

**SARGODHIAN SPIRIT TRUST**

**CONSOLIDATED FINANCIAL STATEMENTS  
WITH  
ACCOMPANYING INFORMATION**

**30 JUNE 2022**

## 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 2022, 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 2022, 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

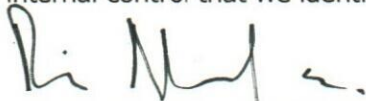
Chartered Accountants

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:** 13 February 2023

**ISLAMABAD**

**Name of engagement partner: Raheel Arshad**


**UDIN:** AR202210187noI5r47QY

**SARGODHIAN SPIRIT TRUST**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2022**

	Note	2022 Rupees	2021 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	3	867,754,365	803,699,119
Intangible assets	4	1,991,036	2,179,560
Biological assets	5	2,300,000	-
Long term deposits	6	690,125	690,125
		<u>872,735,526</u>	<u>806,568,804</u>
<b>CURRENT ASSETS</b>			
Loan to employee		-	1,000,000
Advances	7	15,988,932	30,008,307
Receivable from students		12,376,314	4,795,346
Other receivables		220,786	341,517
Taxation recoverable	8	10,091,430	6,488,905
Short term investments	9	112,500,000	101,852,278
Cash and bank balances	10	675,819,211	454,545,498
		<u>826,996,673</u>	<u>599,031,851</u>
<b>TOTAL ASSETS</b>		<u>1,699,732,199</u>	<u>1,405,600,655</u>
<b>FUNDS AND LIABILITIES</b>			
<b>FUNDS</b>			
General fund		42,601,601	133,483,563
Endowment fund		81,944,505	73,521,712
<b>TOTAL FUNDS</b>		<u>124,546,106</u>	<u>207,005,275</u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Deferred credit - grants	11	1,394,791,627	1,079,964,466
Employee retirement benefit- gratuity	12	108,160,157	-
Students' security deposits	13	14,164,670	12,876,321
		<u>1,517,116,454</u>	<u>1,092,840,787</u>
<b>CURRENT LIABILITIES</b>			
Accrued and other payables	14	13,859,213	49,940,214
Advance fee		44,135,426	55,314,379
Current portion of students' security deposits	13	75,000	500,000
		<u>58,069,639</u>	<u>105,754,593</u>
<b>TOTAL LIABILITIES</b>		<u>1,575,186,093</u>	<u>1,198,595,380</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	15		
<b>TOTAL FUNDS AND LIABILITIES</b>		<u>1,699,732,199</u>	<u>1,405,600,655</u>

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

  
**CHAIRMAN**

  
**CHIEF EXECUTIVE**

  
**TRUSTEE**

**SARGODHIAN SPIRIT TRUST**  
**CONSOLIDATED STATEMENT OF INCOME AND EXPENDITURE**  
**FOR THE YEAR ENDED 30 JUNE 2022**

	Note	2022 Rupees	2021 Rupees
<b>INCOME</b>			
Fee income	16	159,420,999	126,952,979
Donations	17	7,213,844	9,230,999
Amortization of grants	11	49,458,954	54,141,079
Profit on bank deposits		25,799,210	10,152,356
Gain arising from changes in fair value less costs to sell of dairy livestock	5.1	295,000	-
Other income	18	2,051,244	1,704,205
		<u>244,239,251</u>	<u>202,181,618</u>
<b>EXPENDITURE</b>			
Salaries and other benefits	19	218,240,751	123,995,810
Students boarding, lodging and living	20	42,561,901	19,621,153
Utilities		11,235,776	10,828,856
Communication		1,879,185	1,844,327
Repair and maintenance		8,999,901	3,804,309
International General Certificate of Secondary Education fee		1,514,468	4,597,719
Advertisement expenses		2,460,022	758,489
Travelling		4,784,812	2,324,100
Insurance		1,254,922	997,925
Staff professional development fee		669,597	416,066
Printing and stationery		1,663,548	820,566
Consumables		1,570,066	1,097,068
Fuel		669,710	570,223
Entertainment		1,011,812	534,945
Office maintenance		66,310	49,518
Special functions		360,505	177,253
Professional and legal charges		764,492	428,926
Auditor's remuneration	21	400,000	400,000
Depreciation	3.1	31,742,395	21,173,796
Amortization	4	221,227	242,173
Postage		309,401	311,044
Office rent		1,963,948	1,819,334
Accommodation charges		200,000	341,000
Bank charges		57,604	72,647
Others		518,860	489,128
		<u>(335,121,213)</u>	<u>(197,716,375)</u>
<b>(DEFICIT) / SURPLUS FOR THE YEAR</b>		<u>(90,881,962)</u>	<u>4,465,243</u>

