

# **SARGODHIAN SPIRIT TRUST**

## **HEAD OFFICE**

### **FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION**

**30 JUNE 2019**

## **INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF TRUSTEES**

### **Opinion**

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Head Office 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 Financial Statements section of our report. We are independent of the Head Office in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

The management is responsible for the preparation and fair presentation of the 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 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 Head Office'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 Head Office or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Head Office financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in 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

# Riaz Ahmad & Company

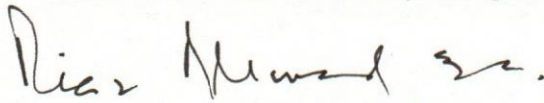
Chartered Accountants

if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Head Office'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 Head Office's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Head Office to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



**RIAZ AHMAD & COMPANY**  
Chartered Accountants

Date: 28 JAN 2020

ISLAMABAD

Name of engagement partner: Raheel Arshad

**SARGODHIAN SPIRIT TRUST - HEAD OFFICE**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2019**

	NOTE	2019 Rupees	2018 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	4	324,966,866	325,669,593
Long term deposits		455,000	455,000
		325,421,866	326,124,593
<b>CURRENT ASSETS</b>			
Loan to employee	5	22,000,000	-
Advances, deposits and prepayments	6	748,903	1,376,748
Inter project receivables	7	161,686,766	-
Taxation recoverable		2,443,425	983,850
Short term investments		-	276,408,814
Cash and bank balances	8	122,149,669	34,698,042
		309,028,763	313,467,454
<b>TOTAL ASSETS</b>		634,450,629	639,592,047
<b>FUND AND LIABILITIES</b>			
<b>FUND</b>			
General fund		107,626,474	96,579,074
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Deferred credit - grants	9	524,163,656	524,971,298
<b>CURRENT LIABILITIES</b>			
Accrued and other payables	10	2,660,499	2,135,029
Inter project payables	7	-	15,906,646
<b>TOTAL LIABILITIES</b>		526,824,155	543,012,973
<b>CONTINGENCIES AND COMMITMENTS</b>	11	-	-
<b>TOTAL FUND AND LIABILITIES</b>		634,450,629	639,592,047

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



**CHAIRMAN**



**CHIEF EXECUTIVE**



**TRUSTEE**

**SARGODHIAN SPIRIT TRUST - HEAD OFFICE**  
**STATEMENT OF INCOME AND EXPENDITURE**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	NOTE	2019 Rupees	2018 Rupees
<b>INCOME</b>			
Donations	12	4,983,683	10,622,519
Amortization of grants	9	9,336,932	9,301,523
Profit on bank deposits		7,607,251	1,176,109
Return on investments		8,328,927	8,406,486
Other income	13	2,607,778	198,200
		<u>32,864,571</u>	<u>29,704,837</u>
<b>EXPENDITURE</b>			
Salaries and other benefits	14	7,067,060	6,868,290
Utilities		230,463	170,050
Communication		181,399	173,549
Repair and maintenance		121,495	50,139
Travelling		399,993	332,064
Printing and stationery		93,405	261,446
Entertainment		109,880	42,305
Advertisement		138,889	353,530
Office supplies		87,374	-
Admission charges		-	104,377
Legal and professional charges		193,146	393,147
Auditor's remuneration	15	120,000	120,000
Loss on disposal of fixed assets	16	2,219,231	235,787
Depreciation	4.1	9,336,932	9,301,523
Office rent		1,487,961	1,300,410
Bank charges		4,691	14,190
Other expenses		25,252	50,764
		<u>(21,817,171)</u>	<u>(19,771,571)</u>
<b>SURPLUS FOR THE YEAR</b>		<u>11,047,400</u>	<u>9,933,266</u>

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

*Ahmed Hameed*

**CHAIRMAN**

*Arshad Hussain*

**CHIEF EXECUTIVE**

*[Signature]*

**TRUSTEE**

**SARGODHIAN SPIRIT TRUST - HEAD OFFICE**  
**STATEMENT OF CHANGES IN FUND**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	<b>Rupees</b>
<b>Balance as at 30 June 2017</b>	86,645,808
Surplus for the year ended 30 June 2018	9,933,266
<b>Balance as at 30 June 2018</b>	<u>96,579,074</u>
Surplus for the year ended 30 June 2019	11,047,400
<b>Balance as at 30 June 2019</b>	<u><u>107,626,474</u></u>

