274,658</u>	<u>315,570</u>	<u>2,894,731</u>
At 30 June 2018					
Cost	3,022,850	1,484,973	538,229	618,400	5,664,452
Accumulated amortization	(1,692,637)	(510,683)	(263,571)	(302,830)	(2,769,721)
Net book value	<u>1,330,213</u>	<u>974,290</u>	<u>274,658</u>	<u>315,570</u>	<u>2,894,731</u>
Year ended 30 June 2019					
Opening net book value	1,330,213	974,290	274,658	315,570	2,894,731
Amortization charge	(133,021)	(97,429)	(27,466)	(31,557)	(289,473)
Closing net book value	<u>1,197,192</u>	<u>876,861</u>	<u>247,192</u>	<u>284,013</u>	<u>2,605,258</u>
At 30 June 2019					
Cost	3,022,850	1,484,973	538,229	618,400	5,664,452
Accumulated amortization	(1,825,658)	(608,112)	(291,037)	(334,387)	(3,059,194)
Net book value	<u>1,197,192</u>	<u>876,861</u>	<u>247,192</u>	<u>284,013</u>	<u>2,605,258</u>
Amortization rate (%)	10	10	10	10	

	NOTE	2019 Rupees	2018 Rupees
6 LOAN TO EMPLOYEE			
Loan to Chief Operating Officer (COO)	6.1	21,000,000	-
Mark-up on loan		1,000,000	-
		<u>22,000,000</u>	<u>-</u>

6.1 The loan is unsecured and carries interest at the rate of 9% per annum.

7 ADVANCES, DEPOSITS AND PREPAYMENTS

Advances to:

- employees against expenses - unsecured
- employees against salaries - secured
- suppliers - unsecured

7.1

3,933,516	3,485,189
1,915,196	1,459,895
3,712,135	932,074
9,560,847	5,877,158
180,000	180,000
7,874	738,284
<u>9,748,721</u>	<u>6,795,442</u>

Short term deposits

Prepayments

7.1 These are secured against provident fund balances of the employees and carry no interest.

8 SHORT TERM INVESTMENTS

Fair value through profit or loss:

Meezan Bank Limited - Mutual fund investment (524,442 units)

8.1

26,749,403	-
(616,454)	-
26,132,949	-

Loss on remeasurement of investment

Amortized cost:

Meezan Bank limited - Sukuk Certificates

8.2

51,374,646	-
-	14,553,155
-	70,779,992
-	205,628,822
51,374,646	290,961,969
<u>77,507,595</u>	<u>290,961,969</u>

Meezan Bank limited - Certificate of Islamic Investment

Askari Bank Limited - Term Deposit Receipts (TDRs)

Faysal Bank Limited - Term Deposit Receipts (TDRs)

8.1 It represents investment in Mutual funds of Meezan Bank Limited. This investment has been earmarked for employees contributory provident fund.

8.2 It represents investment in Sukuk Certificates of Meezan Bank Limited having maturity period of three months and carrying interest at the rate of 9.0% per annum. This investment has been earmarked for endowment fund.

	NOTE	2019 Rupees	2018 Rupees
9 CASH AND BANK BALANCES			
Cash in hand		176,383	250,583
Cash at bank:			
- On current accounts	9.1	99,342,770	37,484,199
- On saving accounts	9.2 & 9.3 & 9.4	176,629,473	84,374,925
		275,972,243	121,859,124
		<u>276,148,626</u>	<u>122,109,707</u>

9.1 The balances in current account include US \$ 11,983 (2018: US \$ 11,983).

9.2 The balances in saving accounts carry interest rate ranging from 1.5% to 7% (2018: 1.5% to 4%) per annum.

9.3 These include funds of Rupees 4,468 (2018: Rupees 346,622) in Askari Bank Limited, account No. 165-050010-4 and Rupees 1,147,905 (2018: Rupees 7,724,617) in Meezan Bank Limited, account No. 0101104053, earmarked for contributory provident fund balances.

9.4 These include funds of Rupees 3,171,433 (2018: Rupees Nil) in Meezan Bank Limited, account No. 0103450263, earmarked for endowment fund balances.

10 DEFERRED CREDIT - GRANTS

DESCRIPTION	2019								2018	
	Capital nature							Revenue nature	Total	Total
	Land (Note 10.1)	Buildings and infrastructure (Note 10.2)	IT equipment and other school related items Note (10.3)	Other assets	Government grant Note (10.4)	Grant for Project Neelab Note (10.5)	Sub - Total	Scholarship (10.4)		
----- Rupees -----										
Balance at the beginning of the year	404,148	179,007,861	411,639	12,240,601	355,119,117	6,848,000	554,031,366	-	554,031,366	407,349,352
Grants received during the year	-	-	-	-	65,000,000	-	65,000,000	20,000,000	85,000,000	185,000,000
Grants received for Neelab Project	-	-	-	-	-	1,230,000	1,230,000	-	1,230,000	6,848,000
Grants amortized during the year	(20,207)	(8,968,419)	(67,968)	-	(16,062,492)	-	(25,119,086)	(20,000,000)	(45,119,086)	(45,165,986)
Balance at the end of the year	383,941	170,039,442	343,671	12,240,601	404,056,625	8,078,000	595,142,280	-	595,142,280	554,031,366

- 10.1 It represents grants received and utilized for purchase of land, the remaining amount is amortized at the rate of 5% per annum.
- 10.2 It mainly includes grants received from the Government of Pakistan, the Sheikh Sultan Trust and China National Aero Technology Import and Export Corporation (CATIC) for construction and maintenance of School building.
- 10.3 It represents grant received from HBL Foundation for purchase of IT equipment and other school related items.
- 10.4 It represents grant received from Government of Sindh, for expansion of infrastructure facility, teacher training programme and Scholarships.
- 10.5 It represents grant received from various members of the Old Boys Association of PAF School Sargodha to create educational facilities at Neelab near Misri Banda District Nowshera KPK.

