

Shifa Tameer-e-Millat University

Audited Financial Statements

For the year ended

30th JUNE 2021



Independent Auditors' Report to the Management

Opinion

We have audited the financial statements of "Shifa Tameer-e-Millat University (the University)" for the period from July 01, 2020 to June 30, 2021 which comprises the statement of financial position, statement of income and expenditure, statement of comprehensive income, statement of changes in funds, statement of cash flows for the year then ended, together with notes including a summary of significant accounting policies (here-in-after referred to as the financial statements).

In our opinion, the accompanying financial statements of the **University** are prepared, in all respects, in accordance with note 2 to the financial statements.

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 audit report. We are independent of the University in accordance with the International Ethic 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 of the financial statements in accordance with note 2 to the financial statements and for such internal control as the Management determines is necessary to enable the preparation of the financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements Management is responsible for assessing the university's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless Management either intends to liquidate the university or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the university's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Lahore Office:

3rd Floor, Pace Tower, Plot No. 27, Block "H", Gulberg 2 Lahore
Tel: 042-35754821-22, Fax: 042-36317513, Email: nasirgulzar@njmi.net

Karachi Office:

Office No. 807, 8th Floor, Q.M. House, Plot No. 11/2, Ellander Road,
Opposite to Shaheen Complex, Off. I.I Chundrigar Road.
Tel: 021-32212382, 32212383, 32211516, Fax: 021-32211515, Email: khi@njmi.net



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

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

- Identify and assess the risks of material misstatement of the financial statement, 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 of 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 controls.
- 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 university's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of Management 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 University's ability to continue as a going concern. If we conclude that a material misstatement exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statement 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 university to cease to continue as a going concern.

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.

Date: 22 August 2022

Place: Islamabad


Nasir Javid Maqsood Imran

Chartered Accountants


Imran UI Haq, FCA

SHIFA TAMEER-E-MILLAT UNIVERSITY
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	NOTE	30-Jun 2021	30-Jun 2020 (Rupees)
ASSETS			
Non-current assets			
Property, plant and equipment	4	836,184,319	784,688,719
Intangible assets	5	10	10
Long term investment	6	25,556,347	19,425,733
Long term deposits		9,385,280	9,110,280
		871,125,956	813,224,742
Current assets			
Fee receivable	7	58,398,904	18,249,060
Stores and spares	8	3,210,011	3,238,168
Advances and prepayments	9	125,633,699	199,985,355
Other receivables	10	114,939,230	132,005,106
Other financial assets	11	572,635,000	-
Cash and bank balances	12	413,091,924	497,884,709
		1,287,908,768	851,362,398
TOTAL ASSETS		2,159,034,724	1,664,587,140
FUNDS AND LIABILITIES			
General fund		663,533,317	363,100,732
Fair value reserve		8,635,834	2,835,495
		672,169,151	365,936,227
Non-current liabilities			
Deferred grants	13	340,228,484	261,902,541
Students' security deposits	14	44,980,059	39,228,059
Diminishing musharkah finance	15	132,388,329	173,073,322
Employee benefit obligations	16	273,748,876	243,021,252
		791,345,748	717,225,174
Current liabilities			
Fee received in advance	17	412,677,803	354,998,165
Creditors and other payables	18	91,888,822	38,880,467
Current portion of:			
Students' security deposits	14	18,971,115	11,013,615
Deferred grant	13	12,527,439	3,456,158
Assets subject to diminishing musharkah finance	15	159,454,646	173,077,334
		695,519,825	581,425,739
TOTAL LIABILITIES		1,486,865,573	1,298,650,913
Contingencies and commitments	19		
TOTAL FUNDS AND LIABILITIES		2,159,034,724	1,664,587,140

The annexed notes, from 1 to 29, form an integral part of these financial statements.



VICE CHANCELLOR



TREASURER

**SHIFA TAMEER-E-MILLAT UNIVERSITY
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2021**

	NOTE	30-Jun 2021	30-Jun 2020 (Rupees)
INCOME			
Fee income	20 & 25	1,169,536,374	981,331,441
Donations	21 & 25	1,360,616	30,079,095
Amortization	13 & 25	221,605,238	13,333,333
Other income	22 & 25	41,010,596	32,084,364
		<u>1,433,512,824</u>	<u>1,056,828,233</u>
EXPENDITURE			
Direct expenditures:			
Faculty of Health Sciences (FHS)	25	(807,137,759)	(558,871,979)
Faculty of Nursing and Midwifery (FNM)	25	(70,767,632)	(83,522,488)
Faculty of Pharmaceutical & Allied Health Sciences (FPAHS)	25	(181,355,550)	(191,561,589)
		<u>(1,059,260,941)</u>	<u>(833,956,056)</u>
Operational surplus		374,251,883	222,872,177
Administrative expenditures			
STMU secretariat expenditures	25	(86,577,562)	(79,591,700)
Net surplus		<u>287,674,321</u>	<u>143,280,477</u>

The annexed notes, from 1 to 29, form an integral part of these financial statements.


VICE CHANCELLOR


TREASURER

**SHIFA TAMEER-E-MILLAT UNIVERSITY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021**

	30-Jun 2021	30-Jun 2020
	(Rupees)	
Net surplus	287,674,321	143,280,477
Other comprehensive income:		
Experience adjustment on funded gratuity scheme	12,758,264	13,135,053
Total comprehensive income for the year	300,432,585	156,415,530

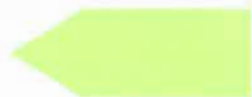
The annexed notes, from 1 to 29, form an integral part of these financial statements.



VICE CHANCELLOR



TREASURER



**SHIFA TAMEER-E-MILLAT UNIVERSITY
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 30 JUNE 2021**

	General fund	Fair value reserve	Total
	----- Rupees -----		
Balance as at 01 July 2019	206,685,202	2,136,195	208,821,397
Net surplus	143,280,477	-	143,280,477
Other comprehensive income	13,135,053	-	13,135,053
Total comprehensive income for the year	156,415,530	-	156,415,530
for sale investment	-	699,300	699,300
Balance as at 30 June 2020	363,100,732	2,835,495	365,936,227
Balance as at 01 July 2020	363,100,732	2,835,495	365,936,227
Net surplus	287,674,321	-	287,674,321
Other comprehensive income	12,758,264	-	12,758,264
Total comprehensive income for the year	300,432,585	-	300,432,585
Revaluation gain on remeasurement of available for sale investment	-	5,800,339	5,800,339
Balance as at 30 June 2021	663,533,317	8,635,834	672,169,151

The annexed notes, from 1 to 29, form an integral part of these financial statements.


