

**Riaz Ahmad & Company**  
Chartered Accountants

# **SARGODHIAN SPIRIT TRUST**

**PUBLIC SCHOOL**

**FINANCIAL STATEMENTS WITH  
ACCOMPANYING INFORMATION**

**30 JUNE 2023**



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

### **Opinion**

We have audited the financial statements of Sargodhian Spirit Trust Public School ("the School"), which comprise the statement of financial position as at 30 June 2023, and the statement of income and expenditure, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

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

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

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

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

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

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



# Riaz Ahmad & Company

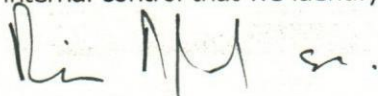
Chartered Accountants

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 financial statements.

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

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

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



**RIAZ AHMAD & COMPANY**  
Chartered Accountants

**Date:** 30 December 2023

**ISLAMABAD**

**Name of engagement partner:** Raheel Arshad

**UDIN:** AR202310187f01Aa5oNH

**SARGODHIAN SPIRIT TRUST PUBLIC SCHOOL**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2023**

	Note	2023 Rupees	2022 Restated Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Operating fixed assets	3	129,844,821	145,414,721
Intangible assets	4	-	1,991,036
Biological assets	5	4,110,000	2,300,000
Long-term loans	6	4,595,788	-
		138,550,609	149,705,757
<b>CURRENT ASSETS</b>			
Loans and advances	7	13,026,040	13,894,932
Receivable from students		7,412,987	12,376,314
Due from Sargodhian Spirit Trust Head Office	8	-	102,150,077
Other receivables		70,962	220,786
Short term investments	9	16,190,685	112,500,000
Cash and bank balances	10	286,412,009	141,301,343
		323,112,683	382,443,452
<b>TOTAL ASSETS</b>		461,663,292	532,149,209
<b>FUNDS AND LIABILITIES</b>			
<b>FUNDS</b>			
General fund		51,243,811	52,260,863
Endowment fund		86,124,505	81,944,505
<b>TOTAL FUNDS</b>		137,368,316	134,205,368
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Deferred credit - grants	12	125,230,188	228,416,871
Employee retirement benefit- gratuity	13	107,285,842	100,547,019
Students' security deposits	14	15,691,665	14,164,670
		248,207,695	343,128,560
<b>CURRENT LIABILITIES</b>			
Accrued and other payables	15	21,593,650	10,604,855
Advance fee		54,368,631	44,135,426
Current portion of students' security deposits	14	125,000	75,000
		76,087,281	54,815,281
<b>TOTAL LIABILITIES</b>		324,294,976	397,943,841
<b>CONTINGENCIES AND COMMITMENTS</b>		-	-
<b>TOTAL FUNDS AND LIABILITIES</b>		461,663,292	532,149,209

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

  
 CHAIRMAN

  
 CHIEF EXECUTIVE

  
 TRUSTEE



**SARGODHIAN SPIRIT TRUST PUBLIC SCHOOL**  
**STATEMENT OF INCOME AND EXPENDITURE**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	Note	2023 Rupees	2022 Restated Rupees
<b>INCOME</b>			
Fee income	16	138,902,659	159,420,999
Donations		25,000	1,403,000
Amortization of grants	12	150,942,496	169,549,824
Gain on changes in fair value of livestock	5.1	-	295,000
Other income	17	24,996,718	3,137,005
		314,866,873	335,563,428
<b>EXPENDITURE</b>			
Salaries, wages and other benefits	18	204,369,015	189,398,280
Students' boarding, lodging and living	19	35,448,186	42,561,901
Utilities		5,735,108	10,025,875
Communication		1,522,038	1,413,436
Repair and maintenance		9,885,264	8,215,537
International General Certificate of Secondary Education fee		1,268,735	1,514,468
Advertisement		1,962,467	1,927,686
Travelling		5,627,374	3,776,497
Insurance		1,785,295	1,254,922
Staff professional development fee		759,485	669,597
Printing and stationery		1,637,190	1,473,358
Consumables		2,404,064	1,570,066
Fuel charges		1,878,375	669,710
Entertainment		643,597	539,161
Special functions		2,349,205	360,505
Depreciation	3	25,942,496	19,549,824
Amortization	4	-	221,227
Intangibles written off	4.1	1,991,036	-
Professional charges		274,977	487,646
Auditor's remuneration	20	146,300	133,000
Postage		560,535	309,401
Bank charges		6,414,991	27,366
Loss on changes in fair value of livestock	5.1	54,700	-
Receivable from students written off		3,212,242	-
Others		11,250	414,501
		(315,883,925)	(288,271,564)
<b>(DEFICIT) / SURPLUS FOR THE YEAR</b>		(1,017,052)	47,291,864