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

  
**CHAIRMAN**

  
**CHIEF EXECUTIVE**

  
**TRUSTEE**

**SARGODHIAN SPIRIT TRUST**  
**CONSOLIDATED STATEMENT OF CHANGES IN FUND**  
**FOR THE YEAR ENDED 30 JUNE 2022**

Description	General fund	Endowment fund	Total
	----- Rupees -----		
<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>	133,483,563	73,521,712	207,005,275
Deficit for the year ended 30 June 2022	(90,881,962)	-	(90,881,962)
Transferred from Government grant	-	20,000,000	20,000,000
Return on endowment fund investment	-	4,842,793	4,842,793
Contributions received from students during the year	-	2,180,000	2,180,000
Donation received for endowment fund	-	1,400,000	1,400,000
Scholarship	-	(20,000,000)	(20,000,000)
<b>Balance as at 30 June 2022</b>	<u>42,601,601</u>	<u>81,944,505</u>	<u>124,546,106</u>

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

  
 CHAIRMAN

  
 CHIEF EXECUTIVE

  
 TRUSTEE

**SARGODHIAN SPIRIT TRUST**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

	2022 Rupees	2021 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Deficit) / surplus for the year	(90,881,962)	4,465,243
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation	31,742,395	21,173,796
Amortization of intangible assets	221,227	242,173
Amortization of grants	(49,458,954)	(54,141,079)
Provision for staff retirement benefit	64,990,158	-
Liabilities written back	(320,294)	-
Gain on disposal of operating fixed assets	(536,854)	-
Fair value gain on biological assets	(295,000)	-
Profit on bank deposits	(25,799,210)	(10,152,356)
<b>Cash used in operations before working capital changes</b>	<u>(70,338,494)</u>	<u>(38,412,223)</u>
<b>Working capital changes</b>		
<b>(Increase) / decrease in current assets:</b>		
Loan to employee	1,000,000	-
Advances	14,019,375	(15,705,264)
Receivable from students	(7,580,968)	623,011
Other receivables	120,731	1,714,141
	<u>7,559,138</u>	<u>(13,368,112)</u>
<b>Increase / (decrease) in current liabilities</b>		
Accrued and other payables	7,409,292	7,357,021
Payable to suppliers	-	(598,033)
Advance fee	(11,178,953)	17,846,118
	<u>(3,769,661)</u>	<u>24,605,106</u>
<b>Net cash used in operations</b>	<u>(66,549,017)</u>	<u>(27,175,229)</u>
Increase in students' security deposits	863,349	195,057
Tax paid	(3,602,525)	(1,355,338)
<b>Net cash used in operating activities</b>	<u>(69,288,193)</u>	<u>(28,335,510)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure on operating fixed assets	(46,550,907)	(74,224,737)
Proceeds from disposal of operating fixed assets	550,000	-
Capital expenditure on intangible assets	(32,703)	-
Additions in capital work in progress	(49,259,880)	(147,668,968)
Purchase of diary livestock	(2,005,000)	-
Short term investments (made) / encashed - net	(10,647,722)	(78,766,763)
Endowment fund	(11,577,207)	3,616,264
Interest received	25,799,210	10,152,356
<b>Net cash used in investing activities</b>	<u>(93,724,209)</u>	<u>(286,891,848)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Grants received	384,286,115	418,000,000
<b>Net cash from financing activities</b>	<u>384,286,115</u>	<u>418,000,000</u>
<b>Net increase in cash and cash equivalents</b>	<u>221,273,713</u>	<u>102,772,642</u>
<b>Cash and cash equivalents at the beginning of the year</b>	<u>454,545,498</u>	<u>351,772,856</u>
<b>Cash and cash equivalents at the end of the year</b>	<u><u>675,819,211</u></u>	<u><u>454,545,498</u></u>

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

  
**CHAIRMAN**

  
**CHIEF EXECUTIVE**

  
**TRUSTEE**

**SARGODHIAN SPIRIT TRUST**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**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. The registered office of the Trust is situated at House No. 507-G, Street 32, MPCHS E 11/3 E-11, Islamabad.