	NOTE	2019 Rupees	2018 Rupees
11 STUDENTS' SECURITY DEPOSITS			
Students' security deposits	11.1	12,153,329	12,923,459
Less: current portion shown under current liabilities		(900,000)	(750,000)
		<u>11,253,329</u>	<u>12,173,459</u>

- 11.1 It represents security deposits received from students and repayable upon leaving the School, after deducting any amount due from them.

	NOTE	2019 Rupees	2018 Rupees
12 ACCRUED AND OTHER PAYABLES			
Accrued expenses		357,410	630,263
Due to students		3,448,562	2,808,650
Contributory provident fund payable	12.1	30,133,511	24,533,708
Others		5,770,215	2,919,732
		<u>39,709,698</u>	<u>30,892,353</u>

12.1 Contributory provident fund payable

Balance as at 01 July		24,533,708	19,407,172
Contributions for the year		6,575,155	5,981,368
Payment to outgoing members		(641,984)	(1,092,779)
(Loss) / return on investments	12.2	(138,146)	611,054
Liability written back		(195,222)	(373,107)
Balance as at 30 June		<u>30,133,511</u>	<u>24,533,708</u>

- 12.2 The income of the fund has been distributed to members at the rate of 6% (2018: 6%).

13 CONTINGENCIES AND COMMITMENTS

Contingencies	<u>Nil</u>	<u>Nil</u>
Commitments		
Commitment against capital expenditure	<u>-</u>	<u>10,661,804</u>

	2019	2018
	Rupees	Rupees
14 FEE INCOME		
Tuition fee	123,871,345	114,923,449
Registration fee	5,700,000	5,760,000
Accommodation charges	2,850,000	2,850,000
Application processing fee	1,014,000	856,000
Fines and penalties	565,540	605,798
Re-admission fee	1,613,979	1,902,096
	<u>135,614,864</u>	<u>126,897,343</u>
15 DONATIONS		
Donations and voluntary contributions	5,293,683	3,445,000
Student scholarships	-	9,207,519
	<u>5,293,683</u>	<u>12,652,519</u>
16 OTHER INCOME		
Liabilities written back	195,222	373,107
Mark-up on loan to employee	1,000,000	-
Exchange gain	510,478	198,200
Miscellaneous	3,111,347	338,346
	<u>4,817,047</u>	<u>909,653</u>
17 SALARIES, WAGES AND OTHER BENEFITS		
Salaries, wages and other benefits include provident fund contribution of Rupees 3.288 million (2018: Rupees 2.991 million) by the Trust.		
	2019	2018
	Rupees	Rupees
18 STUDENTS BOARDING, LODGING AND LIVING		
Food	20,013,070	18,492,312
Uniforms	2,970,110	4,228,380
Study material	865,685	224,332
Travelling	640,514	596,399
Medical	563,878	425,372
Others	3,217,599	3,001,263
	<u>28,270,856</u>	<u>26,968,058</u>
19 AUDITORS' REMUNERATION		
Audit fee	330,000	330,000
Out of pocket expenses	30,000	30,000
	<u>360,000</u>	<u>360,000</u>
20 LOSS ON DISPOSAL OF FIXED ASSET		
It represents loss incurred on disposal of land to KPK Government under section - 4 of Land Acquisition Act, 1894.		
21 NUMBER OF EMPLOYEES		
	2019	2018
Number of employees as at 30 June	<u>266</u>	<u>262</u>
Average number of employees during the year	<u>258</u>	<u>252</u>
22 TRANSACTIONS WITH RELATED PARTIES		
Related parties comprise of key management personnel and entities over which trustees are able to exert significant influence. Detail of transactions with related parties, other than those that have been specifically disclosed elsewhere in these consolidated financial statements are as follows:		
Rashid Memorial Welfare Organization		
Payment to RMWO against municipal charges	<u>571,250</u>	<u>521,600</u>

23 REMUNERATION TO KEY MANAGEMENT PERSONNEL

The aggregate amount charged in these consolidated financial statements in respect of remuneration to Principal of the School and Director of Sargodhian Spirit Institute for Professional Development is given below while no remuneration was paid to the Chief Executive.

	2019 Rupees	2018 Rupees
Managerial remuneration		
- Principal	5,178,884	4,640,152
- Director	4,200,000	4,200,000
Contribution to provident fund	183,932	166,188
	9,562,816	9,006,340

24 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on 28 JAN 2020 by the Board of Trustees.

25 CORRESPONDING FIGURES

No significant reclassification / rearrangement of corresponding figures have been made in these consolidated financial statements.

26 GENERAL

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



CHAIRMAN



CHIEF EXECUTIVE



TRUSTEE