

SARGODHIAN SPIRIT TRUST

CONSOLIDATED FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION

30 JUNE 2023

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 2023, 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 2023, 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

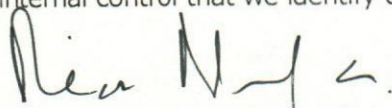
Chartered Accountants

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: 30 December 2023

ISLAMABAD

Name of engagement partner: Raheel Arshad

UDIN: AR202310187MEwdxI5Ko

SARGODHIAN SPIRIT TRUST
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	2023 Rupees	2022 Restated Rupees
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	3	855,391,958	867,754,365
Intangible assets	4	-	1,991,036
Biological assets	5	4,110,000	2,300,000
Long term deposits	6	690,125	690,125
Long-term loans	7	4,595,788	-
		<u>864,787,871</u>	<u>872,735,526</u>
CURRENT ASSETS			
Loans and advances	8	14,970,040	15,988,932
Receivable from students		7,412,987	12,376,314
Taxation recoverable	9	10,695,971	10,091,430
Other receivables		70,962	220,786
Short term investments	10	326,190,685	112,500,000
Cash and bank balances	11	526,023,916	675,819,211
		<u>885,364,561</u>	<u>826,996,673</u>
TOTAL ASSETS		<u><u>1,750,152,432</u></u>	<u><u>1,699,732,199</u></u>
FUNDS AND LIABILITIES			
FUNDS			
General fund		236,689,418	192,601,601
Endowment fund		86,124,505	81,944,505
TOTAL FUNDS		<u>322,813,923</u>	<u>274,546,106</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred credit - grants	12	1,218,036,627	1,244,791,627
Employee retirement benefit- gratuity	13	116,295,716	108,160,157
Students' security deposits	14	15,691,665	14,164,670
		<u>1,350,024,008</u>	<u>1,367,116,454</u>
CURRENT LIABILITIES			
Advance fee		54,368,631	44,135,426
Accrued and other payables	15	22,820,870	13,859,213
Current portion of students' security deposits	14	125,000	75,000
		<u>77,314,501</u>	<u>58,069,639</u>
TOTAL LIABILITIES		<u>1,427,338,509</u>	<u>1,425,186,093</u>
CONTINGENCIES AND COMMITMENTS			
		-	-
TOTAL FUNDS AND LIABILITIES		<u><u>1,750,152,432</u></u>	<u><u>1,699,732,199</u></u>

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


CHAIRMAN


CHIEF EXECUTIVE


TRUSTEE

SARGODHIAN SPIRIT TRUST

CONSOLIDATED STATEMENT OF INCOME AND EXPENDITURE

FOR THE YEAR ENDED 30 JUNE 2023

		2023	2022
	Note	Rupees	Restated Rupees
INCOME			
Fee income	16	138,902,659	159,420,999
Donations	17	7,405,754	7,213,844
Amortization of grants	12	196,755,000	199,458,954
Profit on bank deposits		19,748	-
Gain on changes in fair value of livestock	5.1	-	295,000
Other income	18	89,400,059	27,850,454
		432,483,220	394,239,251
EXPENDITURE			
Salaries and other benefits	19	230,998,971	218,240,751
Students boarding, lodging and living	20	35,448,186	42,561,901
Utilities		6,990,939	11,235,776
Communication		2,168,402	1,879,185
Repair and maintenance		10,720,402	8,999,901
International General Certificate of Secondary Education fee		1,268,735	1,514,468
Advertisement expenses		1,965,637	2,460,022
Travelling		7,182,899	4,784,812
Insurance		1,785,295	1,254,922
Staff professional development fee		759,485	669,597
Printing and stationery		2,078,590	1,663,548
Consumables		2,404,064	1,570,066
Fuel		1,878,375	669,710
Entertainment		1,157,863	1,011,812
Office maintenance		137,920	66,310
Special functions		2,349,205	360,505
Professional and legal charges		1,023,463	764,492
Auditor's remuneration	21	440,000	400,000
Depreciation	3.1	52,978,815	31,742,395
Amortization	4	-	221,227
Intangibles written off	4	1,991,036	-
Postage		560,535	309,401
Office rent		2,196,970	1,963,948
Accommodation charges		-	200,000
Bank charges		6,418,137	57,604
Loss on changes in fair value of livestock	5.1	54,700	-
Taxation recoverable written off	9	10,091,430	-
Receivable from students written off		3,212,242	-
Others		133,107	518,860
		(388,395,403)	(335,121,213)
(DEFICIT) / SURPLUS FOR THE YEAR		44,087,817	59,118,038

