

# **SARGODHIAN SPIRIT TRUST**

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

**30 JUNE 2021**

## 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 2021, 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 2021, 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

# Riaz Ahmad & Company

Chartered Accountants

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.
- 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 & COMPANY**  
Chartered Accountants

Date: 21 DEC 2021

**ISLAMABAD**

Name of engagement partner: Raheel Arshad

**SARGODHIAN SPIRIT TRUST**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2021**

	Note	2021 Rupees	2020 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	4	803,699,119	602,979,210
Intangible assets	5	2,179,560	2,421,733
Long term deposits		510,125	510,125
		<u>806,388,804</u>	<u>605,911,068</u>
<b>CURRENT ASSETS</b>			
Loan to employee	6	1,000,000	1,000,000
Advances, deposits and prepayments	7	30,188,307	14,483,043
Receivable from students		4,795,346	5,418,357
Other receivables		341,517	2,055,658
Taxation recoverable	8	6,488,905	5,133,567
Short term investments	9	101,852,278	23,085,515
Cash and bank balances	10	454,545,498	351,772,856
		<u>599,211,851</u>	<u>402,948,996</u>
<b>TOTAL ASSETS</b>		<u><u>1,405,600,655</u></u>	<u><u>1,008,860,064</u></u>
<b>FUNDS AND LIABILITIES</b>			
<b>FUNDS</b>			
General fund		133,483,563	140,224,892
Endowment fund		73,521,712	58,698,876
<b>TOTAL FUNDS</b>		<u>207,005,275</u>	<u>198,923,768</u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Deferred credit - grants	11	1,079,964,466	716,105,545
Students' security deposits	12	12,876,321	12,631,264
		<u>1,092,840,787</u>	<u>728,736,809</u>
<b>CURRENT LIABILITIES</b>			
Accrued and other payables	13	49,940,214	42,583,193
Payable to suppliers		-	598,033
Advance fee		55,314,379	37,468,261
Current portion of students' security deposits	12	500,000	550,000
		<u>105,754,593</u>	<u>81,199,487</u>
<b>TOTAL LIABILITIES</b>		<u>1,198,595,380</u>	<u>809,936,296</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	14		
<b>TOTAL FUNDS AND LIABILITIES</b>		<u><u>1,405,600,655</u></u>	<u><u>1,008,860,064</u></u>

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

  
**CHAIRMAN**

  
**CHIEF EXECUTIVE**

  
**TRUSTEE**

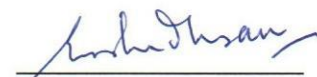
**SARGODHIAN SPIRIT TRUST**  
**CONSOLIDATED STATEMENT OF INCOME AND EXPENDITURE**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2021 Rupees	2020 Rupees
<b>INCOME</b>			
Fee income	15	126,952,979	119,672,592
Donations	16	9,230,999	22,883,030
Amortization of grants	11	54,141,079	49,036,735
Profit on bank deposits		10,152,356	21,796,898
Other income	17	1,704,205	2,332,579
		<u>202,181,618</u>	<u>215,721,834</u>
<b>EXPENDITURE</b>			
Salaries and other benefits	18	123,995,810	122,309,961
Students boarding, lodging and living	19	19,621,153	17,350,944
Utilities		10,828,856	12,257,544
Communication		1,844,327	1,840,923
Repair and maintenance		3,804,309	4,462,658
International General Certificate of Secondary Education fee		4,597,719	4,135,979
Advertisement expenses		758,489	1,251,935
Travelling		2,324,100	2,531,444
Insurance		997,925	804,879
Staff professional development fee		416,066	55,938
Printing and stationery		820,566	1,424,455
Consumables		1,097,068	718,001
Fuel		570,223	782,562
Entertainment		534,945	365,621
Office maintenance		49,518	81,175
Special functions		177,253	932,348
Professional and legal charges		428,926	815,924
Auditor's remuneration	20	400,000	360,000
Depreciation	4.1	21,173,796	16,398,422
Amortization	5	242,173	263,525
Postage		311,044	286,950
Office rent		1,819,334	1,645,757
Accommodation charges		341,000	372,000
Bank charges		72,647	13,726
Others		489,128	1,438,730
		<u>(197,716,375)</u>	<u>(192,901,401)</u>
<b>SURPLUS FOR THE YEAR</b>		<u>4,465,243</u>	<u>22,820,433</u>