**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 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:

**2.1 Basis of preparation**

**a) 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.

**b) 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.



c) **Critical accounting estimates and judgments**

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the School's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the School's financial statements or where judgments were exercised in application of accounting policies are as follows:

d) **Useful lives, patterns of economic benefits and impairment**

Estimates with respect to residual values, useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Trust. Further, the Trust reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

## 2.2 **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.

## 2.3 **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.

## 2.4 Biological assets

Livestock is measured at their fair value less cost to sell. Fair value of livestock is determined by an independent valuer on the basis of best available estimate for livestock of similar attributes. Milk is initially measured at its fair value less cost to sell at the time of milking. The fair value of milk is determined based on market prices in the local area.

Gains or losses arising from changes in fair value less cost to sell of livestock and milk are recognized in consolidated statement of income and expenditure

## 2.5 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.

## 2.6 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.

## **2.7 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.

## **2.8 Employee benefits - gratuity**

The Trust operates unapproved and unfunded gratuity scheme for permanent employees of the Trust, payable on cessation of employment. Provision is made in these financial statements for the amounts payable by the Trust in respect of this.

## **2.9 Revenue recognition**

Tuition fee is recognized on accrual basis.

Processing, registration fee, accommodation charges, admission fee, fines and penalties 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.

## **2.10 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.

## **2.11 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.

## **2.12 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.

## **2.13 Accrued and other liabilities**

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

## **2.14 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.

## **2.15 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.

## **2.16 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.

## **2.17 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.

## **2.18 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.

3 PROPERTY AND EQUIPMENT

Operating fixed assets  
Capital work in progress

Note	2022 Rupees	2021 Rupees
3.1	769,296,351	436,011,488
3.2	96,459,014	362,410,233
	867,755,365	798,421,721

3.1 Operating fixed assets

	Freehold land (Note - 3.1.1)	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 2020</b>													
Cost	124,621,003	346,134,962	41,903,293	9,800,469	20,915,144	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)	(30,645,316)	(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	4,427,204	16,178,515	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	4,427,204	16,178,515	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	202,608,292	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	202,608,292	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>Year ended 30 June 2022</b>													
Opening net book value	124,621,003	202,608,292	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
Additions	300,000	6,916,793	9,037,006	6,477,052	593,995	2,645,035	86,340	437,045	3,649,250	5,360,775	1,928,377	9,119,239	46,550,907
Transferred from Capital work in progress (Note 3.2)	-	280,730,832	-	-	-	37,958,665	-	-	-	-	-	-	318,489,497
Disposal	-	-	-	-	-	-	-	-	-	-	-	-	(875,000)
Cost	-	-	-	-	-	-	-	-	-	-	-	-	861,854
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-	(13,146)
Depreciation charge	-	(10,130,415)	(4,390,536)	(1,049,742)	(1,876,994)	(6,078,694)	(213,810)	(177,553)	(1,038,211)	(1,090,249)	(1,113,867)	(4,581,924)	(31,742,395)
Closing net book value	124,921,003	480,125,502	44,480,958	11,755,355	4,806,490	55,809,935	1,945,064	836,039	7,802,094	7,317,186	5,676,584	23,820,141	769,296,351
<b>At 30 June 2022</b>													
Cost	124,921,003	635,099,030	72,220,786	19,452,244	24,580,141	74,835,523	4,659,964	2,946,723	13,121,547	9,799,958	8,073,095	38,280,666	1,027,990,680
Accumulated depreciation	-	(154,973,528)	(27,739,828)	(7,696,889)	(19,773,651)	(19,025,588)	(2,714,900)	(2,110,684)	(5,319,453)	(2,482,772)	(2,396,511)	(14,460,525)	(258,694,329)
Net book value	124,921,003	480,125,502	44,480,958	11,755,355	4,806,490	55,809,935	1,945,064	836,039	7,802,094	7,317,186	5,676,584	23,820,141	769,296,351
Depreciation rate (%)	-	5	10	15	20	20	10	20	20	20	20	20	20