VICE CHANCELLOR


TREASURER

**SHIFA TAMEER-E-MILLAT UNIVERSITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021**

	30-Jun 2021	30-Jun 2020
Note	(Rupees)	
Cash flows from operating activities		
Net surplus	287,674,321	143,280,477
Adjustments for non-cash income and expenses:		
Dividend income	(499,368)	(388,559)
Provision for employee benefit obligations - gratuity	52,522,141	53,740,716
Provision for employee benefit obligations - compensated absences	26,402,869	40,902,000
Depreciation of property, plant and equipment	4.2 59,868,174	45,997,911
Amortization of deferred grants	(19,807,298)	(13,333,333)
Amortization of intangible assets	-	329,564
Rates and taxes	428,632	428,632
Loss on disposal of fixed assets	285,246	-
Donation received in kind	(955,143)	-
	<u>405,919,574</u>	<u>270,957,408</u>
Changes in working capital:		
Fees receivable	(40,149,844)	(4,106,755)
Stores and spares	28,157	(826,908)
Advances and prepayments	74,351,656	(65,887,950)
Other receivables	24,021,150	(6,510,547)
Fee received in advance	57,679,638	56,841,397
Creditors and other payables	53,008,355	(12,356,177)
Cash generated from operations	<u>574,858,686</u>	<u>238,110,468</u>
Income taxes paid	(7,383,906)	(3,849,668)
Leave encash paid	(4,868,284)	-
Gratuity paid	(30,570,838)	(8,138,000)
Net cash inflows/(outflows) from operating activities	<u>532,035,658</u>	<u>226,122,800</u>
Cash flows from investing activities		
Purchase of operating fixed assets	(110,693,877)	(40,054,854)
Other financial assets	(572,635,000)	-
Purchase of long term investment	(330,275)	(386,020)
Long term deposits	(275,000)	(695,500)
Dividend received	499,368	388,559
Net cash (outflows) from investing activities	<u>(683,434,784)</u>	<u>(40,747,815)</u>
Cash flows from financing activities		
Grants received	95,392,512	494,000
Concessional financing grant	11,812,010	13,383,941
Liabilities against assets subject to diminishing musharkah - net	(54,307,681)	89,007,798
Students' security deposits	13,709,500	6,583,065
Net cash (outflows) from financing activities	<u>66,606,341</u>	<u>109,468,804</u>
Net increase/(decrease) in cash and cash equivalents	(84,792,785)	294,843,789
Cash and cash equivalents at the beginning of the year	497,884,709	203,040,920
Cash and cash equivalents at the end of the year	12 <u>413,091,924</u>	<u>497,884,709</u>

The annexed notes, from 1 to 29, form an integral part of these financial statements.


VICE CHANCELLOR


TREASURER

**SHIFA TAMEER-E-MILLAT UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

1 THE UNIVERSITY AND ITS OPERATIONS

1.1 Legal status and operations

Shifa Tameer-e-Millat University "the University", Islamabad-Pakistan has been established as a not-for-profit University under the Act of Parliament; namely, the Shifa Tameer-e-Millat University Act, 2012 (No. VII of 2012). This is a federally-chartered, private-sector, and general-category University open for all the National and International students; duly empowered to provide education and scholarship in any branch of knowledge as it may deem fit, and to make provisions for research, service to the society, and for the application, advancement and dissemination of knowledge.

The vision of STMU is to provide a platform for research-oriented quality education to the students from the entire country and across the globe. STMU offers quality education with cutting edge technologies yet making it affordable to everyone. STMU at the undergraduate to doctoral level provides education and training in a vast number of fields, such as Medical, Dentistry, Nursing, Pharmacy, Medical Technology, Rehabilitation Sciences, Clinical Psychology, Biosciences, Health Professions Education, Business and Management Sciences, Computer Sciences, and Social Sciences and Humanities.

The principal activities of the University are to provide high quality education and research facilities in the field of medicine, nursing and social sciences with special emphasis on Islamic Medical Ethics.

The registered office of the University is situated at H-8/4, Islamabad.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standard Board (IASB) as are notified by Securities and Exchange Commission of Pakistan (SECP).

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for certain items as disclosed in the relevant accounting policies below.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupee (Rs. / Rupees) which is the University's functional currency. Amounts presented in the financial statements have been rounded off to the nearest of Rs. / Rupees, unless otherwise stated.

2.4 Key judgments and estimates

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgment in the process of applying the University's accounting policies. The areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- Useful lives, residual values and depreciation method of property, plant and equipment -Note 3.1 & 4
- Useful lives, residual values and amortization method of intangible assets -Note 3.2 & 5
- Provision for impairment of stores and spares -Note 3.6 & 8
- Impairment of non financial assets other than stores and spares -Note 3.7
- Provision for doubtful receivables -Note 3.8-7 & 10
- Obligation of defined benefit obligations -Note 3.13 & 16
- Estimation of contingent liabilities - Note 3.15 & 19

The revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Property, plant and equipment

3.1.1 Operating fixed assets

Initial recognition

All items of property, plant and equipment are initially recorded at cost.

Subsequent Measurement

Items of property, plant and equipment other than freehold land and capital work in progress are measured at cost less accumulated depreciation and impairment loss (if any).

Capital work in progress is stated at cost less impairment loss (if any).

Depreciation

Depreciation is charged so as to write off the cost of assets (other than land and capital work in progress) over their estimated useful lives, using straight line method, at rates specified in note 4 to the financial statements. Depreciation on additions to property, plant and equipment is charged from the month in which the property, plant and equipment is available for use while no depreciation is charged for the month in which the property, plant and equipment is disposed off.

Disposal

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised as other income in the income and expenditure account.

Judgment and estimates

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis.

3.2 Intangible assets

Measurement

Intangible assets, other than goodwill, are measured at cost less accumulated amortization and accumulated impairment losses. Amortization is charged so as to allocate the cost of assets over their estimated useful lives, using the straight-line method, previously reducing balance method was used at the rates specified in note 5 to the financial statements.

Judgment and estimates

The useful lives, residual values and amortization method are reviewed on a regular basis. The effect of any changes in estimate accounted for on a prospective basis.

3.3 Investments

Classification of 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. Investments are initially measured at fair value plus transaction cost directly attributable to the acquisition.

Available for sale

Investments which are classified as available for sale are measured at fair value. Gain or loss on these investments is recognized directly in reserve until the investment is sold, derecognized or is determined to be impaired at which the cumulative gain or loss previously reported in reserve is included in income and expenditure account. Upon impairment, gain / loss including that had been previously recognized directly in reserve is included in statement of comprehensive income for the year.

3.4 Assets subject to diminishing musharkah facility

Assets subject to diminishing musharkah facility are capitalized at the commencement of the facility term at the lower of present value of minimum payments under the facility and the fair value of the assets, each determined at the inception of the facility.

The related rental obligation, net of finance cost, is included in liabilities against assets subject to diminishing musharkah facility. The liability is classified as current and long term depending upon the timing of payments.

Each payment under the facility is allocated between the liability and musharkah charges so as to achieve a constant rate on the balance outstanding. The musharkah charges is charged to income and expenditure account over the term of diminishing musharkah.

Depreciation of assets subject to finance lease is recognized in the same manner as for owned assets. Depreciation of the leased assets is charged to income and expenditure account.

3.5 Method of preparation of cash flow statement

The cash flow statement is prepared using indirect method.

3.6 Stores and spares

Measurement

Stores and spares are stated at the lower of cost and estimated selling price less costs to complete and sell.

Cost is calculated using the weighted average method and comprises the cost and other expenses that have been incurred in bringing the Stores and spares to their present location and condition.

Net realizable value represent the estimated selling price in the ordinary course of the business less all the estimated costs of completion and estimated cost necessary to be incurred in order to make the sale.

Impairment

At each reporting date, Stores and spares are assessed for impairment. If Stores and spares are impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the income and expenditure account.