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



**CHAIRMAN**



**CHIEF EXECUTIVE**



**TRUSTEE**

**SARGODHIAN SPIRIT TRUST**  
**CONSOLIDATED STATEMENT OF CHANGES IN FUND**  
**FOR THE YEAR ENDED 30 JUNE 2021**

Description	General fund	Endowment fund	Total
	----- Rupees -----		
<b>Balance as at 30 June 2019</b>	117,404,459	54,116,187	171,520,646
Surplus for the year ended 30 June 2020	22,820,433	-	22,820,433
Return on endowment fund investment	-	2,922,689	2,922,689
Contributions received from students during the year	-	1,660,000	1,660,000
<b>Balance as at 30 June 2020</b>	140,224,892	58,698,876	198,923,768
Surplus for the year ended 30 June 2021	4,465,243	-	4,465,243
Transfer from general fund to endowment fund	(11,206,572)	11,206,572	-
Return on endowment fund investment	-	701,264	701,264
Contributions received from students during the year	-	2,915,000	2,915,000
<b>Balance as at 30 June 2021</b>	<u>133,483,563</u>	<u>73,521,712</u>	<u>207,005,275</u>

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

  
 CHAIRMAN

  
 CHIEF EXECUTIVE

  
 TRUSTEE

**SARGODHIAN SPIRIT TRUST**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	<b>2021</b>	<b>2020</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Surplus for the year	4,465,243	22,820,433
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation	21,173,796	16,398,422
Amortization of intangible assets	242,173	263,525
Amortization of grants	(54,141,079)	(49,036,735)
Liabilities written back	-	(115,956)
Profit on bank deposits	(10,152,356)	(21,796,898)
<b>Cash used in operations before working capital changes</b>	<b>(38,412,223)</b>	<b>(31,467,209)</b>
<b>Working capital changes</b>		
<b>(Increase) / decrease in current assets:</b>		
Loan to employee	-	21,000,000
Advances and prepayments	(15,705,264)	(4,734,322)
Receivable from students	623,011	1,028,591
Other receivables	1,714,141	151,030
	<b>(13,368,112)</b>	<b>17,445,299</b>
<b>Increase / (decrease) in current liabilities</b>		
Accrued and other payables	7,357,021	2,989,451
Payable to suppliers	(598,033)	598,033
Advance fee	17,846,118	(8,082,494)
	<b>24,605,106</b>	<b>(4,495,010)</b>
<b>Net cash used in operations</b>	<b>(27,175,229)</b>	<b>(18,516,920)</b>
Increase in students' security deposits	195,057	1,027,935
Tax paid	(1,355,338)	(2,690,142)
<b>Net cash used in operating activities</b>	<b>(28,335,510)</b>	<b>(20,179,127)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure on operating fixed assets	(74,224,737)	(48,173,127)
Capital expenditure on intangible assets	-	(80,000)
Additions in capital work in progress	(147,668,968)	(106,745,183)
Short term investments (made) / encashed - net	(78,766,763)	54,422,080
Proceeds from endowment fund	3,616,264	4,582,689
Interest received	10,152,356	21,796,898
<b>Net cash used in investing activities</b>	<b>(286,891,848)</b>	<b>(74,196,643)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Grants received - net	418,000,000	170,000,000
<b>Net cash from financing activities</b>	<b>418,000,000</b>	<b>170,000,000</b>
<b>Net increase in cash and cash equivalents</b>	<b>102,772,642</b>	<b>75,624,230</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>351,772,856</b>	<b>276,148,626</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>454,545,498</b>	<b>351,772,856</b>

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

  
**CHAIRMAN**

  
**CHIEF EXECUTIVE**

  
**TRUSTEE**

**SARGODHIAN SPIRIT TRUST**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**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 fee is recognized on accrual basis.