3.1.1 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	2022 Rupees	2021 Rupees
<b>3.2 Capital work in progress - civil works</b>			
<b>Neelab Project - KPK</b>			
Balance as at 01 July		19,567,159	16,754,345
Add: additions during the year		1,910,682	2,812,814
Balance as at 30 June		21,477,841	19,567,159
<b>Alamabad Project - KPK</b>			
Balance as at 01 July		1,206,400	-
Add: additions during the year		2,350,160	1,206,400
Balance as at 30 June		3,556,560	1,206,400
<b>School development expenses - Pavilion Project</b>			
Balance as at 01 July		32,431,125	1,646,957
Add: additions during the year		32,147,594	30,784,168
Balance as at 30 June		64,578,719	32,431,125
<b>Bad Water treatment plant project</b>			
Balance as at 01 July		5,277,398	-
Add: additions during the year		3,567,496	5,277,398
Balance as at 30 June		8,844,894	-
<b>SSTPSR solarization project</b>			
Balance as at 01 July		37,758,665	-
Add: additions during the year		-	37,758,665
Less: transferred to operating fixed asset		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		271,446,884	201,617,361
Add: additions during the year		9,283,948	69,829,523
Less: transferred to operating fixed asset	3.1	280,730,832	-
Balance as at 30 June		-	271,446,884
		<u>98,458,014</u>	<u>362,410,233</u>

#### 4 INTANGIBLE ASSETS

	Learning management system	Campus management system	Inventory management system	English as a secondary language system	Total
	----- Rupees -----				
<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>Year ended June 2022</b>					
Opening net book value	969,726	779,557	200,226	230,051	2,179,560
Additions	-	32,703	-	-	32,703
Amortization charge	(96,973)	(81,226)	(20,023)	(23,005)	(221,227)
Closing net book value	<u>872,753</u>	<u>698,331</u>	<u>180,203</u>	<u>207,046</u>	<u>1,958,333</u>
<b>At 30 June 2022</b>					
Cost	3,022,850	1,597,676	538,229	618,400	5,777,155
Accumulated amortization	(2,150,097)	(866,642)	(358,026)	(411,354)	(3,786,119)
Net book value	<u>872,753</u>	<u>731,034</u>	<u>180,203</u>	<u>207,046</u>	<u>1,991,036</u>
<b>Amortization rate (%)</b>	10	10	10	10	

	Note	2022 Rupees	2021 Rupees
<b>5 BIOLOGICAL ASSETS</b>			
Dairy livestock:			
Mature		2,040,000	-
Immature		260,000	-
		<u>2,300,000</u>	<u>-</u>
<b>5.1 Reconciliation of changes in carrying amount</b>			
Carrying amount as at 1 July		-	-
Purchases made during the year		2,005,000	-
Fair value gain due to new births		260,000	-
Gain arising from changes in fair value less cost to sell attributable to physical and price change		35,000	-
		<u>295,000</u>	<u>-</u>
Carrying amount as at 30 June		<u>2,300,000</u>	<u>-</u>
<b>5.2</b> As at 30 June 2022, the trust held 08 (2021: Nil) mature assets able to produce milk and 07 (2021: Nil) immature assets that are being raised to produce milk in the future. During the year the trust produced approximately 13,520 (2021: Nil) gross litres of milk from these biological assets.			

## 6 LONG TERM DEPOSITS

These mainly include interest free deposits made to utility companies and fuel pumps for provision of utility connections and fuel. These are not being carried at amortized cost as required by section 11 of IFRS for SMEs as it will have immaterial impact and thus carried at historical cost.

	Note	2022 Rupees	2021 Rupees
<b>7 ADVANCES</b>			
Advances to:			
- employees against expenses - unsecured		6,662,319	12,864,181
- employees against salaries - secured	7.1	6,606,613	5,168,283
- suppliers - unsecured		2,720,000	11,975,843
		<u>15,988,932</u>	<u>30,008,307</u>
<b>7.1</b> These are secured against employee retirement benefit and carry no interest.			
<b>8 Taxation recoverable</b>			
Balance as on 01 July		6,488,905	5,133,567
Tax paid / deducted at source		3,602,525	1,355,338
Balance as at 30 June		<u>10,091,430</u>	<u>6,488,905</u>
<b>9 SHORT TERM INVESTMENTS</b>			
<b>Fair value through profit or loss:</b>			
Meezan Bank Limited - Mutual fund (NIL) (2021: 481,431) units		-	19,624,541
Profit on remeasurement of investment		-	1,451,340
		-	<u>21,075,881</u>
<b>Amortised cost:</b>			
Meezan Bank Limited - term deposit receipts	9.1	112,500,000	80,776,397
		<u>112,500,000</u>	<u>101,852,278</u>
<b>9.1</b> It includes investment of Rupees 16,000,000 (2021: 10,194,099) earmarked for employees contributory provident fund and Rupees 96,500,000 (2021: 70,582,298) earmarked for endowment fund.			

