



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, 2021 to June 30, 2022 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, 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.

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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:

Place: **Islamabad**

UDIN# AR202210163pWKCP/1Hz


Nasir Javaid Maqsood Imran

Chartered Accountants

Imran UI Haq, FCA

SHIFA TAMEER-E-MILLAT UNIVERSITY
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	NOTE	30-Jun 2022	30-Jun 2021
		(Rupees)	
ASSETS			
Non-current assets			
Property, plant and equipment	4	843,738,084	836,184,319
Intangible assets	5	418,088	10
Long term investment	6	22,359,151	25,556,347
Long term deposits		18,085,580	9,385,280
		884,600,903	871,125,956
Current assets			
Fee receivable	7	129,166,290	58,398,904
Stores and spares	8	4,514,757	3,210,011
Loan, advances and prepayments	9	435,854,985	125,633,699
Other receivables	10	129,539,293	114,939,230
Other financial assets	11	-	572,635,000
Cash and bank balances	12	975,846,076	413,091,924
		1,674,921,401	1,287,908,768
TOTAL ASSETS		2,559,522,304	2,159,034,724
FUNDS AND LIABILITIES			
General fund		943,524,839	663,533,317
Fair value reserve		5,012,175	8,635,834
		948,537,014	672,169,151
Non-current liabilities			
Deferred grants	13	366,913,004	340,228,484
Students' security deposits	14	54,591,174	44,980,059
Diminishing musharkah finance	15	205,580,436	132,388,329
Employee benefit obligations	16	332,094,552	273,748,876
		959,179,166	791,345,748
Current liabilities			
Fee received in advance	17	482,524,620	412,677,803
Creditors and other payables	18	58,627,180	91,888,822
Current portion of:			
Students' security deposits	14	10,570,000	18,971,115
Deferred grant	13	6,194,547	12,527,439
Assets subject to diminishing musharkah finance	15	93,889,777	159,454,646
		651,806,124	695,519,825
TOTAL LIABILITIES		1,610,985,290	1,486,865,573
Contingencies and commitments	19		
TOTAL FUNDS AND LIABILITIES		2,559,522,304	2,159,034,724

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 2022**

	NOTE	30-Jun 2022	30-Jun 2021 (Rupees)
INCOME			
Fee income	20 & 25	1,363,015,879	1,169,536,374
Donations	21 & 25	38,840,573	1,360,616
Amortization	13 & 25	291,614,898	221,605,238
Other income	22 & 25	55,311,530	41,010,596
		<u>1,748,782,880</u>	<u>1,433,512,824</u>
EXPENDITURE			
Direct expenditures:			
Faculty of Health Sciences (FHS)	25	(942,386,860)	(807,137,759)
Faculty of Nursing and Midwifery (FNM)	25	(110,151,029)	(70,767,632)
Faculty of Pharmaceutical & Allied Health Sciences (FPAHS)	25	(252,574,020)	(181,355,550)
		<u>(1,305,111,909)</u>	<u>(1,059,260,941)</u>
Operational surplus		443,670,971	374,251,883
Administrative expenditures			
STMU secretariat expenditures	25	(162,498,187)	(86,577,562)
		<u>281,172,784</u>	<u>287,674,321</u>
Net surplus		<u>281,172,784</u>	<u>287,674,321</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 2022**

	30-Jun 2022	30-Jun 2021
	(Rupees)	
Net surplus	281,172,784	287,674,321
Other comprehensive income:		
Experience adjustment on funded gratuity scheme	(1,181,262)	12,758,264
Total comprehensive income for the year	<u>279,991,522</u>	<u>300,432,585</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 CHANGES IN FUNDS
FOR THE YEAR ENDED 30 JUNE 2022

	General fund	Fair value reserve	Total
	----- Rupees -----		
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
Balance as at 01 July 2021	663,533,317	8,635,834	672,169,151
Net surplus	281,172,784	-	281,172,784
Other comprehensive income	(1,181,262.00)	-	(1,181,262)
Total comprehensive income for the year	279,991,522	-	279,991,522
Revaluation loss on remeasurement of available for sale investment	-	(3,623,659)	(3,623,659)
Balance as at 30 June 2022	943,524,839	5,012,175	948,537,014

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 2022

	30-Jun 2022	30-Jun 2021
Note	(Rupees)	
Cash flows from operating activities		
Net surplus	281,172,784	287,674,321
Adjustments for non-cash income and expenses:		
Dividend income	(786,155)	(499,368)
Provision for employee benefit obligations - gratuity	59,825,358	52,522,141
Provision for employee benefit obligations - compensated absences	15,341,596	26,402,869
Depreciation of property, plant and equipment	61,819,965	59,868,174
Amortization of deferred grants	(291,614,898)	(19,807,298)
Amortization of intangible assets	-	-
Rates and taxes	428,632	428,632
Loss on disposal of fixed assets	559,155	285,246
Donation received in kind	-	(955,143)
	<u>126,746,438</u>	<u>405,919,574</u>
Changes in working capital:		
Fees receivable	(70,767,386)	(40,149,844)
Stores and spares	(1,304,746)	28,157
Loan, advances and prepayments	(299,224,168)	74,351,656
Other receivables	(14,600,063)	24,021,150
Fee received in advance	69,846,817	57,679,638
Creditors and other payables	(33,261,642)	53,008,355
Cash generated from operations	<u>(222,564,750)</u>	<u>574,858,686</u>
Income taxes paid	(11,425,750)	(7,383,906)
Leave encash paid	(7,964,089)	(4,868,284)
Gratuity paid	(10,038,451)	(30,570,838)
Net cash inflows/(outflows) from operating activities	<u>(251,993,040)</u>	<u>532,035,658</u>
Cash flows from investing activities		
Purchase of operating fixed assets	(69,932,886)	(110,693,877)
Intangible asset	(418,078)	-
Other financial assets	572,635,000	(572,635,000)
Purchase of long term investment	(426,463)	(330,275)
Long term deposits	(8,700,300)	(275,000)
Dividend received	786,155	499,368
Net cash (outflows) from investing activities	<u>493,943,428</u>	<u>(683,434,784)</u>
Cash flows from financing activities		
Grants received	311,966,526	95,392,512
Concessional financing grant	-	11,812,010
Liabilities against assets subject to diminishing musharakah - net	7,627,238	(54,307,681)
Students' security deposits	1,210,000	13,709,500
Net cash (outflows) from financing activities	<u>320,803,764</u>	<u>66,606,341</u>
Net increase/(decrease) in cash and cash equivalents	562,754,152	(84,792,785)
Cash and cash equivalents at the beginning of the year	<u>413,091,924</u>	<u>497,884,709</u>
Cash and cash equivalents at the end of the year	<u>975,846,076</u>	<u>413,091,924</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 2022**