Processing and registration fee are recognized on receipt 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	Note	2021		2020	
			Rupees	Rupees	Rupees	Rupees
4.1	Operating fixed assets	4.1	436,011,488	382,960,547		
4.2	Capital work in progress	4.2	367,687,631	220,018,663		
			803,699,119	602,979,210		

4.1 Operating fixed assets

	Freehold land (Note - 4.1.1)	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	Vehicles	Total
<b>At 30 June 2019</b>													
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
<b>Year ended 30 June 2020</b>													
Opening 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
Additions	5,675,430	32,397,356	5,329,819	575,000	479,925	2,676,785	213,760	131,227	178,960	141,460	373,405	-	48,173,127
Depreciation charge	-	(9,443,089)	(1,872,551)	(684,915)	(1,022,008)	(1,121,265)	(139,932)	(154,611)	(154,665)	(142,937)	(121,814)	(1,540,635)	(16,398,422)
Closing net book value	124,621,003	211,747,663	21,527,134	4,183,274	4,431,204	6,178,515	1,347,952	684,054	689,492	657,197	730,521	6,162,538	382,960,547
<b>At 30 June 2020</b>													
Cost	124,621,003	346,134,962	41,903,293	9,800,469	20,919,144	16,823,831	3,699,821	2,478,703	4,414,738	1,662,459	1,676,439	15,465,677	589,600,539
Accumulated depreciation	-	(134,387,299)	(20,376,159)	(5,617,195)	(16,487,940)	(10,645,316)	(2,351,869)	(1,794,649)	(3,725,246)	(1,005,262)	(945,918)	(9,303,139)	(206,639,992)
Net book value	124,621,003	211,747,663	21,527,134	4,183,274	4,431,204	6,178,515	1,347,952	684,054	689,492	657,197	730,521	6,162,538	382,960,547
<b>Year ended 30 June 2021</b>													
Opening net book value	124,621,003	211,747,663	21,527,134	4,183,274	4,431,204	6,178,515	1,347,952	684,054	689,492	657,197	730,521	6,162,538	382,960,547
Additions	-	1,316,443	21,280,487	3,174,723	3,067,002	17,607,992	873,803	30,975	5,057,559	2,776,724	4,468,279	14,570,750	74,224,737
Depreciation charge	-	(10,455,814)	(2,972,733)	(1,029,952)	(1,408,717)	(2,301,578)	(149,221)	(138,482)	(555,996)	(387,261)	(336,726)	(1,437,316)	(21,173,796)
Closing net book value	124,621,003	302,608,292	39,834,888	6,328,045	6,089,489	21,484,929	2,072,534	576,547	5,191,055	3,046,660	4,862,074	19,295,972	436,011,488
<b>At 30 June 2021</b>													
Cost	124,621,003	347,451,405	63,183,780	12,975,192	23,986,146	34,431,823	4,573,624	2,509,678	9,472,297	4,439,183	6,144,718	30,036,427	663,825,276
Accumulated depreciation	-	(144,843,113)	(23,348,892)	(6,647,147)	(17,896,657)	(12,946,894)	(2,501,090)	(1,933,131)	(4,281,242)	(1,392,523)	(1,282,644)	(10,740,455)	(227,813,788)
Net book value	124,621,003	302,608,292	39,834,888	6,328,045	6,089,489	21,484,929	2,072,534	576,547	5,191,055	3,046,660	4,862,074	19,295,972	436,011,488
<b>Depreciation rate (%)</b>	-	5	10	15	20	20	10	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 of the School.

	Note	2021 Rupees	2020 Rupees
<b>4.2 Capital work in progress - civil works</b>			
<b>Neelab Project - KPK</b>			
Balance as at 01 July		16,754,345	14,073,360
Add: Additions during the year		2,812,814	2,680,985
Balance as at 30 June		19,567,159	16,754,345
<b>Alamabad Project - KPK</b>			
Balance as at 01 July		-	-
Add: Additions during the year		1,206,400	-
Balance as at 30 June		1,206,400	-
<b>School development expenses - Pavilion Project</b>			
Balance as at 01 July		1,646,957	-
Add: Additions during the year		30,784,168	1,646,957
Balance as at 30 June		32,431,125	1,646,957
<b>Bad Water treatment plant project</b>			
Balance as at 01 July		-	-
Add: Additions during the year		5,277,398	-
Balance as at 30 June		5,277,398	-
<b>SSTPSR solarization project</b>			
Balance as at 01 July		-	-
Add: Additions during the year		37,758,665	-
Balance as at 30 June		37,758,665	-
<b>Sargodhian Spirit Institute for Professional Development - Construction work</b>			
Balance as at 01 July		201,617,361	99,200,120
Add: Additions during the year		69,829,523	102,417,241
Balance as at 30 June		271,446,884	201,617,361
		<u>367,687,631</u>	<u>220,018,663</u>