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

  
**CHAIRMAN**

  
**CHIEF EXECUTIVE**

  
**TRUSTEE**

**SARGODHIAN SPIRIT TRUST PUBLIC SCHOOL**  
**STATEMENT OF CHANGES IN FUNDS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

Description	General fund	Endowment fund	Total
	----- Rupees -----		
<b>Balance as at 30 June 2021</b>	4,968,999	73,521,712	78,490,711
Surplus for the year	47,291,864	-	47,291,864
Transferred from Government grant		20,000,000	20,000,000
Contributions received from students during the year	-	2,180,000	2,180,000
Profit on Endowment Fund	-	4,842,793	4,842,793
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 - restated</b>	52,260,863	81,944,505	134,205,368
Deficit for the year	(1,017,052)	-	(1,017,052)
Contributions received from students during the year	-	3,180,000	3,180,000
Profit on Endowment Fund	-	-	-
Donation received for Endowment Fund	-	1,000,000	1,000,000
<b>Balance as at 30 June 2023</b>	51,243,811	86,124,505	137,368,316

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

  
 CHAIRMAN

  
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 TRUSTEE



**SARGODHIAN SPIRIT TRUST PUBLIC SCHOOL**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 30 JUNE 2023**

	Note	2023 Rupees	2022 Restated Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Deficit) / surplus for the year		(1,017,052)	47,291,864
<b>Adjustments for non-cash charges and other items:</b>			
Depreciation	3	25,942,496	19,549,824
Amortization of intangible assets	4	-	221,227
Intangibles written off	4	1,991,036	-
Amortization of grants	12	(150,942,496)	(169,549,824)
Provision for staff retirement benefit - gratuity	13	54,481,771	59,258,083
Gain on disposal of operation fixed assets	17	(48,690)	(536,854)
Fair value loss / (gain) on biological assets	5.1	54,700	(295,000)
Liabilities written back		-	(320,294)
Receivable from students written off		3,212,242	-
Return on short term investments	17	(10,746,501)	-
Return on bank deposits	17	(13,216,520)	(1,085,761)
<b>Cash used in operations before working capital changes</b>		<b>(90,289,014)</b>	<b>(45,466,735)</b>
<b>Working capital changes</b>			
<b>(Increase) / decrease in current assets</b>			
Long-term loans		(9,887,691)	-
Loans and advances		6,160,795	13,168,066
Receivable from students		1,751,085	(7,580,968)
Other receivables		149,824	120,731
Due from Sargodhian Spirit Trust Head Office		102,150,077	(38,922,315)
		100,324,090	(33,214,486)
<b>Increase / (decrease) in current liabilities</b>			
Accrued and other payables		10,988,795	7,988,996
Advance fee		10,233,205	(11,178,953)
		21,222,000	(3,189,957)
<b>Net cash used in operations</b>		<b>31,257,076</b>	<b>(81,871,178)</b>
Increase in students security deposits		1,576,995	863,349
Staff retirement benefits paid	13	(47,742,948)	-
<b>Net cash used in operating activities</b>		<b>(14,908,877)</b>	<b>(81,007,829)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on operating fixed assets	3	(10,372,596)	(32,074,090)
Capital expenditure on intangible assets		-	(32,703)
Purchase of diary livestock		(1,864,700)	(2,005,000)
Proceeds from disposal of operating fixed assets		48,690	550,000
Short term investments encashed / (made) - net		96,500,000	(10,647,722)
Endowment fund - net		4,180,000	(11,577,207)
Return on short term investments received		10,555,816	-
Return on bank deposits received		13,216,520	1,085,761
<b>Net cash from / (used in) investing activities</b>		<b>112,263,730</b>	<b>(54,700,961)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Grants received from Sindh Government / (transferred to) Head office - net		47,755,813	170,000,000
<b>Net cash from financing activities</b>		<b>47,755,813</b>	<b>170,000,000</b>
<b>Net increase in cash and cash equivalents</b>		<b>145,110,666</b>	<b>34,291,210</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>141,301,343</b>	<b>107,010,133</b>
<b>Cash and cash equivalents at the end of the year</b>	10	<b>286,412,009</b>	<b>141,301,343</b>