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

*Aam Hwee*

CHAIRMAN

*Asad Ihsan*

CHIEF EXECUTIVE

*[Signature]*

TRUSTEE

**SARGODHIAN SPIRIT TRUST - HEAD OFFICE**

**STATEMENT OF CASH FLOWS**


**FOR THE YEAR ENDED 30 JUNE 2019**

	<b>2019</b>	<b>2018</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Surplus for the year	11,047,400	9,933,266
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation	9,336,932	9,301,523
Amortization of grants	(9,336,932)	(9,301,523)
Loss on sale of fixed assets	2,219,231	235,787
<b>Cash generated from operations before working capital changes</b>	<u>13,266,631</u>	<u>10,169,053</u>
<b>Working capital changes</b>		
<b>(Increase) / decrease in current assets</b>		
Advances, deposits and prepayments	627,845	(763,473)
Loan to employee	(22,000,000)	-
Inter project receivables	(161,686,766)	137,412,229
	<u>(183,058,921)</u>	<u>136,648,756</u>
<b>Increase / (decrease) in current liabilities</b>		
Accrued and other payables	525,470	933,566
Inter project payables	(15,906,646)	15,906,646
<b>Net cash (used in) / generated from operations</b>	<u>(15,381,176)</u>	<u>16,840,212</u>
Tax paid	(1,459,575)	(927,055)
<b>Net cash (used in) / generated from operating activities</b>	<u>(186,633,041)</u>	<u>162,730,966</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of fixed asset	11,175,769	700,000
Capital expenditure on operating fixed assets	(19,862,011)	(8,935,398)
Investments encashed / (made)	276,408,814	(276,408,814)
Additions in capital work in progress	(2,167,194)	(3,300,951)
<b>Net cash from / (used in) investing activities</b>	<u>265,555,378</u>	<u>(287,945,163)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Grant received - net	8,529,290	149,164,070
<b>Net cash from financing activities</b>	<u>8,529,290</u>	<u>149,164,070</u>
<b>Net increase in cash and cash equivalents</b>	<u>87,451,627</u>	<u>23,949,873</u>
<b>Cash and cash equivalents at the beginning of the year</b>	<u>34,698,042</u>	<u>10,748,169</u>
<b>Cash and cash equivalents at the end of the year</b>	<u><u>122,149,669</u></u>	<u><u>34,698,042</u></u>

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

  
CHAIRMAN

  
CHIEF EXECUTIVE

  
TRUSTEE

# **SARGODHIAN SPIRIT TRUST - HEAD OFFICE**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2019**

### **1 LEGAL STATUS AND OPERATIONS**

Sargodhian Spirit Trust ("the 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").

### **2 STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with the Accounting Standard for Not-for-Profit Organisations 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 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 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 financial statements in conformity with the Accounting Standard for Not-for-Profit Organisations 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 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.



### 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 statement of income and expenditure during the year in which they are incurred.

#### **Depreciation**

Depreciation on all items of property and equipment is charged to 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 4.1. 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 statement of income and expenditure in the year the asset is de-recognized.

### 3.3 **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.

### **3.4 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 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 also recognized in deferred credit. An amount equivalent to the depreciation for each year on such assets is credited to 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 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.

### **3.5 Revenue recognition**

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 statement of income and expenditure over the period necessary to match them with the expenses that they are intended to compensate.

### **3.6 Employee 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 fund has not yet been approved under the provisions of the Income Tax Ordinance, 2001.

### **3.7 Foreign currencies**

These 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 financial statement 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 statement of income and expenditure.

### 3.8 **Financial instruments**

Financial instruments carried on the balance sheet include 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 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.

### 3.9 **Accrued and other liabilities**

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

### 3.10 **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.

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

Cash and cash equivalents comprise cash in hand, cash at banks on current 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.

### 3.12 **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.

### 3.13 **Taxation**

Income of Not for Profit Organisations 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 financial statements.