## 5 INTANGIBLE ASSETS

	Learning management system	Campus management system	Inventory management system	English as a secondary language system	Total
	----- Rupees -----				
<b>At 30 June 2019</b>					
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>
<b>Year ended June 2020</b>					
Opening net book value	1,197,192	876,861	247,192	284,013	2,605,258
Additions	-	80,000	-	-	80,000
Amortization charge	(119,719)	(90,686)	(24,719)	(28,401)	(263,525)
Closing net book value	<u>1,077,473</u>	<u>866,175</u>	<u>222,473</u>	<u>255,612</u>	<u>2,421,733</u>
<b>At 30 June 2020</b>					
Cost	3,022,850	1,564,973	538,229	618,400	5,744,452
Accumulated amortization	(1,945,377)	(698,798)	(315,756)	(362,788)	(3,322,719)
Net book value	<u>1,077,473</u>	<u>866,175</u>	<u>222,473</u>	<u>255,612</u>	<u>2,421,733</u>
<b>Year ended June 2021</b>					
Opening net book value	1,077,473	866,175	222,473	255,612	2,421,733
Amortization charge	(107,747)	(86,618)	(22,247)	(25,561)	(242,173)
Closing net book value	<u>969,726</u>	<u>779,557</u>	<u>200,226</u>	<u>230,051</u>	<u>2,179,560</u>
<b>At 30 June 2021</b>					
Cost	3,022,850	1,564,973	538,229	618,400	5,744,452
Accumulated amortization	(2,053,124)	(785,416)	(338,003)	(388,349)	(3,564,892)
Net book value	<u>969,726</u>	<u>779,557</u>	<u>200,226</u>	<u>230,051</u>	<u>2,179,560</u>
<b>Amortization rate (%)</b>	10	10	10	10	

## 6 LOAN TO EMPLOYEE

It represents receivable from Chief operating officer of the Trust.

	Note	2021 Rupees	2020 Rupees
<b>7 ADVANCES, DEPOSITS AND PREPAYMENTS</b>			
Advances to:			
- employees against expenses - unsecured		12,864,181	2,269,016
- employees against salaries - secured	7.1	5,168,283	2,053,391
- suppliers - unsecured		11,975,843	8,153,428
		30,008,307	12,475,835
Short term deposits		180,000	180,000
Prepayments		-	1,827,208
		<u>30,188,307</u>	<u>14,483,043</u>

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

	Note	2021 Rupees	2020 Rupees
<b>8 Taxation recoverable</b>			
Balance as on 01 July		5,133,567	2,443,425
Tax paid / deducted at source		1,355,338	2,690,142
Balance as at 30 June		<u>6,488,905</u>	<u>5,133,567</u>

#### 9 SHORT TERM INVESTMENTS

##### Fair value through profit or loss:

Meezan Bank Limited - Mutual fund 438,155 (2020: 481,431) units	9.1	19,624,541	22,805,394
Profit on remeasurement of investment		1,451,340	280,121
		<u>21,075,881</u>	<u>23,085,515</u>

##### Amortised cost:

Meezan Bank Limited - term deposit receipts	9.2	80,776,397	-
		<u>101,852,278</u>	<u>23,085,515</u>

9.1 This investment has been earmarked for employees contributory provident fund.

9.2 It represents investment of Rupees 10,194,099 (2020: Nil) earmarked for employees contributory provident fund and Rupees 70,582,298 (2020: Nil) earmarked for endowment fund.

	Note	2021 Rupees	2020 Rupees
<b>10 CASH AND BANK BALANCES</b>			
Cash in hand		124,794	76,485
Cash at bank:			
- current accounts	10.1	59,339,395	24,254,710
- saving accounts	10.2 & 10.3 & 10.4	395,081,309	327,441,661
		454,420,704	351,696,371
		<u>454,545,498</u>	<u>351,772,856</u>

10.1 The balances in current account include US \$ 11,983 (2020: US \$ 11,983).

10.2 The balances in saving accounts carry interest rate ranging from 2.7% to 2.9% (2020: 4.6% to 6.5%) per annum.

10.3 These include funds of Rupees 5,135 (2020: Rupees 4,902) in Askari Bank Limited, account No. 165-050010-4 and Rupees 5,785,139 (2020: Rupees 9,077,995) in Meezan Bank Limited, account No. 0101104053, earmarked for contributory provident fund.