	Note	2022 Rupees	2021 Rupees
<b>10 CASH AND BANK BALANCES</b>			
Cash in hand		16,525,779	124,794
Cash at bank:			
- current accounts	10.1	221,868,686	59,339,395
- saving accounts	10.2 & 10.3 & 10.4	437,424,746	395,081,309
		659,293,432	454,420,704
		<u>675,819,211</u>	<u>454,545,498</u>

10.1 The balances in current account include US \$ 11,983 (2021: US \$ 11,983).

10.2 The balances in saving accounts carry interest rate ranging from 2.75% to 3.5% (2021: 2.7% to 2.9%) per annum.

10.3 These include funds of Rupees 6,635,175 (2021: Rupees 5,135) in Askari Bank Limited, account No. 165-050010-4 and Rupees ( Nil ) (2021: Rupees 5,785,139) in Meezan Bank Limited, account No. 0101104053, earmarked for contributory provident fund.

10.4 These include funds of Rupees 5,444,506 (2021: Rupees 89,545) in Askari Bank Limited, account No. 167-0165050014-8 and Rupees ( Nil ) (2021: Rupees 2,849,869) in Meezan Bank Limited, account No. 0103450263, earmarked for endowment fund.

#### 11 DEFERRED CREDIT - GRANTS

DESCRIPTION	2022										2021 Total	
	Capital Nature								Revenue nature			
	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)		Total
	Rupees											
Balance at the beginning 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
Grants received during the year					384,286,115				384,286,115	-	384,286,115	420,000,000
Grants refunded against Neelab Project												(2,000,000)
Grant transferred to Endowment Fund										(20,000,000)	(20,000,000)	-
Grants amortized during the year	(17,325)	(9,998,845)	(88,266)	-	(39,354,518)	-	-	-	(49,458,954)	-	(49,458,954)	(54,141,079)
Balance at the end of the year	<u>329,182</u>	<u>140,141,694</u>	<u>136,156</u>	<u>12,240,601</u>	<u>1,045,865,994</u>	<u>6,078,000</u>	<u>100,000,000</u>	<u>150,000,000</u>	<u>1,454,791,627</u>	<u>(60,000,000)</u>	<u>1,394,791,627</u>	<u>1,079,964,466</u>

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.

	Note	2022 Rupees	2021 Rupees
<b>12 EMPLOYEE RETIREMENT BENEFITS - GRATUITY</b>			
Balance as on 01 July		-	-
Transfer from contributory provident fund	14.1	43,169,999	-
Provision for the year		64,990,158	-
Balance as at 30 June		<u>108,160,157</u>	<u>-</u>



	Note	2022 Rupees	2021 Rupees
<b>13 STUDENTS' SECURITY DEPOSITS</b>			
Students' security deposits	13.1	14,239,670	13,376,321
Current portion shown under current liabilities		(75,000)	(500,000)
		<u>14,164,670</u>	<u>12,876,321</u>
13.1 It represents security deposits received from students and repayable upon leaving the School, after deducting any amount due from them.			
	Note	2022 Rupees	2021 Rupees
<b>14 ACCRUED AND OTHER PAYABLES</b>			
Accrued expenses		3,668,655	422,690
Due to students		2,932,367	3,111,157
Contributory provident fund payable	14.1	-	40,614,173
Retention money payable		2,020,000	1,741,358
Others		5,238,191	4,050,836
		<u>13,859,213</u>	<u>49,940,214</u>
<b>14.1 Contributory provident fund payable</b>			
Balance as at 01 July		40,614,173	34,909,943
Contributions for the year		8,323,546	7,006,540
Payment of employee share due to transfer of contribution plan		(2,561,942)	-
Payment to outgoing members		(5,508,234)	(3,203,929)
Return on investments	14.2	2,622,750	2,057,455
Liability written back		(320,294)	(155,836)
Transfer to employee retirement benefit - gratuity	12	(43,169,999)	-
Balance as at 30 June		<u>-</u>	<u>40,614,173</u>
14.2 The income of the fund has been distributed to members at the rate of 6% (2021: 6%).			
	Note	2022 Rupees	2021 Rupees
<b>15 CONTINGENCIES AND COMMITMENTS</b>			
<b>Contingencies</b>		<u>Nil</u>	<u>Nil</u>
<b>Commitments</b>			
Commitment against capital expenditure		-	4,873,449
<b>16 FEE INCOME</b>			
Tuition fee		147,576,980	110,856,680
Registration fee		6,720,000	8,460,000
Accommodation charges		3,360,000	4,170,000
Application processing fee		830,000	860,000
Fines and penalties		159,500	474,385
Re-admission fee		774,519	2,131,914
		<u>159,420,999</u>	<u>126,952,979</u>
<b>17 DONATIONS</b>			
It represents donations and voluntary contributions from different individuals and organizations.			
<b>18 OTHER INCOME</b>			
Liabilities written back		320,294	-
Gain on disposal of asset		536,854	-
Miscellaneous		1,194,096	1,704,205
		<u>2,051,244</u>	<u>1,704,205</u>