Judgments and estimates

Stores and spares write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made periodically on stores and spares for excess stores and spares, obsolescence and decline in net realizable value and an allowance is recorded against the stores and spares balances for any such decline.

3.7 Impairment of non-financial assets other than Stores and spares

The assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. If there is an indication of possible impairment, the recoverable amount of the asset is estimated and compared with its carrying amount.

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. The impairment loss is recognised in the income and expenditure account , unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The University recognises the reversal immediately in the income and expenditure account , unless the asset is carried at a revalued amount in accordance with the revaluation model. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

3.8 Fee and other receivables

Measurement

These are recognised and carried at transaction price less an allowance for impairment.

Impairment

A provision for impairment of fee and other receivables is established when there is objective evidence that the University will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognised in the income and expenditure account . Bad debts are written-off in the statement of Income and expenditures on identification.

Judgments and estimates

The allowance for doubtful debts of the University is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables.

3.9 Impairment of financial assets other than trade receivables

The financial assets other than those that are carried at fair value are assessed at each reporting date to determine whether there is any objective evidence of their impairment. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

The impairment loss is recognized immediately in the income and expenditure account and the carrying amount of the related financial asset is reduced accordingly. An impairment loss is reversed only if the reversal can be related objectively

to an event occurring after the impairment loss was recognized.

3.10 Deferred grants

Capital grants received / used for acquisition of property, plant and equipment are deferred and recognized as income in income and expenditure account to the extent the related item of property and equipment is depreciated over its useful life.

Research grants received for specific purpose are referred as restricted grants and deferred when received and are amortized on the basis of expenditure incurred. Any difference in total grant received and total expenditure incurred at the end of project are dealt in accordance with project / donor agreements.

3.11 Creditors and other payables

Creditors and other payables are obligations under normal short-term credit terms. These are measured at the undiscounted amount of cash to be paid.

3.12 Taxation

The income of the University is exempt from levy of tax under clause: h of sub-section (2) of Section 100C of the Income Tax Ordinance, 2001. Accordingly, no provision for taxation has been made in these financial statements.

3.13 Employee benefits - retirement benefits

3.13.1 Defined benefit plan

The University has a funded defined benefit plan (gratuity).

The University measures defined benefit liabilities at the present value of its obligation under defined benefit plan at the reporting date minus the fair value at the reporting date of plan assets out of which the obligations are to be settled directly. The obligation under defined benefit plan is determined using the projected unit credit method.

Actuarial gains and losses are recognised in the other comprehensive income in the period in which they occur. Past-service costs are recognised immediately in the income and expenditure account. The latest actuarial valuation of the plan was carried out as at June 30, 2021.

In determining the liability for long-service payments management must make an estimate of salary increases over the following eight years, the discount rate to calculate present value over next eight years, and the number of employees expected to leave before they receive the benefits.

3.13.2 Compensated absences

The University has started provision for compensated absences of its employees on unavailed balance of leaves in the period in which the leave is earned. The University provides for its estimated liability towards leaves accumulated by employees on an accrual basis using current salary levels. Maximum amount of sixty leaves can be paid to employee under this scheme.

3.14 Provisions

Provisions are recognised when the University has a present obligation (legal or constructive) as a result of a past event, it is probable that the University will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as finance cost in the income and expenditure account.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

As the actual outflows 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 the 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 recognised provisions recognised in the income and expenditure account unless the provision was originally recognised as part of cost of an asset.

3.15 Contingent liabilities

A contingent liability is disclosed when the University has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the University or the University has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount to the obligation cannot be measured with sufficient reliability.

3.16 Off-setting of financial assets and liabilities

Financial assets and financial liabilities are off-set and the net amount is reported in the statement of financial position if the University has a legally enforceable right to set-off the recognized amounts and either intends to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

3.17 Revenue recognition

Revenue is recognised to the extent that the economic benefits will flow to the University and revenue can be realized and measured. Revenue is recognized at fair value of consideration received or receivable. Revenue from different sources is recognized on the following basis:

- Income from the University fee is recognized on accrual basis. Revenue from the admission fee is recognized at the time of admission;
- Tuition fee and hostel fee received in advance are deferred and recognized as income in the related financial year.
- Donations, zakat and patient income are recognized on actual receipt basis.
- Dividend income is recognized when the right to receive payment is established.
- Capital grants are taken to income to the extent the related assets are purchased / depreciated.
- Profit on saving accounts is recognized on accrual basis.

3.18 Borrowing costs

Borrowing costs are recognised on the basis of the effective interest method and all borrowing costs are recognised as an expense in income and expenditure account in the period in which they are incurred.

3.19 Foreign currency transactions and translations

Transactions in foreign currencies are recorded at the rates of exchange ruling on the date of the transaction. All monetary assets and liabilities denominated in foreign currencies are translated into Pakistan Rupees at the rate of exchange ruling on the statement of financial position date and exchange differences, if any, are charged in the income and expenditure account.

3.20 Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise of cash in hand and balances with banks.

3.21 Government grants

Government grants are recognised at the fair value of the asset received or receivable.

A grant without specified future performance conditions is recognised in income when the grant proceeds are receivable. A grant that imposes specified future performance conditions is recognised in income when all those conditions are met and there is a reasonable assurance that the grant will be received.

Government grants are presented separately from the assets to which they relate. Government grants received before the income recognition criteria are satisfied are presented as a separate liability in the statement of financial position.

Government grants recognised in income are presented separately in the 'other income'.



4	PROPERTY, PLANT AND EQUIPMENT	NOTE	30-Jun	30-Jun
			2021	2020
			(Rupees)	
	Operating fixed assets	4.1	860,259,319	808,763,719
	Land purchased with grant		(24,075,000)	(24,075,000)
			836,184,319	784,688,719
4.1	Operating fixed assets			