10.4 These include funds of Rupees 89,545 (2020: Rupees 87,468) in Askari Bank Limited, account No. 167-0165050014-8 and Rupees 2,849,869 (2020: Rupees 42,411,032) in Meezan Bank Limited, account No. 0103450263, earmarked for endowment fund.

## 11 DEFERRED CREDIT - GRANTS

DESCRIPTION	2021										2020	
	Capital Nature									Revenue nature	Total	
	Land (Note 11.1)	Buildings and infrastructure (Note 11.2)	IT equipment and other school related items (Note 11.3)	Other assets	Government grant (Note 11.4)	Neelab Project (Note 11.5)	Alamabad Project (Note 11.6)	SST School Quetta (Note 11.7)	Sub - Total	Scholarship (Note 11.4)		
	Rupees											
Balance at the beginning of the year	364,744	160,596,353	285,876	12,240,601	554,539,971	8,078,000	-	-	736,105,545	(20,000,000)	716,105,545	595,142,280
Grants received during the year	-	-	-	-	170,000,000	-	100,000,000	150,000,000	420,000,000	-	420,000,000	170,000,000
Grants refunded against Neelab Project	-	-	-	-	-	(2,000,000)	-	-	(2,000,000)	-	(2,000,000)	-
Grants amortized during the year	(18,237)	(10,455,814)	(61,454)	-	(23,605,574)	-	-	-	(34,141,079)	(20,000,000)	(54,141,079)	(49,036,735)
Balance at the end of the year	346,507	150,140,539	224,422	12,240,601	700,934,397	6,078,000	100,000,000	150,000,000	1,119,964,466	(40,000,000)	1,079,964,466	716,105,545

- 11.1 It represents grants received and utilized for purchase of land, the remaining amount is amortized at the rate of 5% per annum.
- 11.2 It 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.
- 11.3 It represents grant received from HBL Foundation for purchase of IT equipment and other school related items.
- 11.4 It represents grant received from Government of Sindh, for expansion of infrastructure facility, teacher training programme and scholarships.
- 11.5 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.
- 11.6 It represents grant received from Government of Khyber Pakhtunkhwa (KPK) to create educational facilities at Alamabad, Village Nabi, Tehsil Chotta Lahore, District Swabi, KPK.
- 11.7 It represents grant received from Government of Balochistan to create educational facilities in province Balochistan.

## 12 STUDENTS' SECURITY DEPOSITS

	Note	2021 Rupees	2020 Rupees
Students' security deposits	12.1	13,376,321	13,181,264
Current portion shown under current liabilities		(500,000)	(550,000)
		<u>12,876,321</u>	<u>12,631,264</u>

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

## 13 ACCRUED AND OTHER PAYABLES

	Note	2021 Rupees	2020 Rupees
Accrued expenses		422,690	372,010
Due to students		3,111,157	2,952,674
Contributory provident fund payable	13.1	40,614,173	34,909,943
Retention money payable		1,741,358	-
Others		4,050,836	4,348,566
		<u>49,940,214</u>	<u>42,583,193</u>

### 13.1 Contributory provident fund payable

Balance as at 01 July		34,909,943	30,133,511
Contributions for the year		7,006,540	7,051,400
Payment to outgoing members		(3,203,929)	(2,864,684)
Return on investments	13.2	2,057,455	705,672
Liability written back		(155,836)	(115,956)
Balance as at 30 June		<u>40,614,173</u>	<u>34,909,943</u>

- 13.2 The income of the fund has been distributed to members at the rate of 6% (2020: 6%).