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

  
CHAIRMAN

  
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**SARGODHIAN SPIRIT TRUST PUBLIC SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**1 LEGAL STATUS AND OPERATIONS**

Sargodhian Spirit Trust ("the Trust") having its registered office at Islamabad, was created on 02 July 1998 by the PAF School Sargodha, Old Boys Association ("the Association"), principally to provide education to the general public, including members and children of the Association, and to create awareness amongst people for improved education and health. The Trust is managing the Sargodhian Spirit Trust Public School Rashidabad ("the School") and Sargodhian Spirit Institute for Professional Development ("the Institute"). 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 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. The registered office of the Trust is situated at House No. 507-G, Street 32, MPCHS E 11/3 E-11, Islamabad.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**2.1 Basis of preparation**

**a) STATEMENT OF COMPLIANCE**

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

**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 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 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 School. Further, the School 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 items of property and equipment, with a corresponding effect on the depreciation charge, amortization of deferred credit 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 Operating fixed assets

### Cost

Operating fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost of operating fixed assets 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 School and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to statement of income and expenditure during the year in which they are incurred.

### Depreciation

Depreciation on all operating fixed asset is charged to statement of income and expenditure on reducing balance method after taking into account residual value, if any, so as to write off the depreciable amount of an asset over its estimated useful life. 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 operating fixed asset is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the statement of income and expenditure in the year the asset is de-recognized.

## 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 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 Inventories**

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

### **2.7 Endowment fund**

The school 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.

### **2.8 Deferred credit - grants**

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

### **2.9 Employee benefits - gratuity**

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

### **2.10 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 statement of income and expenditure 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.

#### 2.11 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.

#### 2.12 Foreign currencies

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

#### 2.13 Financial instruments

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

#### 2.14 Accrued and other liabilities

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

#### 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 School 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 Organisations is allowed a tax credit equal to one hundred percent of the tax payable under section 100C of the Income Tax Ordinance, 2001. Accordingly, no provision for taxation has been made in these financial statements.

**2.18 Off setting**

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

**2.19 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 at 30 June 2022**

General Fund

Deferred credit grant

<b>As presented</b>	<b>Impact of restatement</b>	<b>Restated</b>
----- Rupees -----		
97,739,137	(150,000,000)	(52,260,863)
(378,416,871)	150,000,000	(228,416,871)