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


CHAIRMAN


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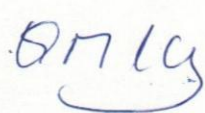

TRUSTEE

SARGODHIAN SPIRIT TRUST
CONSOLIDATED STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED 30 JUNE 2023

Description	General fund	Endowment fund	Total
	----- Rupees -----		
Balance as at 30 June 2021	133,483,563	73,521,712	207,005,275
Surplus for the year	59,118,038	-	59,118,038
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)
Balance as at 30 June 2022 - restated	192,601,601	81,944,505	274,546,106
Deficit for the year	44,087,817	-	44,087,817
Contributions received from students during the year	-	3,180,000	3,180,000
Donation received for endowment fund	-	1,000,000	1,000,000
Balance as at 30 June 2023	<u>236,689,418</u>	<u>86,124,505</u>	<u>322,813,923</u>

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


 CHAIRMAN


 CHIEF EXECUTIVE


 TRUSTEE


SARGODHIAN SPIRIT TRUST
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 Rupees	2022 Restated Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
(Deficit) / surplus for the year		44,087,817	59,118,038
Adjustments for non-cash charges and other items:			
Depreciation	3.1	52,978,815	31,742,395
Amortization of intangibles	4	-	221,227
Amortization of grants	12	(196,755,000)	(199,458,954)
Intangibles written off	4	1,991,036	-
Provision for staff retirement benefit	13	55,878,512	64,990,158
Liabilities written back		-	(320,294)
Taxation recoverable written off	9	10,091,430	-
Gain on disposal of operating fixed assets	18	(48,690)	(536,854)
Fair value loss / (gain) on biological assets	5.1	54,700	(295,000)
Receivable from students written off		3,212,242	-
Unrealized foreign exchange gain		(973,504)	(563,204)
Return on short term investments and bank deposits		(87,392,858)	(25,236,006)
Cash used in operations before working capital changes		<u>(116,875,500)</u>	<u>(70,338,494.00)</u>
Working capital changes			
(Increase) / decrease in current assets:			
Loan to employee		-	1,000,000
Long-term loans		(9,887,691)	-
Advances		6,310,795	14,019,375
Receivable from students		1,751,085	(7,580,968)
Other receivables		149,824	120,731
		<u>(1,675,987)</u>	<u>7,559,138</u>
Increase / (decrease) in current liabilities			
Accrued and other payables		8,961,657	7,409,292
Advance fee		10,233,205	(11,178,953)
		<u>19,194,862</u>	<u>(3,769,661)</u>
Net cash used in operations		<u>(99,356,625)</u>	<u>(66,549,017)</u>
Increase in students' security deposits		1,576,995	863,349
Staff retirement benefits paid		(47,742,953)	-
Tax paid		(10,695,971)	(3,602,525)
Net cash used in operating activities		<u>(156,218,554)</u>	<u>(69,288,193)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on operating fixed assets	3.1	(18,076,213)	(46,550,907)
Proceeds from disposal of operating fixed assets		48,690	550,000
Capital expenditure on intangible assets		-	(32,703)
Additions in capital work in progress	3.2	(22,540,195)	(49,259,880)
Purchase of dairy livestock		(1,864,700)	(2,005,000)
Short term investments made - net		(213,500,000)	(10,647,722)
Endowment fund		4,180,000	(11,577,207)
Interest received		64,256,516	25,236,006
Profit on investment received		22,945,657	-
Net cash used in investing activities		<u>(164,550,245)</u>	<u>(94,287,413)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Grants received		170,000,000	384,286,115
Net cash from financing activities		<u>170,000,000</u>	<u>384,286,115</u>
Net (decrease) / increase in cash and cash equivalents		<u>(150,768,799)</u>	<u>220,710,509</u>
Net foreign exchange difference		973,504	563,204
Cash and cash equivalents at the beginning of the year		<u>675,819,211</u>	<u>454,545,498</u>
Cash and cash equivalents at the end of the year	11	<u>526,023,916</u>	<u>675,819,211</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 2023

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 financial statements have been prepared under the historical cost convention, except as otherwise stated in the respective accounting policies.