	Land	Building	Computer equipment	Furniture and fixture	Electrical equipment	Office equipment	Vehicles	Lab equipment	Museum	Audio visual equipment	Library books	Mortuary room	Medical equipment	Grand Total
Rupees														
As at 01 July 2019														
Cost	509,075,000	196,517,022	54,110,687	49,905,161	87,602,468	16,890,240	17,997,424	61,347,765	8,569,607	12,197,338	16,105,247	7,036,744	33,384,626	1,070,739,329
Accumulated depreciation	-	(20,836,544)	(47,428,259)	(32,065,322)	(26,524,614)	(11,756,826)	(17,378,852)	(47,389,192)	(3,771,785)	(10,395,397)	(5,328,587)	(1,784,493)	(31,372,682)	(256,032,553)
Carrying value	509,075,000	175,680,478	6,682,428	17,839,839	61,077,854	5,133,414	618,572	13,958,573	4,797,822	1,801,941	10,776,660	5,252,251	2,011,944	814,706,776
Year ended 30 June 2020														
Opening carrying value	509,075,000	175,680,478	6,682,428	17,839,839	61,077,854	5,133,414	618,572	13,958,573	4,797,822	1,801,941	10,776,660	5,252,251	2,011,944	814,706,776
Additions	-	-	5,277,500	12,727,450	695,360	2,415,320	6,434,262	5,853,855	35,790	720,872	2,121,387	-	3,773,058	40,054,854
Depreciation for the year	-	(10,139,210)	(4,914,397)	(5,578,614)	(8,779,705)	(1,615,828)	(833,765)	(5,354,382)	(683,858)	(677,725)	(5,920,194)	(670,500)	(829,734)	(45,997,911)
Closing carrying value	509,075,000	165,541,268	7,045,531	24,988,675	52,993,509	5,932,907	6,219,069	14,458,046	4,149,754	1,845,088	6,977,853	4,581,751	4,955,268	808,763,719
Year ended 30 June 2020														
Cost	509,075,000	196,517,022	59,388,187	62,632,611	88,297,828	19,305,560	24,431,686	67,201,620	8,605,397	12,918,210	18,226,634	7,036,744	37,157,684	1,110,794,183
Accumulated depreciation	-	(30,975,754)	(52,342,656)	(37,643,936)	(35,304,319)	(13,372,654)	(18,212,617)	(52,743,574)	(4,455,643)	(11,073,122)	(11,248,781)	(2,454,993)	(32,202,416)	(302,030,464)
Carrying value	509,075,000	165,541,268	7,045,531	24,988,675	52,993,509	5,932,907	6,219,069	14,458,046	4,149,754	1,845,088	6,977,853	4,581,751	4,955,268	808,763,719
Year ended 30 June 2021														
Opening Carrying value	509,075,000	165,541,268	7,045,531	24,988,675	52,993,509	5,932,907	6,219,069	14,458,046	4,149,754	1,845,088	6,977,853	4,581,751	4,955,268	808,763,719
Additions	-	-	7,399,050	3,578,815	2,614,475	1,101,800	7,419,042	742,845	3,787,350	1,071,140	642,214	-	82,337,145	110,693,876
Donations:														
Cost	-	-	36,575	-	-	-	-	1,295,000	-	-	-	-	940,500	2,272,075
Accumulated depreciation	-	-	(19,110)	-	-	-	-	(999,997)	-	-	-	-	(297,825)	(1,316,932)
Disposals:														
Cost	-	-	(1,773,038)	(732,579)	(2,953,240)	(874,985)	-	(1,925,300)	-	(198,851)	-	-	(125,000)	(8,582,993)
Accumulated depreciation	-	-	1,773,018	732,291	2,668,346	874,975	-	1,925,274	-	198,844	-	-	124,999	8,297,747
Depreciation for the period	-	(10,139,208)	(5,125,470)	(4,789,437)	(8,382,023)	(1,612,446)	(2,242,496)	(5,326,072)	(996,228)	(819,362)	(4,859,543)	(670,500)	(14,905,389)	(59,868,174)
Closing carrying value	509,075,000	155,402,060	9,336,556	23,777,765	46,941,066	5,422,251	11,395,615	10,169,795	6,940,876	2,096,860	2,760,525	3,911,251	73,029,698	860,259,319
Year ended 30 June 2021														
Cost	509,075,000	196,517,022	65,050,774	65,478,847	87,959,063	19,532,375	31,850,728	67,314,165	12,392,747	13,790,499	18,868,848	7,036,744	120,310,329	1,215,177,141
Accumulated depreciation	-	(41,114,962)	(55,714,218)	(41,701,082)	(41,017,997)	(14,110,124)	(20,455,113)	(57,144,370)	(5,451,871)	(11,693,639)	(16,108,323)	(3,125,493)	(47,280,631)	(354,917,823)
Carrying value	509,075,000	155,402,060	9,336,556	23,777,765	46,941,066	5,422,251	11,395,615	10,169,795	6,940,876	2,096,860	2,760,525	3,911,251	73,029,698	860,259,319
Annual rate of depreciation (%)	-	5	33	10	10	20	20	20	10	20	33	10	20	

4.1.1 The detail of land is as under

Location	Nature	Area
Service Road South, Sector H-8, Islamabad	Leasehold land	14.69
Mouza Ahl-e-Piswal, Tehsil Taxila, Distt, Rawalpindi	Freehold land	31.10

*The multi-storey building is constructed on this plot with approximately 40K Square Feet.

	Note	30-Jun 2021	30-Jun 2020
		(Rupees)	
4.2 Depreciation			
Charged to:			
Expenditure		58,716,192	44,860,111
Falahee clinic support cost - net	24	1,151,982	1,137,800
		<u>59,868,174</u>	<u>45,997,911</u>
5 Intangible assets			
Computer software			
Opening carrying value		10	329,574
Amortization charge for the year		-	(329,564)
Closing carrying value		<u>10</u>	<u>10</u>
Cost as at 30 June		3,099,451	3,099,451
Accumulated amortization		(3,099,441)	(3,099,441)
		<u>10</u>	<u>10</u>
Amortization rate - per annum		33%	33%
6 LONG TERM INVESTMENT - AVAILABLE FOR SALE			
Endowment Fund Investment			
Investment in NIT units		23,364,847	17,095,733
Investment in shares		2,191,500	2,330,000
		<u>25,556,347</u>	<u>19,425,733</u>

6.1 ENDOWMENT FUND INVESTMENT

	30-Jun-21			30-Jun-20		
	NIT units	Shares	Total	NIT units	Shares	Total
Rupees.....		Rupees.....		
Cost	14,340,513	2,580,000	16,920,513	14,010,238	2,580,000	16,590,238
Fair value adjustment	9,024,334	(388,500)	8,635,834	3,085,495	(250,000)	2,835,495
Net book value	<u>23,364,847</u>	<u>2,191,500</u>	<u>25,556,347</u>	<u>17,095,733</u>	<u>2,330,000</u>	<u>19,425,733</u>

6.2 This investment represents 10,000 ordinary shares of Shifa International Hospitals Limited and 310,167 units (2020:304,086) in National Investment (Unit) Trust as at 30 June.

		30-Jun 2021	30-Jun 2020
		(Rupees)	
7 FEE RECEIVABLE			
Students - against tuition fees		58,746,681	18,596,837
Less: Impairment allowance against soft loan from students		(347,777)	(347,777)
		<u>58,398,904</u>	<u>18,249,060</u>
8 STORES AND SPARES			
Stores and spares	8.1	2,346,910	2,648,712
Other stores		863,101	589,456
		<u>3,210,011</u>	<u>3,238,168</u>

8.1 The cost of stores and spares recognized as an expense amounted to Rs. 31,166,010 (June 30, 2020: Rs. 23,145,749).

9 ADVANCES AND PREPAYMENTS

		30-Jun 2021	30-Jun 2020
		(Rupees)	
Considered good-unsecured			
Advances to employees		3,798,002	5,609,562
Other advances	9.1	116,766,236	187,268,914
		<u>120,564,238</u>	<u>192,878,476</u>
Prepayments:			
-Rent		3,252,132	6,230,882
-Other expenses		449,563	267,846
-Insurance		1,367,766	608,151
		<u>125,633,699</u>	<u>199,985,355</u>

9.1 This includes an amount of Rs. 110,000,000 paid as advance taken money to Trustees of Taleem ul Quran Trust against the agreement to purchase / acquire the land and building in sector H-8/4. Rest of the payment will be made when the legal requirements / documentation will be completed by the Trustees of the said Trust as mentioned in the purchase agreement.