3 OPERATING FIXED ASSETS

	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>Rupees</b>											
<b>At 30 June 2021</b>											
Cost	55,477,402	10,084,102	21,789,712	30,661,256	4,573,624	2,509,678	9,472,297	4,439,183	6,144,718	26,498,927	171,650,899
Accumulated depreciation	(22,019,588)	(5,334,767)	(16,374,037)	(12,379,391)	(2,501,090)	(1,933,131)	(4,281,242)	(1,392,523)	(1,282,644)	(9,007,550)	(76,505,963)
Net book value	33,457,814	4,749,335	5,415,675	18,281,865	2,072,534	576,547	5,191,055	3,046,660	4,862,074	17,491,377	95,144,936
<b>Year ended 30 June 2022</b>											
Opening net book value	33,457,814	4,749,335	5,415,675	18,281,865	2,072,534	576,547	5,191,055	3,046,660	4,862,074	17,491,377	95,144,936
Additions	8,781,291	695,950	217,850	1,797,973	86,340	437,045	3,649,250	5,360,775	1,928,377	9,119,239	32,074,090
Transferred from head office	-	-	-	37,758,665	-	-	-	-	-	-	37,758,665
Disposal:											
Cost	-	-	-	-	-	-	-	-	-	(875,000)	(875,000)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	861,854	861,854
										(13,146)	(13,146)
Depreciation charge	(3,751,561)	(793,255)	(1,714,224)	(5,436,088)	(213,810)	(177,553)	(1,038,211)	(1,090,249)	(1,113,867)	(4,221,006)	(19,549,824)
Closing net book value	38,487,544	4,652,030	3,919,301	52,402,415	1,945,064	836,039	7,802,094	7,317,186	5,676,584	22,376,464	145,414,721
<b>At 30 June 2022</b>											
Cost	64,258,693	10,780,052	22,007,562	70,217,894	4,659,964	2,946,723	13,121,547	9,799,958	8,073,095	34,743,166	240,608,654
Accumulated depreciation	(25,771,149)	(6,128,022)	(18,088,261)	(17,815,479)	(2,714,900)	(2,110,684)	(5,319,453)	(2,482,772)	(2,396,511)	(12,366,702)	(95,193,933)
Net book value	38,487,544	4,652,030	3,919,301	52,402,415	1,945,064	836,039	7,802,094	7,317,186	5,676,584	22,376,464	145,414,721
<b>Year ended 30 June 2023</b>											
Opening net book value	38,487,544	4,652,030	3,919,301	52,402,415	1,945,064	836,039	7,802,094	7,317,186	5,676,584	22,376,464	145,414,721
Additions	843,181	648,950	2,133,295	4,063,540	-	164,600	11,500	822,330	-	1,685,200	10,372,596
Disposal:											
Cost	-	-	-	-	(48,690)	-	-	-	-	-	(48,690)
Accumulated depreciation	-	-	-	-	48,690	-	-	-	-	-	48,690
Depreciation charge	(3,878,677)	(729,979)	(1,031,443)	(11,024,077)	(194,506)	(180,925)	(1,560,994)	(1,556,732)	(1,135,317)	(4,649,846)	(25,942,496)
Closing net book value	35,452,048	4,571,001	5,021,153	45,441,878	1,701,868	819,714	6,252,600	6,582,784	4,541,267	19,411,818	129,844,821
<b>At 30 June 2023</b>											
Cost	65,101,874	11,429,002	24,140,857	74,281,434	4,611,274	3,111,323	13,133,047	10,622,288	8,073,095	36,428,366	250,932,560
Accumulated depreciation	(29,649,826)	(6,858,001)	(19,119,704)	(28,839,556)	(2,860,716)	(2,291,609)	(6,880,447)	(4,039,504)	(3,531,828)	(17,016,548)	(121,087,739)
Net book value	35,452,048	4,571,001	5,021,153	45,441,878	1,750,558	819,714	6,252,600	6,582,784	4,541,267	19,411,818	129,844,821
<b>Depreciation rate (%) per annum</b>	10	15	20	20	10	20	20	20	20	20	20

#### 4 INTANGIBLE ASSETS

	Learning Management System	Campus Management System	Inventory Management System	English as a Secondary Language System	Total
----- Rupees -----					
<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	969,726	779,557	200,226	230,051	2,179,560
<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	872,753	731,034	180,203	207,046	1,991,036
<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	872,753	731,034	180,203	207,046	1,991,036
<b>Year ended June 2023</b>					
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
Closing net book value	-	-	-	-	-
<b>At 30 June 2023</b>					
Cost	-	-	-	-	-
Accumulated amortization	-	-	-	-	-
Net book value	-	-	-	-	-
Amortization rate (%) per annum	10	10	10	10	