	2021 Rupees	2020 Rupees
<b>14 CONTINGENCIES AND COMMITMENTS</b>		
<b>Contingencies</b>	Nil	Nil
<b>Commitments</b>		
Commitment against capital expenditure	4,873,449	5,345,667
<b>15 FEE INCOME</b>		
Tuition fee	110,856,680	108,250,002
Registration fee	8,460,000	5,460,000
Accommodation charges	4,170,000	2,685,000
Application processing fee	860,000	868,000
Fines and penalties	474,385	453,419
Re-admission fee	2,131,914	1,956,171
	<u>126,952,979</u>	<u>119,672,592</u>
<b>16 DONATIONS</b>		
It represents donations and voluntary contributions from different individuals and organizations.		
<b>17 OTHER INCOME</b>		
Liabilities written back	-	115,956
Exchange gain	-	38,825
Miscellaneous	1,704,205	2,177,798
	<u>1,704,205</u>	<u>2,332,579</u>

**18 SALARIES AND OTHER BENEFITS**

Salaries and other benefits include provident fund contribution of Rupees 3.35 million (2020: Rupees 3.53 million) by the Trust.

	2021 Rupees	2020 Rupees
<b>19 STUDENTS BOARDING, LODGING AND LIVING</b>		
Food	15,841,136	14,486,504
Uniforms	1,484,095	73,549
Study material	60,452	251,004
Travelling	-	504,192
Medical	603,809	312,260
Others	1,631,661	1,723,435
	<u>19,621,153</u>	<u>17,350,944</u>
<b>20 AUDITOR'S REMUNERATION</b>		
Audit fee	360,000	330,000
Out of pocket expenses	40,000	30,000
	<u>400,000</u>	<u>360,000</u>

**21 NUMBER OF EMPLOYEES**

	2021	2020
Number of employees as at 30 June	261	259
Average number of employees during the year	259	263

**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>812,500</u>	<u>1,227,500</u>
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## 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.

	2021 Rupees	2020 Rupees
Managerial remuneration		
- Principal	5,930,448	5,824,612
- Director	4,200,000	4,200,000
Contribution to provident fund	211,674	207,894
	<u>10,342,122</u>	<u>10,232,506</u>

## 24 FINANCIAL INSTRUMENTS BY CATEGORIES

	At fair value through profit or loss	At amortized cost	Total
	----- Rupees -----		
<b>As at 30 June 2021</b>			
<b>Assets as per statement of financial position</b>			
Loan to employee	-	1,000,000	1,000,000
Advances and deposits	-	5,348,283	5,348,283
Receivable from students	-	4,795,346	4,795,346
Other receivables	-	341,517	341,517
Short term investments	21,075,881	80,776,397	101,852,278
Cash and bank balances	-	454,545,498	454,545,498
	<u>21,075,881</u>	<u>546,807,041</u>	<u>567,882,922</u>
<b>Liabilities as per statement of financial position</b>			
Students' security deposits	-	13,376,321	13,376,321
Accrued and other payables	-	49,940,214	49,940,214
	<u>-</u>	<u>63,316,535</u>	<u>63,316,535</u>
	At fair value through profit or loss	At amortized cost	Total
	----- Rupees -----		
<b>As at 30 June 2020</b>			
<b>Assets as per statement of financial position</b>			
Loan to employee	-	1,000,000	1,000,000
Advances and deposits	-	2,233,391	2,233,391
Receivable from students	-	5,418,357	5,418,357
Other receivables	-	2,055,658	2,055,658
Short term investments	23,085,515	-	23,085,515
	<u>23,085,515</u>	<u>10,707,406</u>	<u>33,792,921</u>
<b>Liabilities as per statement of financial position</b>			
Students' security deposits	-	13,181,264	13,181,264
Accrued and other payables	-	42,583,193	42,583,193
Payable to suppliers	-	598,033	598,033
	<u>-</u>	<u>56,362,490</u>	<u>56,362,490</u>

## 25 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on 21 DEC 2021 by the Board of Trustees.

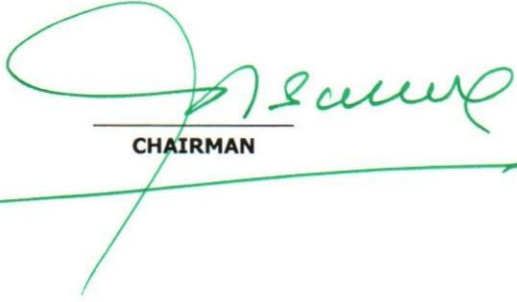
**26 CORRESPONDING FIGURES**

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

**27 GENERAL**

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

*Rs.*



CHAIRMAN



CHIEF EXECUTIVE



TRUSTEE