**19 SALARIES AND OTHER BENEFITS**

Salaries and other benefits include provident fund contribution of Rupees 4.157 million (2021: Rupees 3.35 million) by the Trust and provision for employee retirement benefit amounting to Rupees 64.98 million (2021: Nil).

	2022 Rupees	2021 Rupees
<b>20 STUDENTS BOARDING, LODGING AND LIVING</b>		
Food	30,318,160	15,841,136
Uniforms	6,436,274	1,484,095
Study material	887,279	60,452
Travelling	303,122	-
Medical	1,189,796	603,809
Others	3,427,270	1,631,661
	<u>42,561,901</u>	<u>19,621,153</u>
<b>21 AUDITOR'S REMUNERATION</b>		
Audit fee	360,000	360,000
Out of pocket expenses	40,000	40,000
	<u>400,000</u>	<u>400,000</u>
<b>22 NUMBER OF EMPLOYEES</b>		
	<b>2022</b>	<b>2021</b>
Number of employees as at 30 June	297	261
Average number of employees during the year	294	259

**23 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>412,500</u>	<u>812,500</u>
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**24 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.

	2022 Rupees	2021 Rupees
Managerial remuneration		
- Principal	6,651,402	5,930,448
- Director	4,200,000	4,200,000
Contribution to provident fund/gratuity fund	8,323,546	211,674
	<u>19,174,948</u>	<u>10,342,122</u>

**25 FINANCIAL INSTRUMENTS BY CATEGORIES**

	At fair value through profit or loss	At amortized cost	Total
	----- Rupees -----		
<b>As at 30 June 2022</b>			
<b>Assets as per statement of financial position</b>			
Advances	-	6,606,613	6,606,613
Receivable from students	-	12,376,314	12,376,314
Other receivables	-	220,786	220,786
Short term investments	-	112,500,000	112,500,000
Cash and bank balances	-	675,819,211	675,819,211
	<u>-</u>	<u>807,522,924</u>	<u>807,522,924</u>

	At fair value through profit or loss	At amortized cost	Total
	----- Rupees -----		
<b>Liabilities as per statement of financial position</b>			
Students' security deposits	-	14,239,670	14,239,670
Accrued and other payables	-	13,859,213	13,859,213
	<u>-</u>	<u>28,098,883</u>	<u>28,098,883</u>
<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	-	5,168,283	5,168,283
Receivable from students	-	4,795,346	4,795,346
Other receivables	-	341,517	341,517
Short term investments	101,852,278	-	101,852,278
	<u>101,852,278</u>	<u>11,305,146</u>	<u>113,157,424</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>

**26 DATE OF AUTHORIZATION FOR ISSUE**

These consolidated financial statements were authorized for issue on 19 JAN 2023 by the Board of Trustees.

**27 CORRESPONDING FIGURES**

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison and better presentation. No other significant reclassification / rearrangements of corresponding figures have been made except security deposit amounting to Rupees 180,000 which has been reclassified from current assets to non-current assets for the purpose of better presentation:

**28 GENERAL**

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

  
 CHAIRMAN

  
 CHIEF EXECUTIVE

  
 TRUSTEE