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 Trust'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 Trust's financial statements or where judgments were exercised in the application of accounting policies are as follows:

The areas where various assumptions and estimates are significant to the School's financial statements or where judgements were exercised in application of accounting policies relate to the useful life of depreciable assets.

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 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.

e) **Provisions**

As the actual cashflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognized provision is recognized in the statement of income and expenditure unless the provision was originally recognized as part of cost of an asset.

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. 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. 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.

Other income is recognized when it is received or when the right to receive payment is established.

2.10 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.

2.11 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.

2.12 Accrued and other liabilities

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

2.13 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.

2.14 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.

2.15 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.

2.16 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.

2.17 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.

2.18 Restatement of prior year financial statements

During last year, deferred credit grant was not amortized against related expenses, resulting in overstatement of deferred credit grant and understatement of general fund.

Accordingly prior year financial statements have been retrospectively restated. The effect of this restatement is summarized below:

	As presented	Impact of restatement	Restated
	----- Rupees -----		
As at 30 June 2022			
General Fund	(42,601,601)	(150,000,000)	(192,601,601)
Deferred credit grant	(1,394,791,627)	150,000,000	(1,244,791,627)

3 PROPERTY AND EQUIPMENT

	2023	2022
	Rupees	Rupees
Operating fixed assets	734,393,749	769,296,351
Capital work in progress	120,998,209	98,458,014
	855,391,958	867,754,365

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
At 30 June 2021													
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
Year ended 30 June 2022													
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	-	-	-	37,758,665	-	-	-	-	-	-	318,489,497
Disposal													
Cost	-	-	-	-	-	-	-	-	-	-	-	(875,000)	(875,000)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	861,854	861,854
Depreciation charge	-	(10,130,415)	(4,390,936)	(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)	(13,146)
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
At 30 June 2022													
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
Year ended 30 June 2023													
Opening 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
Additions	90,000	2,731,490	1,794,753	1,700,505	2,133,295	4,063,540	-	164,600	11,500	822,330	-	4,564,200	18,076,213
Disposal													
Cost	-	-	-	-	-	-	(48,690)	-	-	-	-	-	(48,690)
Accumulated depreciation	-	-	-	-	-	-	48,690	-	-	-	-	-	48,690
Depreciation charge	-	(24,006,276)	(4,509,435)	(1,933,603)	(1,208,881)	(11,705,581)	(194,506)	(180,925)	(1,560,994)	(1,556,732)	(1,135,317)	(4,986,565)	(52,978,815)
Closing net book value	125,011,003	458,850,716	41,766,276	11,522,257	5,730,904	48,167,894	1,750,558	819,714	6,252,600	6,582,784	4,541,267	23,397,776	734,393,749
At 30 June 2023													
Cost	125,011,003	637,830,520	74,015,539	21,152,749	26,713,436	78,899,063	4,611,274	3,111,323	13,133,047	10,622,288	8,073,095	42,844,866	1,046,018,203
Accumulated depreciation	-	(178,979,804)	(32,249,263)	(9,630,492)	(20,982,532)	(30,731,169)	(2,860,716)	(2,291,609)	(6,880,447)	(4,039,504)	(3,531,828)	(19,447,090)	(311,624,454)
Net book value	125,011,003	458,850,716	41,766,276	11,522,257	5,730,904	48,167,894	1,750,558	819,714	6,252,600	6,582,784	4,541,267	23,397,776	734,393,749
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.