	Note	30-Jun 2021	30-Jun 2020
(Rupees)			
10 OTHER RECEIVABLES			
Advance income tax - considered good (unsecured)		61,942,676	54,987,402
Accrued income on deposit accounts		8,859,413	1,996,211
Due from related parties	10.1	43,099,712	74,589,934
Others		1,419,429	813,559
		115,321,230	132,387,106
Less: Impairment allowance against others		(382,000)	(382,000)
		<u>114,939,230</u>	<u>132,005,106</u>

10.1 This represents receivable from Shifa International Hospitals Limited and Shifa Foundation having common directorship with the University. Detail of balances of each related party is as under;

Shifa International Hospital	5,036,829	36,860,249
Shifa Foundation	38,062,883	37,729,685
	<u>43,099,712</u>	<u>74,589,934</u>

11 OTHER FINANCIAL ASSETS

Investment in Term Deposit Receipt - at amortized cost 11.1 572,635,000

11.1 This represents term deposit receipt (TDR) having face value of Rs. 300 million with six months maturity and Rs. 272 million with three month maturity. Profit payable at maturity at the rate ranging from 6.80% to 7.15% p.a.

12 CASH AND BANK BALANCES

Cash on hand		9,141	3,357
Cash at bank - deposit accounts:			
Local currency		398,899,485	482,867,441
Foreign currency	12.1	14,183,298	15,013,911
		413,082,783	497,881,352
		<u>413,091,924</u>	<u>497,884,709</u>

12.1 It includes USD 83,866.74 (2020: 83,771.30), EUR 5,263.42 (2020: 5,257.14) and GBP 2.56 (2020: 2.56).

13 DEFERRED GRANTS

- Related to assets	13.1	259,633,425	251,974,758
- Related to concessional financing	13.2	6,194,547	9,927,783
- Related to GHID - STMU Research	13.3	74,400,512	-
		<u>340,228,484</u>	<u>261,902,541</u>

13.1

	30-Jun-21								30-Jun-20	
	Development of library	Grants for patients	Grants for Center of Islamic Studies	Grants for financial assistance contribution	Grants for cancer research	Grants for buildings	Electric equipment	Purchase of land	Total	Total
	Rupees									
Opening balance	3,666,667	-	77,500,000	4,268,500	6,000,000	112,666,667	34,583,333	13,289,591	251,974,758	264,814,091
Grants received during the year	-	20,000,000	-	992,000	-	-	-	-	20,992,000	494,000
Less: Amortization of deferred grants	(1,833,333)	-	-	-	-	(6,500,000)	(5,000,000)	-	(13,333,333)	(13,333,333)
	<u>1,833,334</u>	<u>20,000,000</u>	<u>77,500,000</u>	<u>5,260,500</u>	<u>6,000,000</u>	<u>106,166,667</u>	<u>29,583,333</u>	<u>13,289,591</u>	<u>259,633,425</u>	<u>251,974,758</u>

	NOTE	30-Jun 2021	30-Jun 2020
(Rupees)			
13.2 - Related to concessional financing			
- Opening		13,383,941	-
- Add: Addition of deferred grants		11,812,010	13,383,941
- Less: Amortization of deferred grants		(6,473,965)	-
- Less current portion		(12,527,439)	(3,456,158)
		<u>6,194,547</u>	<u>9,927,783</u>

Deferred Grant raised due to difference between present value of financing and financing proceeds as detailed in note 15.3 at discount rate of 7.86%. It will be charged to statement of profit or loss over the repayment period in line with repayment obligations.

13.3 - Related to STMU - Research Projects			
- received		276,198,452	-
- Less: Amortization of deferred grants		(201,797,940)	-
		<u>74,400,512</u>	<u>-</u>

14 STUDENTS' SECURITY DEPOSITS

Students' security deposits	14.1	63,951,174	50,241,674
Less: Current portion shown under current liabilities		(18,971,115)	(11,013,615)
		<u>44,980,059</u>	<u>39,228,059</u>

14.1 It represents security deposits received from students and are repayable to students upon leaving the University after deduction of any amount due from them.

15 DIMINISHING MUSHARKAH FINANCE

Secured

MCB Islamic Bank Limited	15.1	95,303,291	85,963,168
Albaraka Bank (Pakistan) Limited	15.2	-	128,571,430
Albaraka Bank (Pakistan) Limited - Salary	15.3	196,539,684	131,616,059
		<u>291,842,975</u>	<u>346,150,657</u>
Less: Current portion shown under current liabilities		(159,454,646)	(173,077,334)
		<u>132,388,329</u>	<u>173,073,322</u>

The amount of future lease payments and the period in which these will become due are as follows:

Future minimum payments under the facility		334,840,342	395,278,966
Less: Un-amortized musharkah charges		(42,997,367)	(49,128,310)
Present value of future minimum payments under the facility		291,842,975	346,150,657
Less: Current portion shown under current liabilities		(159,454,646)	(173,077,334)
		<u>132,388,329</u>	<u>173,073,322</u>

	30-Jun-21		30-Jun-20	
	Future minimum payments under the facility	Present value of future minimum payments under the facility	Future minimum payments under the facility	Present value of future minimum payments under the facility
(Rupees).....			
Due not later than one year	182,397,003	159,454,646	192,379,518	173,077,334
Due later than one year but not later than five years	152,443,339	132,388,329	202,899,448	173,073,322
	<u>334,840,342</u>	<u>291,842,975</u>	<u>395,278,966</u>	<u>346,150,657</u>

15.1 This represents the diminishing musharkah for equipment / P & M and vehicle (direct - run off basis) total facility of Rs. 104 million which includes Rs. 86 Million obtained during last year from MCB Islamic Bank Limited for the purchase of dental hospital & college equipment, lab equipment, IT equipment, allied equipment, furniture etc. and 2 Hiace for hospital staff and students. The present value of future minimum payments under the facility has been discounted at an implicit interest rate of 3 month KIBOR plus 0.60% p.a (floor: 5% & Cap: 20%) for tenor 5 Years inclusive of 1 year grace period with equity contribution of 3% on quarterly basis to arrive at their present value.

Vehicles minimum payments under the facility are to be made in monthly installments. Taxes, repairs, replacements and insurance costs are to be borne by the University. The facility carries renewal and purchase option of musharkah units at the end of the facility term of five years.

Profit: Quarterly in arrears calculated from the date of first drawdown. The first profit payment was paid at the end of three (03) months from the first drawdown date and will be paid subsequently every three (03) months thereafter on the outstanding balance of the facility. Profit is calculated on the basis of actual number of days elapsed in a year of 365 days.

Principal: In five years in shape of equal quarterly installments after grace period of one year from first disbursement and subsequently every three (03) months.

Tenor: 5 Years max inclusive of 1 Year grace period.

Security: Hypothecation over DM assets, Cash Collateral in shape of lien over Savings A/c / CDR / TDR / Margin Account / Non Checking account up to any amount till creation of mortgage on proposed property. Pledge of 10,000 Shares (physically) of Shifa International Hospital. Pledge of 296, 698 NIT Units with 5% margin. In case of Vehicle 30% Security deposit and title of leased assets / HPA in favour of the bank.