### 3.14 **Offsetting**

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position, 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

NOTE	2019 Rupees	2018 Rupees
4.1	310,893,506	313,763,427
4.2	14,073,360	11,906,166
	<u>324,966,866</u>	<u>325,669,593</u>

4.1 OPERATING FIXED ASSETS

	Freehold land-School	Freehold land-KPK (Note - 4.1.1)	Freehold land-SSIPD	Buildings and infrastructure School	Buildings and infrastructure KPK	Buildings and infrastructure SSIPD	Furniture and fittings	Office equipment	Computer equipment	Vehicles	Total
<b>At 30 June 2017</b>											
Cost	63,788,067	66,792,813	-	280,862,252	1,577,674	-	1,521,983	1,646,353	1,282,222	1,558,229	419,029,593
Accumulated depreciation	-	-	-	(107,027,021)	(187,499)	-	(649,728)	(404,127)	(941,294)	(435,285)	(109,644,954)
Net book value	<u>63,788,067</u>	<u>66,792,813</u>	<u>-</u>	<u>173,835,231</u>	<u>1,390,175</u>	<u>-</u>	<u>872,255</u>	<u>1,242,226</u>	<u>340,928</u>	<u>1,122,944</u>	<u>309,384,639</u>
<b>Year ended 30 June 2018</b>											
Opening net book value	63,788,067	66,792,813	-	173,835,231	1,390,175	-	872,255	1,242,226	340,928	1,122,944	309,384,639
Additions	-	60,260	-	11,348,060	-	303,130	-	138,210	-	-	11,849,660
Disposals	-	-	-	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	-	-	(1,558,229)	(1,558,229)
Accumulated Depreciation	-	-	-	-	-	-	-	-	-	622,442	622,442
Transfer in	-	-	-	-	-	-	-	-	-	(935,787)	(935,787)
Cost	3,327,200	-	14,037,000	-	-	2,328,267	-	3,500	-	-	19,695,967
Accumulated Depreciation	-	-	-	-	-	-	-	-	-	-	-
Transfer out	(16,365,267)	-	-	-	-	-	(286,292)	(277,970)	-	-	(16,929,529)
Cost	(16,365,267)	-	-	(8,691,762)	(69,509)	-	(286,292)	(277,970)	-	-	(16,929,529)
Accumulated Depreciation	-	-	-	176,491,529	1,320,666	2,631,397	498,737	908,283	272,742	(187,157)	(9,301,523)
Depreciation charge	-	-	-	-	-	-	-	-	-	-	-
Closing net book value	<u>50,750,000</u>	<u>66,853,073</u>	<u>14,037,000</u>	<u>176,491,529</u>	<u>1,320,666</u>	<u>2,631,397</u>	<u>498,737</u>	<u>908,283</u>	<u>272,742</u>	<u>-</u>	<u>313,763,427</u>
<b>At 30 June 2018</b>											
Cost	50,750,000	66,853,073	14,037,000	292,210,312	1,577,674	2,631,397	1,235,691	1,510,093	1,282,222	-	432,087,462
Accumulated depreciation	-	-	-	(115,718,783)	(257,008)	-	(736,954)	(601,810)	(1,009,480)	-	(118,324,035)
Net book value	<u>50,750,000</u>	<u>66,853,073</u>	<u>14,037,000</u>	<u>176,491,529</u>	<u>1,320,666</u>	<u>2,631,397</u>	<u>498,737</u>	<u>908,283</u>	<u>272,742</u>	<u>-</u>	<u>313,763,427</u>
<b>Year ended 30 June 2019</b>											
Opening net book value	50,750,000	66,853,073	14,037,000	176,491,529	1,320,666	2,631,397	498,737	908,283	272,742	-	313,763,427
Additions	-	700,500	-	16,866,108	452,115	-	-	125,088	84,200	1,634,000	19,862,011