3.2 Capital work in progress - civil works

DESCRIPTION	2023				Total	2022
	Projects					
	Neelab Project - KPK	Alamabad Project - KPK	School development expenses - Pavilion Project	Bad Water treatment plant project		
	Rupees					
Balance as at 01 July	21,477,841	3,556,560	64,578,719	8,844,894	98,458,014	367,687,631
Add: additions during the year	2,502,844	2,359,800	16,182,623	1,494,928	22,540,195	49,259,880
Less: transferred to operating fixed asset	-	-	-	-	-	(318,489,497)
Balance as at 30 June	<u>23,980,685</u>	<u>5,916,360</u>	<u>80,761,342</u>	<u>10,339,822</u>	<u>120,998,209</u>	<u>98,458,014</u>

4 INTANGIBLE ASSETS

	Learning management system	Campus management system	Inventory management system	English as a secondary language system	Total
	Rupees				
At 30 June 2021					
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>
Year ended June 2022					
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>731,034</u>	<u>180,203</u>	<u>207,046</u>	<u>1,991,036</u>
At 30 June 2022					
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>
Year ended June 2023					
Opening net book value	872,753	731,034	180,203	207,046	1,991,036
Written off: (Note 4.1)					
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
	<u>(872,753)</u>	<u>(731,034)</u>	<u>(180,203)</u>	<u>(207,046)</u>	<u>(1,991,036)</u>
Closing net book value	-	-	-	-	-
At 30 June 2023					
Cost	-	-	-	-	-
Accumulated amortization	-	-	-	-	-
Net book value	-	-	-	-	-
Amortization rate (%)	10	10	10	10	

4.1 Intangible assets were written off during the year being no longer available for use.

	2023 Rupees	2022 Rupees
Dairy livestock:		
Mature	3,990,000	2,040,000
Immature	120,000	260,000
	<u>4,110,000</u>	<u>2,300,000</u>

5 BIOLOGICAL ASSETS

5.1 Reconciliation of changes in carrying amount

Carrying amount as at 1 July	2,300,000	-
Purchases made during the year	1,864,700	2,005,000
Fair value gain due to new births	120,000	260,000
Loss / (gain) on changes in fair value	(174,700)	35,000
	(54,700)	295,000
Carrying amount as at 30 June	<u>4,110,000</u>	<u>2,300,000</u>

5.2 As at 30 June 2022, the school held 18 (2022: 08) mature assets able to produce milk and 12 (2022: 07) immature assets that are being raised to produce milk in the future. During the year the school produced approximately 32,400 (2022: 13,520) gross liters of milk from these biological assets.

5.3 The valuation of diary livestock as at 30 June 2023 has been carried out by independent valuer. In this regard, the valuer examined the physical condition of the livestock, assessed the key assumptions and estimates and relied on the representations made by the trust as at 30 June 2023.

6 LONG TERM DEPOSITS

These mainly include interest free deposits made to utility companies for provision of utility connections. These are not being carried at amortized cost as required by section 11 of IFRS for SMEs as the impact was considered immaterial.

	Note	2023 Rupees	2022 Rupees
7 LONG-TERM LOANS			
Secured			
Loan to employees		9,887,691	-
Less: current portion shown under current assets	8	(5,291,903)	-
		<u>4,595,788</u>	<u>-</u>

7.1 These are interest free loans, secured against gratuity benefits and are not carried at amortized cost as required by section 11 of IFRS for SMEs as the impact was considered immaterial.

	Note	2023 Rupees	2022 Rupees
8 LOANS AND ADVANCES			
Current portion of long term loans	7	5,291,903	-
Advances to:			
- employees against expenses - unsecured		6,204,388	6,662,319
- employees against salaries - secured	8.1	2,486,206	6,606,613
		8,690,594	13,268,932
- suppliers - unsecured		987,543	2,720,000
		<u>14,970,040</u>	<u>15,988,932</u>

8.1 These are secured against employee retirement benefit and carry no interest.

9 Taxation recoverable

Balance as on 01 July		10,091,430	6,488,905
Tax paid / deducted at source		10,695,971	3,602,525
Written off during the year		(10,091,430)	-
Balance as at 30 June		<u>10,695,971</u>	<u>10,091,430</u>

10 SHORT TERM INVESTMENTS

Amortised cost:

Meezan Bank Limited - term deposit receipts		16,000,000	112,500,000
Faysal Bank Limited - Term deposit receipts		310,000,000	-
	10.1	<u>326,000,000</u>	<u>112,500,000</u>
Accrued interest		190,685	-
		<u>326,190,685</u>	<u>112,500,000</u>

10.1 These TDRs have maturity period of 03 to 12 months and earn interest ranging from 9.25% to 14.50% (2022: 8.50%) per annum.