15.1.1 Future minimum payments under the facility and their present value are regrouped as under.

	30-Jun-21		30-Jun-20	
	Future minimum payments under the facility	Present value of future minimum payments under the facility	Future minimum payments under the facility	Present value of future minimum payments under the facility
(Rupees).....			
Due not later than one year	32,407,183	25,488,327	18,614,929	8,565,106
Due later than one year but not later than five years	78,276,600	69,814,964	92,720,800	77,398,061
	<u>110,683,783</u>	<u>95,303,291</u>	<u>111,335,729</u>	<u>85,963,168</u>

15.2 This represents the diminishing musharkah facility of Rs. 450 million obtained from Albaraka Bank Limited for the purchase of NCBMS building H-8, Islamabad. The present value of future minimum payments under the facility has been discounted at an implicit interest rate of 3 month KIBOR plus 1% p.a. The facility return will be calculated on the basis of the number of days elapsed in a year of 365 Days. It is repayable in 14 installments on quarterly basis starting from 29 January 2018.

Profit: Quarterly in arrears calculated from the date of first drawdown. The first profit payment was paid at the end of three (03) months from the first drawdown date and will be paid subsequently every three (03) months thereafter on the outstanding balance of the facility. Profit is calculated on the basis of actual number of days elapsed in a year of 365 days.

Principal: In fourteen (14) equal installments commencing from the 27th month after first disbursement and subsequently every three (03) months.

Security: This facility is secured against equitable mortgage on land and building of NCBMS H-8 Islamabad, with 25% margin along with personnel guarantees of Chairman and Chief Executive Officer of Shifa International Hospital Limited (SIHL).

15.2.1 Future minimum payments under the facility and their present value are regrouped as under.

	30-Jun-21		30-Jun-20	
	Future minimum payments under the facility	Present value of future minimum payments under the facility	Future minimum payments under the facility	Present value of future minimum payments under the facility
(Rupees).....			
Due not later than one year	-	-	135,408,118	128,571,430
Due later than one year but not later than five years	-	-	-	-
	<u>-</u>	<u>-</u>	<u>135,408,118</u>	<u>128,571,430</u>

15.3 This represents the diminishing musharkah facility of Rs. 145 million obtained during the year 2020 and Rs. 150 million obtained during the year from Al-Baraka Bank Limited for the salaries & wages payment under SBP IH & SMFD Circular No. 06 & 07 of 2020 & Circular No. 09 of 2020 at implicit interest rate of 1.5% p.a. The present value of future minimum payments under the facility has been discounted at a market interest rate of 7.86 % p.a. The facility return will be calculated on the basis of the number of days elapsed in a year of 365 Days.

Profit: Quarterly in arrears calculated from the date of first drawdown. The first profit payment was received at the end of three (03) months from the first drawdown date and will be received subsequently every three (03) months thereafter on the outstanding balance of the facility. Profit is calculated on the basis of actual number of days elapsed in a year of 365 days.

Principal: In eight (8) equal installments commencing from the 9th month after first disbursement and subsequently every three (03) months.

Tenor: 2.5 Years inclusive of 6 months grace period.

Security: This facility is secured against equitable mortgage on land and building of NCBMS H-8 Islamabad, token registered mortgage of Rs. 0.2 Million of NCBMS Building.

15.3.1 Future minimum payments under the facility and their present value are regrouped as under.

	30-Jun-21		30-Jun-20	
	Future minimum payments under the facility	Present value of future minimum payments under the facility	Future minimum payments under the facility	Present value of future minimum payments under the facility
(Rupees).....			
Due not later than one year	149,989,820	133,966,319	38,356,472	35,940,798
Due later than one year but not later than five years	74,166,739	62,573,365	110,178,648	95,675,261
	<u>224,156,559</u>	<u>196,539,684</u>	<u>148,535,120</u>	<u>131,616,059</u>

	NOTE	30-Jun 2021	30-Jun 2020
		(Rupees)	
16 EMPLOYEE BENEFIT OBLIGATIONS			
Gratuity	16.1	211,312,291	202,119,252
Compensated absences	16.8	62,436,585	40,902,000
		<u>273,748,876</u>	<u>243,021,252</u>
16.1 The amounts recognized in the statement of financial position are determined as follows:			
Present value of defined benefits obligation	16.3	209,007,588	183,092,918
Fair value of plan assets	16.5	(4,948,393)	(1,651,355)
Benefits payable to members left (unsettled)		7,253,096	20,677,689
		<u>211,312,291</u>	<u>202,119,252</u>
16.2 The amount recognized in the income and expenditure account:			
Current service cost		38,680,730	31,863,265
Interest cost		14,913,932	22,082,931
Interest income on plan assets		(1,072,521)	(205,480)
		<u>52,522,141</u>	<u>53,740,716</u>
16.3 Changes in the present value of defined benefit obligations are as follows:			
Opening defined benefit obligation		183,092,918	167,815,225
Interest cost		14,913,932	22,082,931
Current service cost		38,680,730	31,863,265
Benefits due but not paid (payables)		(6,632,031)	(19,506,570)
Benefits paid		(8,637,750)	(6,188,002)
Adjustment in opening payables		1,551,159	-
Remeasurements:			
Actuarial (gains)/losses from changes in financial assumptions		918,416	(3,053,233)
Experience adjustments		(14,879,786)	(9,920,698)
Carrying value of defined benefit obligation		<u>209,007,588</u>	<u>183,092,918</u>
16.4 Changes in liability recognized in statement of financial position:			
Balance at beginning of year		202,119,252	169,651,589
Charge for the year	16.2	52,522,141	53,740,716
Remeasurements chargeable in other comprehensive income		(12,758,264)	(13,135,053)
Contributions for the year		(30,570,838)	(8,138,000)
Balance at end of year		<u>211,312,291</u>	<u>202,119,252</u>
16.5 Changes in fair value of plan assets are as follow:			
Fair value of plan assets		1,651,355	466,966
Contributions		30,570,838	8,138,000
Interest income		1,072,521	205,480
Benefits paid		(27,143,215)	(7,320,213)
Return on plan assets excluding interest income		(1,203,106)	161,122
		<u>4,948,393</u>	<u>1,651,355</u>
16.6 Principal actuarial assumptions			
Following are few important actuarial assumptions used in the valuation:			
Discount rate used for year end obligation		10.00% p.a.	8.50% p.a.
Discount rate used for interest cost in P&L charge		8.50% p.a.	14.25% p.a.
Expected rate of increase in salary			
Salary increase FY 2021 onward		9.00%	7.50%
Mortality rate		SLIC 2001-2005 Setback 1 year	SLIC 2001-2005 Setback 1 year
Retirement assumption		Age 60	Age 60
16.7 The plan assets comprise of bank balances.			
16.8 Changes in liability - Compensated absences			
Balance at beginning of year		40,902,000	-
Charge for the year		26,402,869	40,902,000
Benefits paid		(4,868,284)	-
Balance at end of year		<u>62,436,585</u>	<u>40,902,000</u>
17 FEE RECEIVED IN ADVANCE			
Tuition fee		388,596,803	333,717,188
Hostel fee		16,865,000	14,034,227
Extracurricular fee		187,000	274,000
Examination fee		60,000	60,000
Registration fee		4,555,000	4,547,250
Others		2,414,000	2,365,500
		<u>412,677,803</u>	<u>354,998,165</u>

(Handwritten signature)

18 CREDITORS AND OTHER PAYABLES

Creditors	20,756,299	21,165,416
Withholding tax	3,857,747	5,131,069
Accrued liabilities	57,012,067	1,735,607
Retention money	114,212	114,212
Accrued markup on musharaka facility	877,644	2,033,770
Other liabilities	9,270,853	8,700,393
	<u>91,888,822</u>	<u>38,880,467</u>

18.1 Accrued liabilities includes Rs. 48.5 million related to salaries accrued for the month of June 2021.

19 CONTINGENCIES AND COMMITMENTS**19.1 Contingencies****19.1.1 Description of legal proceedings**

Tax Year	Case Nature	Remarks
2015	Assessment U/S 122 (9)	Already set aside and no reassessment
2016	Assessment U/S 122 (9)	Remanded back by CIR (A)
2017	Assessment U/S 122 (9)	Set aside in appeal
2019	Assessment U/S 122 (9)	Annulled by CIR (A), appeal filed by FBR in ATIR
2020	Assessment U/S 122 (9)	Notice Issued by Addl Com., Reply given by Tax Consultant

19.2 Commitments**19.2.1 Operating lease commitments - University as lessee**

The University leases various hostels, University's building campus under non-cancelable operating lease agreements. The lease terms are between 1 and 3 years. The majority of lease agreements are renewable at the end of the lease period at market rate.