Disposals	-	-	-	-	-	-	-	-	-	-	-
Cost	-	(13,395,000)	-	-	-	-	-	-	-	-	(13,395,000)
Accumulated Depreciation	-	(13,395,000)	-	-	-	-	-	-	-	-	(13,395,000)
Depreciation charge	-	-	-	(8,894,851)	(73,568)	-	(49,874)	(141,971)	(67,968)	(108,700)	(9,336,932)
Closing net book value	<u>50,750,000</u>	<u>54,158,573</u>	<u>14,037,000</u>	<u>184,462,786</u>	<u>1,699,213</u>	<u>2,631,397</u>	<u>448,863</u>	<u>891,400</u>	<u>288,974</u>	<u>1,525,300</u>	<u>310,893,506</u>
<b>At 30 June 2019</b>											
Cost	50,750,000	54,158,573	14,037,000	309,076,420	2,029,789	2,631,397	1,235,691	1,635,181	1,366,422	1,634,000	438,554,473
Accumulated depreciation	-	-	-	(124,613,634)	(330,576)	-	(786,828)	(743,781)	(1,077,448)	(108,700)	(127,660,967)
Net book value	<u>50,750,000</u>	<u>54,158,573</u>	<u>14,037,000</u>	<u>184,462,786</u>	<u>1,699,213</u>	<u>2,631,397</u>	<u>448,863</u>	<u>891,400</u>	<u>288,974</u>	<u>1,525,300</u>	<u>310,893,506</u>
<b>Depreciation rate (%)</b>				5	5	5	10	15	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
<b>4.2 Capital work in progress</b>			
Opening capital work in progress		11,906,166	14,285,915
Transfer to fixed assets		-	(5,680,700)
Project development expenses	4.2.1	2,167,194	3,300,951
		<u>14,073,360</u>	<u>11,906,166</u>
<b>4.2.1 Project development expenses</b>			
<b>Neelab Project - KPK</b>			
Salaries and other benefits		1,470,000	1,452,000
Wall construction KPK		-	826,352
Architect fee		-	500,000
Project development - KPK		697,194	522,599
		<u>2,167,194</u>	<u>3,300,951</u>
<b>5 LOAN TO EMPLOYEE</b>			
Loan to Chief Operating Officer (COO)	5.1	21,000,000	-
Mark-up on loan		1,000,000	-
		<u>22,000,000</u>	<u>-</u>
5.1 The loan is unsecured and carries interest at the rate of 9% per annum.			
<b>6 ADVANCES, DEPOSITS AND PREPAYMENTS</b>			
Advances to:			
- Employees against salaries	6.1	445,166	333,000
- Suppliers		115,863	125,464
Short term deposits		180,000	180,000
Prepayments		7,874	738,284
		<u>748,903</u>	<u>1,376,748</u>
6.1 These are secured against provident fund balances of the employees and carry no interest.			
	NOTE	2019 Rupees	2018 Rupees
<b>7 INTER PROJECT RECEIVABLES / (PAYABLES)</b>			
<b>Sargodhian Spirit Trust Public School:</b>			
Against capital expenditure		(97,361,598)	(130,561,598)
Against recurring expenses		99,031,249	114,654,952
		1,669,651	(15,906,646)
<b>Sargodhian Spirit Institute for Professional Development:</b>			
Against capital expenditure		160,017,115	-
		<u>161,686,766</u>	<u>(15,906,646)</u>
<b>8 CASH AND BANK BALANCES</b>			
Cash in hand		32,570	50,518
Cash at banks:			
- Current accounts	8.1	1,989,757	1,479,280
- Saving accounts	8.2	120,127,342	33,168,244
		122,117,099	34,647,524
		<u>122,149,669</u>	<u>34,698,042</u>