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

	2023 Rupees	2022 Rupees
<b>5 BIOLOGICAL ASSETS</b>		
Dairy livestock:		
Mature	3,990,000	2,040,000
Immature	120,000	260,000
	4,110,000	2,300,000
<b>5.1 Reconciliation of changes in carrying amount</b>		
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 of livestock	(174,700)	35,000
	(54,700)	295,000
Carrying amount as at 30 June	4,110,000	2,300,000

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 dairy 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 school as at 30 June 2023.



	Note	2023 Rupees	2022 Rupees
<b>6 LONG-TERM LOANS</b>			
<b>Secured</b>			
Loan to employees		9,887,691	-
Less: current portion shown under current assets	7	(5,291,903)	
		<u>4,595,788</u>	<u>-</u>
6.1	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
<b>7 LOANS AND ADVANCES</b>			
Current portion of long term loans	6	5,291,903	-
Advances to employees:			
- against expenses - unsecured		6,204,388	6,662,319
- against salaries - secured	7.1	542,206	4,512,613
		6,746,594	11,174,932
Advances to suppliers - unsecured		987,543	2,720,000
		<u>13,026,040</u>	<u>13,894,932</u>
7.1	These are secured against employee retirement benefit - gratuity and carry no interest.		
	Note	2023 Rupees	2022 Rupees
<b>8 DUE FROM SARGODHIAN SPIRIT TRUST HEAD OFFICE</b>			
- Recurring expenses		-	100,454,036
- Capital expenditure		-	(202,604,113)
		<u>-</u>	<u>(102,150,077)</u>
<b>9 SHORT TERM INVESTMENTS</b>			
<b>Amortized cost:</b>			
Meezan Bank Limited - Term deposit receipts (TDRs)	9.1	16,000,000	112,500,000
Accrued interest		190,685	-
		<u>16,190,685</u>	<u>112,500,000</u>
9.1	These TDRs have maturity period of 12 months and earn interest at the rate 9.25% (2022: 8.50%).		
	Note	2023 Rupees	2022 Rupees
<b>10 CASH AND BANK BALANCES</b>			
Cash in hand		3,428	15,980,832
Cash at bank:			
- current accounts		57,073,569	33,429,963
- saving accounts	10.1 & 10.2	229,335,012	91,890,548
		286,408,581	125,320,511
		<u>286,412,009</u>	<u>141,301,343</u>
10.1	The balances in saving accounts carry interest rates ranging from 6.50% to 10.00% (2022: 2.75% to 3.5%) per annum.		

10.2 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.

#### 11 DONATIONS

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

#### 12 DEFERRED CREDIT - GRANTS

DESCRIPTION	2023			2022
	Capital nature	Revenue nature	Total	Total
	----- Rupees -----			
Balance as on 01 July 2021 - as previously reported	228,416,871	-	228,416,871	210,208,030
Grant received from Sindh Governemnt (Note 12.1)	-	170,000,000	170,000,000	170,000,000
Grant transferred to head office against receivables	(122,244,187)	-	(122,244,187)	37,758,665
Grant transferred to Endowment Fund	-	-	-	(20,000,000)
Grant amortized during the year	(25,942,496)	(125,000,000)	(150,942,496)	(169,549,824)
Balance at the end of the year	<u>80,230,188</u>	<u>45,000,000</u>	<u>125,230,188</u>	<u>228,416,871</u>

12.1 It represents grant received from Government of Sindh, for operational purposes and scholarships.

	Note	2023 Rupees	2022 Rupees
<b>13 EMPLOYEE RETIREMENT BENEFITS - GRATUITY</b>			
Balance as on 01 July		100,547,019	-
Transfer from contributory provident fund		-	41,288,936
Provision for the year	18	54,481,771	59,258,083
Benefits paid during the year		(36,579,814)	-
Benefit due but not paid	15	(11,163,134)	-
Balance as at 30 June		<u>107,285,842</u>	<u>100,547,019</u>

#### 14 STUDENTS' SECURITY DEPOSITS

Students' security deposits	14.1	15,816,665	14,239,670
Less: 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 are repayable upon leaving the School, after deducting any amount due from them.