The future minimum lease payments under non-cancelable operating leases are as follows:

	NOTE	30-Jun 2021	30-Jun 2020
		(Rupees)	
Not later than 1 year		128,683,824	95,444,292
Later than 1 year		370,965,542	128,988,721
		<u>499,649,366</u>	<u>224,433,013</u>

20 FEE INCOME

Tuition fee	1,002,998,940	850,654,984
Admission fee	66,404,071	50,147,875
Application fee	8,479,000	6,229,000
Examination fee	31,286,000	28,774,000
Hostel fee	42,786,473	34,705,316
Extracurricular fee	3,447,000	2,801,000
Others	14,134,890	8,019,266
	<u>1,169,536,374</u>	<u>981,331,441</u>

21 DONATIONS**In cash****From related parties:**

Shifa International Hospitals Limited

29,477,631

From others**In cash**

1,360,616

1,360,616

601,464

30,079,095

22 OTHER INCOME

Profit on deposit accounts	23,644,950	20,031,609
Profit on investments	10,062,896	4,726,027
Exchange gain	-	444,589
Dividend income	499,368	388,559
Prospectus sale	5,907,000	4,808,000
Miscellaneous	896,382	1,685,580
	<u>41,010,596</u>	<u>32,084,364</u>

23 SALARIES, ALLOWANCES AND OTHER BENEFITS

Salaries, allowances and other benefits include Rs. 78,925,010 (June 30, 2020: Rs. 94,642,716) in respect of staff retirement benefits.

24 FALAHEE CLINIC SUPPORT COST - NET

Receipts

Receipts from patients	8,102,540	6,234,050
Donations for patients treatment	9,454,030	5,286,952
	<u>17,556,570</u>	<u>11,521,002</u>

Payments

Salaries, allowances and other benefits	143,780,667	152,634,908
Repair and maintenance	52,860	115,108
Printing and stationery	132,036	535,333
Surgical & medical supplies	1,702,115	2,567,782
Radiology supplies	26,065	378,452
Medicine expense	1,639,482	1,927,859
Medical bills expense	16,249,673	14,427,002
Insurance	68,520	488,595
Fee and subscription	4,500	8,000
Supplies consumed	24,062	101,137
Depreciation	1,151,982	1,137,800
Miscellaneous	62,635	171,206
	<u>164,894,597</u>	<u>174,493,182</u>
Falahee clinic support cost - net	<u>(147,338,027)</u>	<u>(162,972,180)</u>

4.2

- 24.1 University is providing subsidised/ free of cost medical services to the deserving 38,813 (2020:91,094) patients in Out Patient Department and 1,350 (2020: 1,692) patients in In Patient Department. Overall subsidy / free of cost medical services provided are almost amounting to Rs. 239 Million (2020: 286 Million).

25 - INCOME AND EXPENDITURE ACCOUNT - DEPARTMENT WISE
FOR THE PERIOD ENDED 30 JUNE 2021

NOTE	Consolidated		Faculty of Health Sciences (FHS)		Faculty of Nursing and Midwifery (FNM)		Faculty of Pharmaceutical & Allied Health Sciences (FPAHS)		STMU - Secretariat		
	30-Jun 2021	30-Jun 2020	30-Jun 2021	30-Jun 2020	30-Jun 2021	30-Jun 2020	30-Jun 2021	30-Jun 2020	30-Jun 2021	30-Jun 2020	
	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	
INCOME											
Fee income	20 & 25.1	1,169,536,374	981,331,441	752,567,624	652,915,172	96,967,825	73,604,205	320,000,925	254,812,064	-	-
Donations	21 & 25.1	1,360,616	30,079,095	-	-	-	21,477,631	-	200,000	1,360,616	8,401,464
Amortization		221,605,238	13,333,333	221,605,238	13,333,333	-	-	-	-	-	-
Other income	22 & 25.1	41,010,596	32,084,364	1,739,852	1,635,468	3,121,035	1,086,060	3,168,698	4,003,566	32,981,011	25,359,269
		1,433,512,824	1,056,828,233	975,912,714	667,883,973	100,088,860	96,167,896	323,169,623	259,015,630	34,341,627	33,760,733
EXPENSES											
Salaries, allowances and other benefits	23	527,281,653	478,863,450	292,856,973	230,603,073	52,447,078	66,262,785	121,958,552	124,095,063	60,019,050	57,902,529
Security services		7,548,475	7,119,075	5,188,392	4,617,009	393,625	131,973	1,966,458	2,314,413	-	55,680
Travelling and conveyance		445,073	1,465,430	14,470	202,310	320,267	1,085,477	4,460	64,843	105,876	112,800
Repair and maintenance		14,375,744	12,408,994	10,510,465	9,374,366	723,323	917,361	1,926,754	1,624,786	1,215,202	492,481
Rent		48,199,751	58,944,956	23,287,031	26,000,000	650,520	-	21,355,488	30,302,496	2,906,712	2,642,460
Printing and stationery		8,707,687	8,395,894	4,304,133	3,596,340	386,353	1,074,345	1,623,625	1,693,751	2,393,576	2,031,458
Utilities		28,670,607	29,806,138	22,315,805	23,646,396	1,459,588	1,135,352	3,226,746	3,416,290	1,668,468	1,608,100
Research, trainings & development		203,390,508	1,880,244	202,162,617	1,155,435	-	3,000	272,664	288,399	955,227	433,410
Vehicles' running		3,124,596	2,440,677	619,501	477,640	-	-	22,267	108,513	2,482,828	1,854,524
Falahee clinic support cost - net	24	147,338,027	162,972,180	147,338,027	162,972,180	-	-	-	-	-	-
Affiliation and inspection fee		965,700	2,130,618	953,200	1,732,200	12,500	100,000	-	298,418	-	-
Students' awards and convocation		3,068,731	6,089,892	1,418,322	1,550,244	202,545	659,598	1,446,364	1,102,471	1,500	2,777,579
Auditors' remuneration		300,000	292,200	-	-	-	-	-	-	300,000	292,200
Insurance		12,409,095	10,756,733	6,637,119	5,976,131	909,953	924,992	2,468,465	1,930,530	2,393,558	1,925,080
Advertisement		4,002,576	4,676,358	959,025	600,648	759,679	1,873,940	1,874,458	2,201,770	409,414	-
Fee and subscription		4,847,821	1,664,540	970,278	10,000	2,500,905	837,375	90,017	56,806	1,286,621	760,359
Hostel		34,656,894	32,191,409	23,172,194	21,207,798	4,896,865	4,444,273	6,587,835	6,539,338	-	-
Examination		4,802,948	5,224,591	647,730	1,671,620	1,995,068	828,700	1,810,150	2,564,271	350,000	160,000
Supplies consumed		3,920,529	3,319,104	1,661,930	882,373	78,761	61,684	1,550,762	1,693,708	629,076	681,339
Legal and professional		2,361,400	4,168,000	-	3,460,000	-	-	300,000	-	2,061,400	708,000
Depreciation	4.2	58,716,192	44,860,111	42,244,970	28,035,506	2,369,238	3,003,570	10,250,914	10,392,838	3,851,070	3,428,197
Amortization of intangible assets	5	-	329,564	-	90,148	-	-	-	7,419	-	231,997
Bank charges		99,951	344,106	15,268	269,516	8,302	-	-	174	76,381	74,416
Financial charges		19,995,460	28,428,784	19,022,086	28,215,503	-	-	-	-	973,374	213,281
Rates and taxes		428,632	428,632	428,632	428,632	-	-	-	-	-	-
Exchange loss		846,897	-	480	-	-	-	-	-	846,417	-
Miscellaneous		5,333,556	4,346,076	409,111	2,096,910	653,062	178,063	2,619,571	865,292	1,651,812	1,205,811
		1,145,838,503	913,547,756	807,137,759	558,871,979	70,767,632	83,522,488	181,355,550	191,561,589	86,577,562	79,591,700
SURPLUS FOR THE YEAR		287,674,321	143,280,477	168,774,955	109,011,994	29,321,228	12,645,408	141,814,073	67,454,041	(52,235,935)	(45,830,967)
Number of Students		2,374	2,064	655	595	437	375	1,282	1,094		