8.1 The balances in current accounts include USD 11,983 (2018: USD 11,983).

8.2 The balances in saving accounts carry interest rates ranging from 2% to 6% (2018: 3% to 4%) per annum.

## 9 DEFERRED CREDIT - GRANTS

DESCRIPTION	2019					Total	2018
	Capital Nature						
	Land (Note 9.1)	Buildings and infrastructure (Note 9.2)	IT equipment and other school related items (Note 9.3)	Grant from Sindh Government (Note 9.4)	Grant for Project Neelab (Note 9.5)		
	----- Rupees -----						
Balance at the start of the year	404,148	179,007,861	411,639	338,299,650	6,848,000	524,971,298	385,108,751
Grant received from school	-	-	-	22,500,000	-	22,500,000	175,000,000
Grant transferred to school	-	-	-	-	-	-	(10,255,189)
Grant transferred to SSPD	-	-	-	(15,200,710)	-	(15,200,710)	(22,428,741)
Grant received for Neelab Project	-	-	-	-	1,230,000	1,230,000	6,848,000
Grants amortized during the year	(20,207)	(8,968,419)	(67,968)	(280,338)	-	(9,336,932)	(9,301,523)
Balance at the end of the year	<u>383,941</u>	<u>170,039,442</u>	<u>343,671</u>	<u>345,318,602</u>	<u>8,078,000</u>	<u>524,163,656</u>	<u>524,971,298</u>

- 9.1 It represents grants received and utilized for purchase of land, the remaining amount is amortized at the rate of 5% per annum.
- 9.2 These grants mainly include grants received from Government of Pakistan, Sheikh Sultan Trust and China National Aero Technology Import and Export Corporation (CATIC) for construction and maintenance of the school building in Rashidabad.
- 9.3 It represents grant received from HBL Foundation for purchase of IT equipment and other school related items.
- 9.4 It represents grant received from Government of Sindh, for expansion of infrastructure facility, teacher training programme and Scholarships.
- 9.5 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, Khyber Pakhtunkhwa.

	NOTE	2019 Rupees	2018 Rupees
<b>10 ACCRUED AND OTHER PAYABLES</b>			
Accrued expenses		131,700	120,650
Contributory provident fund	10.1	2,102,342	1,352,015
Others		426,457	662,364
		<u>2,660,499</u>	<u>2,135,029</u>
<b>10.1 Contributory provident fund</b>			
Balance as at 01 July		1,352,015	904,607
Contributions for the year		461,532	447,408
Profit for the year distributed	10.2	288,795	-
Balance as at 30 June		<u>2,102,342</u>	<u>1,352,015</u>
10.2 The income of the fund has been distributed to members at the rate of 6% (2018: 0%).			
<b>11 CONTINGENCIES AND COMMITMENTS</b>			
<b>Contingencies</b>		<u>Nil</u>	<u>Nil</u>
<b>Commitments</b>			
Commitment against capital expenditure		<u>-</u>	<u>-</u>

	<b>2019</b> Rupees	<b>2018</b> Rupees
<b>12 DONATIONS</b>		
Donations and voluntary contributions	4,983,683	1,415,000
Student scholarships	-	9,207,519
	<u>4,983,683</u>	<u>10,622,519</u>
<b>13 OTHER INCOME</b>		
Mark-up on loan to employee	1,000,000	-
Exchange gain	510,478	198,200
Miscellaneous	1,097,300	-
	<u>2,607,778</u>	<u>198,200</u>

**14 SALARIES AND OTHER BENEFITS**

Salaries and other benefits include provident fund contribution of Rupees 230,766 (2018: Rupees 223,704) by the Trust.

	<b>2019</b> Rupees	<b>2018</b> Rupees
<b>15 AUDITOR'S REMUNERATION</b>		
Audit fee	110,000	110,000
Out of pocket expenses	10,000	10,000
	<u>120,000</u>	<u>120,000</u>

**16 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.

**17 NUMBER OF EMPLOYEES**

	<b>2019</b>	<b>2018</b>
Number of employees as at 30 June	14	15
Average number of employees during the year	14	15

**18 REMUNERATION TO CHIEF EXECUTIVE AND KEY MANAGEMENT PERSONNEL**

No remuneration to chief executive and key management personnel was paid during the year (2018: Nil).

**19 TRANSACTIONS WITH RELATED PARTIES**

Related parties comprise of Sargodhian Spirit Trust Public School Rashidabad, Sargodhian Spirit Institute for Professional Development, key management personnel and entities over which trustees are able to exert significant influence. Transactions with related parties have been disclosed in relevant notes to the financial statements.

**20 DATE OF AUTHORIZATION FOR ISSUE**

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

**21 CORRESPONDING FIGURES**

No significant reclassification / re-arrangement of corresponding figures has been made in these financial statements.

**22 GENERAL**

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

  
CHAIRMAN

  
CHIEF EXECUTIVE

  
TRUSTEE