	Note	2023 Rupees	2022 Rupees
<b>15 ACCRUED AND OTHER PAYABLES</b>			
Accrued expenses		3,987,374	3,368,660
Due to students		3,744,734	2,932,367
Employees retirement benefit due but not paid	13	11,163,134	-
Others		2,698,408	4,303,828
		<u>21,593,650</u>	<u>10,604,855</u>

#### 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
Admission fee		1,769,090	774,519
		<u>138,902,659</u>	<u>159,420,999</u>



	<b>2023</b> <b>Rupees</b>	<b>2022</b> <b>Rupees</b>
<b>17 OTHER INCOME</b>		
<b>Income from financial assets:</b>		
Return on short term investments	10,746,501	-
Return on bank deposits	13,216,520	1,085,761
	<u>23,963,021</u>	<u>1,085,761</u>
<b>Income from non-financial assets:</b>		
Gain on disposal of asset	48,690	536,854
Miscellaneous	985,007	1,194,096
	1,033,697	1,730,950
Others - Liabilities written back	-	320,294
	<u>24,996,718</u>	<u>3,137,005</u>
<b>18 SALARIES, WAGES AND OTHER BENEFITS</b>		
Salaries, wages and other benefits include provident fund contribution of Rupees Nil (2022: Rupees 3.877 million) by the School and gratuity expense of Rupees 54.482 million (2022: Rupees 59.258 million).		
	<b>2023</b> <b>Rupees</b>	<b>2022</b> <b>Rupees</b>
<b>19 STUDENTS' BOARDING, LODGING AND LIVING</b>		
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>
<b>20 AUDITOR'S REMUNERATION</b>		
Audit fee	133,300	120,000
Out of pocket expenses	13,000	13,000
	<u>146,300</u>	<u>133,000</u>
<b>21 NUMBER OF EMPLOYEES</b>		
	<b>2023</b>	<b>2022</b>
Number of employees as at 30 June	263	259
Average number of employees during the year	261	250
<b>22 TRANSACTIONS WITH RELATED PARTIES</b>		

Related parties comprise of Sargodhian Spirit Trust - Head Office, Sargodhian Spirit Institute for Professional Development, 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.

## 23 REMUNERATION OF KEY MANAGEMENT PERSONNEL

The aggregate amounts charged in these financial statements in respect of remuneration including certain benefits to the principal are given below:

Principal	
2023	2022
Rupees	Rupees
Managerial remuneration	6,651,402
Contribution to provident fund	237,228
<u>7,215,468</u>	<u>6,888,630</u>

## 24 FINANCIAL INSTRUMENTS BY CATEGORIES

At amortized cost	
2023	2022
Rupees	Rupees
<b>Assets as per statement of financial position</b>	
Long-term loans	-
Loans and advances	4,512,613
Receivable from students	12,376,314
Other receivables	220,786
Short term investments	112,500,000
Cash and bank balances	141,301,343
<u>320,325,855</u>	<u>270,911,056</u>
<b>Liabilities as per statement of financial position</b>	
Students' security deposits	14,239,670
Accrued and other payables	10,604,855
<u>26,247,181</u>	<u>24,844,525</u>

## 25 DATE OF AUTHORIZATION FOR ISSUE

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

## 26 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 2.19.

## 27 GENERAL

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

  
CHAIRMAN

  
CHIEF EXECUTIVE

  
TRUSTEE