	Note	2023 Rupees	2022 Rupees
11 CASH AND BANK BALANCES			
Cash in hand		64,611	16,525,779
Cash at bank:			
- current accounts	11.1	224,855,561	221,868,686
- saving accounts	11.2 & 11.3	301,103,744	437,424,746
		<u>525,959,305</u>	<u>659,293,432</u>
		<u>526,023,916</u>	<u>675,819,211</u>

- 11.1 The balances in current account include US \$ 11,983 (2022: US \$ 11,983).
- 11.2 The balances in saving accounts carry interest rate ranging from 6.50% to 10.00% (2021: 2.75% to 3.5%) per annum.
- 11.3 These include funds of Rupees 115,436,537 (2022: Rupees 6,635,175) in Askari Bank Limited, account No. 165-050010-4 earmarked for gratuity fund.

12 DEFERRED CREDIT - GRANTS

DESCRIPTION	2023										2022		
	Capital Nature									Revenue nature	Total		
	Land (Note 12.1)	Buildings and infrastructure (Note 12.2)	IT equipment and other school related items (Note 12.3)	Other assets	Government grant (Note 12.4)	Neelab Project (Note 12.5)	Alamabad Project (Note 12.6)	SST School Quetta (Note 12.7)	Sub - Total	Government grant (Note 12.4)			
												Total	
	-----Rupees-----												
Balance as on 01 July 2021 - as previously reported	-	-	-	-	-	-	-	-	-	-	-	-	1,079,964,466
Impact of restatement	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the beginning of the year - as previously reported	329,182	140,141,694	136,156	12,240,601	835,865,994	6,078,000	100,000,000	150,000,000	1,244,791,627	-	1,244,791,627	1,079,964,466	
Grants received during the year	-	-	-	-	-	-	-	-	-	170,000,000	170,000,000	384,286,115	
Grant transferred to Endowment Fund	-	-	-	-	-	-	-	-	-	-	-	(20,000,000)	
Grants amortized during the year	(16,459)	(9,844,742)	(74,946)	-	(61,818,853)	-	-	-	(71,755,000)	(125,000,000)	(196,755,000)	(199,458,954)	
Balance at the end of the year	312,723	130,296,952	61,210	12,240,601	774,047,141	6,078,000	100,000,000	150,000,000	1,173,036,627	45,000,000	1,218,036,627	1,244,791,627	

- 12.1 It represents grants received and utilized for purchase of land, the remaining amount is amortized at the rate of 5% per annum.
- 12.2 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.
- 12.3 It represents grant received from HBL Foundation for purchase of IT equipment and other school related items.
- 12.4 It represents grant received from Government of Sindh, for expansion of infrastructure facility, teacher training programme and scholarships.
- 12.5 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.
- 12.6 It represents grant received from Government of Khyber Pakhtunkhwa (KPK) to create educational facilities at Alamabad, Village Nabi, Tehsil Chotta Lahore, District Swabi, KPK.
- 12.7 It represents grant received from Government of Balochistan to create educational facilities in province Balochistan.