26 Financial instruments

	Fair value through changes in fund		Amortized cost		Total	
	30-Jun 2021	30-Jun 2020	30-Jun 2021	30-Jun 2020	30-Jun 2021	30-Jun 2020
	Rupees.....					
Financial assets						
Long term investment	25,556,347	19,425,733	-	-	25,556,347	19,425,733
Long term deposits	-	-	9,385,280	9,110,280	9,385,280	9,110,280
Fee receivables	-	-	58,398,904	18,249,060	58,398,904	18,249,060
Other receivables	-	-	114,939,230	132,005,106	114,939,230	132,005,106
Advances and prepayments	-	-	15,633,699	89,985,355	15,633,699	89,985,355
Cash and bank balances	-	-	413,091,924	497,884,709	413,091,924	497,884,709
	<u>25,556,347</u>	<u>19,425,733</u>	<u>611,449,037</u>	<u>747,234,510</u>	<u>637,005,384</u>	<u>766,660,243</u>
Financial liabilities						
Diminishing musharkah finance	-	-	291,842,975	346,150,656	291,842,975	346,150,656
Employee benefit obligation	-	-	273,748,876	243,021,252	273,748,876	243,021,252
Creditors and other payables	-	-	91,888,822	38,880,467	91,888,822	38,880,467
Students' security deposits	-	-	63,951,174	50,241,674	63,951,174	50,241,674
	<u>-</u>	<u>-</u>	<u>721,431,847</u>	<u>678,294,049</u>	<u>721,431,847</u>	<u>678,294,049</u>

27 RELATED PARTY TRANSACTIONS

The related parties comprise of Shifa International Hospitals Limited (SIHL), Tameer-e-Millat Foundation and Shifa Foundation, their close relatives and the staff retirement plan. Amounts due from related parties are shown under other receivables. Other significant transactions with related parties are as follows:

Name of the related party	Relationship and percentage shareholding	Transactions during the year and year end balances	30-Jun	30-Jun
			2021	2020
			(Rupees)	
Shifa International Hospitals Limited (SIHL)	Common Directorship	Balance receivable at the beginning of the year	36,860,249	33,546,627
		Tuition fee of students by Shifa College of Nursing	53,571,998	68,283,081
		House Officers	19,411,895	15,505,601
		Services Provided	72,983,893	83,788,682
		Charge against services provided to patients of falahee clinic	(10,844,265)	(14,389,932)
		Rent and utilities and other services	(4,743,456)	(11,241,908)
		Honorarium	(1,470,000)	(4,458,000)
		Services Received	(17,057,721)	(30,089,840)
		Paid / Settled	17,057,721	17,982,784
		Received / Settled	(104,807,313)	(68,368,004)
		Balance receivable at the year end	<u>5,036,829</u>	<u>36,860,249</u>

Name of the related party	Relationship and percentage shareholding	Transactions during the year and year end balances	30-Jun 2021	30-Jun 2020
			(Rupees)	
Shifa Foundation	Common Directorship	Balance receivable at the beginning of the year	37,729,685	35,587,300
		Services Provided	5,328,960	5,311,952
		Received / Settled	(4,995,762)	(3,169,567)
		Balance receivable at the year end	<u>38,062,883</u>	<u>37,729,685</u>
Key Management Personnel	Key management	Managerial Remuneration	<u>50,530,696</u>	<u>52,156,084</u>
Staff retirement benefit plan - Gratuity fund	Other related party	Balance Payable at the beginning of the year	(202,119,252)	(169,651,589)
		Liability charge for the year	(52,522,141)	(53,740,716)
		Remeasurements chargeable in other comprehensive income	12,758,264	13,135,053
		Contribution towards gratuity fund	<u>30,570,838</u>	<u>8,138,000</u>
		Balance Payable at the year end	<u>(211,312,291)</u>	<u>(202,119,252)</u>

27.1 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University directly or indirectly. The University considers Chancellor, Vice Chancellor, Registrar, Deans/ Principals and Senior Managers as its key management personnel.

27.2 Donations / Support provided by the Sponsors Since Inception to Date:

In kind

Shifa Foundation (Net worth of SCM, Falahee Clinic & SCN at inception of University)	(32,848,994)	(32,848,994)
Tameer-e-Millat Foundation	10,017,790	10,017,790

In cash

Shifa Foundation	23,089,549	23,089,549
Shifa International Hospitals Limited (SIHL)	46,791,998	46,791,998
Tameer-e-Millat Foundation	16,000,000	16,000,000

Grants

Shifa International Hospitals Limited (SIHL)	15,000,000	15,000,000
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Grants for Library

Shifa Foundation	3,500,000	3,500,000
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Grants for Equipment

Shifa International Hospitals Limited (SIHL)	50,000,000	50,000,000
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Grants for Building

Shifa Foundation	5,000,000	5,000,000
Shifa International Hospitals Limited (SIHL)	100,000,000	100,000,000
Tameer-e-Millat Foundation	25,000,000	25,000,000
	<u>261,550,343</u>	<u>261,550,343</u>

28 **CORRESPONDING FIGURES**

Previous year figures have been rearranged / reclassified wherever necessary for the purpose of comparison. However, no significant change / rearrangement of corresponding figures has been made in these financial statements.

29 **AUTHORIZATION FOR ISSUE**

These financial statements were approved by the Senate of the University and authorized for issue on 29 June 2022

VICE CHANCELLOR

TREASURER