13 EMPLOYEE RETIREMENT BENEFITS - GRATUITY	Note	2023 Rupees	2022 Rupees
Balance as on 01 July		108,160,157	-
Transfer from contributory provident fund		-	43,169,999
Expense recognized in income and expenditure statement		55,878,512	64,990,158
Benefits paid during the year		(36,579,819)	-
Benefit due but not paid	15	(11,163,134)	-
Balance as at 30 June		<u>116,295,716</u>	<u>108,160,157</u>

14 STUDENTS' SECURITY DEPOSITS	Note	2023 Rupees	2022 Rupees
Students' security deposits	14.1	15,816,665	14,239,670
Current portion shown under current liabilities		(125,000)	(75,000)
		<u>15,691,665</u>	<u>14,164,670</u>

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

15 ACCRUED AND OTHER PAYABLES	Note	2023 Rupees	2022 Rupees
Accrued expenses		4,334,120	3,668,655
Due to students		3,744,734	2,932,367
Contributory provident fund payable		-	-
Retention money payable		-	2,020,000
Employees retirement benefit due but not paid	13	11,163,134	-
Others		3,578,882	5,238,191
		<u>22,820,870</u>	<u>13,859,213</u>

	2023 Rupees	2022 Rupees
16 FEE INCOME		
Tuition fee	121,316,626	147,576,980
Registration fee	9,600,000	6,720,000
Accommodation charges	4,770,000	3,360,000
Application processing fee	1,111,000	830,000
Fines and penalties	335,943	159,500
Re-admission fee	1,769,090	774,519
	<u>138,902,659</u>	<u>159,420,999</u>

17 DONATIONS

It represents donations and voluntary contributions from different individuals and organizations.

18 OTHER INCOME

Income from financial assets:

Return on short term investments	22,965,405	-
Return on bank deposits	64,427,453	25,236,006
Foreign exchange gain	973,504	563,204
	<u>88,366,362</u>	<u>25,799,210</u>

Income from non-financial assets:

Gain on disposal of operating fixed assets	48,690	536,854
Miscellaneous	985,007	1,194,096
	1,033,697	1,730,950
Others - Liabilities written back	-	320,294
	<u>89,400,059</u>	<u>27,850,454</u>

19 SALARIES AND OTHER BENEFITS

Salaries and other benefits include provident fund contribution of Rupees Nil (2022: Rupees 4.157 million) by the Trust and provision for employee retirement benefit amounting to Rupees 55.88 million (2022: Rupees 64.99 million).

	2023 Rupees	2022 Rupees
20 STUDENTS BOARDING, LODGING AND LIVING		
Food	29,424,625	30,318,160
Uniforms	404,902	6,436,274
Study material	1,090,382	887,279
Travelling	454,693	303,122
Medical	1,722,160	1,189,796
Others	2,351,424	3,427,270
	<u>35,448,186</u>	<u>42,561,901</u>

21 AUDITOR'S REMUNERATION

Audit fee	397,300	360,000
Out of pocket expenses	42,700	40,000
	<u>440,000</u>	<u>400,000</u>

22 NUMBER OF EMPLOYEES

	2023	2022
Number of employees as at 30 June	299	297
Average number of employees during the year	299	294

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 disclosed in relevant notes to the financial statements.

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.

	2023 Rupees	2022 Rupees
Managerial remuneration		
- Principal	-	6,651,402
- Director	4,935,000	4,200,000
Contribution to provident fund/gratuity fund	9,064,720	8,323,546
	<u>13,999,720</u>	<u>19,174,948</u>

25 FINANCIAL INSTRUMENTS BY CATEGORIES

	At amortized cost	
	2023 Rupees	2022 Rupees
Assets as per statement of financial position		
Long-term loans	4,595,788	-
Loans and advances	2,486,206	6,606,613
Receivable from students	7,412,987	12,376,314
Other receivables	70,962	220,786
Short term investments	326,190,685	112,500,000
Cash and bank balances	526,023,916	675,819,211
	<u>866,780,544</u>	<u>807,522,924</u>
Liabilities as per statement of financial position		
Students' security deposits	15,816,665	14,239,670
Accrued and other payables	11,657,736	13,859,213
	<u>27,474,401</u>	<u>28,098,883</u>

26 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on 27 DEC 2023 by the Board of Trustees.

27 CORRESPONDING FIGURES

No significant reclassification / re-arrangement of corresponding figures has been made in these financial statements except restatement of prior year financial statements described in Note 2.18.

28 GENERAL

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


CHAIRMAN


CHIEF EXECUTIVE


TRUSTEE