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'.



30-Jun
2021

30-Jun
2022

(Rupees)

Operating fixed assets	860,259,319
Less: Grants received for purchase of land	(24,075,000)
Opening balance	(24,075,000)
Land purchased during the year	(24,075,000)
Land purchased with grant	174,075,000
	860,259,319

NOTE

4.1	860,259,319
13	(24,075,000)
	(24,075,000)
	174,075,000
	860,259,319

4. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets
Less: Grants received for purchase of land
Opening balance
Land purchased during the year
Land purchased with grant

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
As at 01 July 2020														
Cost	509,075,000	196,517,022	59,288,187	62,032,611	88,297,828	19,205,560	24,431,686	67,201,620	6,605,397	12,918,210	18,226,634	7,036,744	37,137,684	1,110,794,183
Accumulated depreciation	-	(30,975,754)	(15,242,650)	(37,643,966)	(35,304,319)	(13,372,654)	(18,372,654)	(52,743,374)	(4,455,643)	(11,073,123)	(11,248,781)	(2,454,991)	(32,302,416)	(102,030,464)
Carrying value	509,075,000	165,541,268	7,045,531	24,388,675	52,993,509	5,832,907	6,219,069	14,458,246	4,149,754	1,845,088	6,977,853	4,581,753	4,955,268	808,763,719
Year ended 30 June 2021														
Opening carrying value	509,075,000	165,541,268	7,045,531	24,388,675	52,993,509	5,832,907	6,219,069	14,458,246	4,149,754	1,845,088	6,977,853	4,581,753	4,955,268	808,763,719
Additions	-	-	7,399,050	3,578,815	2,614,475	1,101,900	7,419,042	742,845	3,787,250	1,071,140	642,714	-	82,337,145	110,693,876
Disposals:														
Cost	-	-	36,575	-	-	-	-	1,295,000	-	-	-	-	840,500	2,272,075
Accumulated depreciation	-	-	(19,110)	-	-	-	-	(991,997)	-	-	-	-	(297,825)	(1,116,931)
Net	-	-	17,465	-	-	-	-	303,003	-	-	-	-	542,675	1,155,144
Disposals:														
Cost	-	-	(1,773,038)	(732,579)	(2,953,240)	(874,935)	(1,923,300)	(1,923,300)	-	(198,851)	-	-	(125,000)	(6,502,991)
Accumulated depreciation	-	-	1,773,038	732,579	2,668,346	874,935	1,923,300	1,923,300	-	198,851	-	-	124,999	8,297,747
Net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation for the year	(10,139,208)	(5,125,470)	(4,325,470)	(4,789,437)	(8,357,023)	(1,612,446)	(2,242,496)	(5,326,496)	(996,228)	(819,262)	(4,459,543)	(670,500)	(14,905,339)	(59,368,174)
Closing carrying value	509,075,000	155,402,000	9,336,556	23,777,705	46,941,866	5,422,251	11,395,615	10,169,795	6,940,876	2,664,350	2,518,310	3,911,251	73,079,698	860,259,319
Year ended 30 June 2022														
Opening carrying value	509,075,000	155,402,000	9,336,556	23,777,705	46,941,866	5,422,251	11,395,615	10,169,795	6,940,876	2,664,350	2,518,310	3,911,251	73,079,698	860,259,319
Additions	-	2,683,643	3,665,629	12,800,721	13,939,687	4,915,567	-	20,424,412	5,500	682,000	403,499	-	1,282,178	69,932,886
Disposals:														
Cost	-	-	(519,023)	-	-	(37,150)	-	-	-	-	-	-	-	(570,909)
Accumulated depreciation	-	-	11,754	-	-	-	-	-	-	-	-	-	-	11,754
Net	-	-	11,731	-	-	-	-	-	-	-	-	-	-	11,731
Depreciation for the period	(10,370,200)	(4,711,535)	(5,170,275)	(4,789,437)	(8,357,023)	(1,612,446)	(2,242,496)	(5,326,496)	(996,228)	(819,262)	(4,459,543)	(670,500)	(14,905,339)	(59,368,174)
Closing carrying value	509,075,000	147,115,535	6,784,641	31,829,649	45,578,013	3,810,105	8,623,985	35,107,015	5,881,764	1,845,088	922,103	3,240,751	56,356,506	867,813,084
Year ended 30 June 2022														
Cost	509,075,000	198,600,795	68,192,381	77,879,568	101,898,760	24,410,592	31,850,728	91,848,577	12,308,247	14,442,499	19,317,811	7,036,744	121,592,507	1,284,519,119
Accumulated depreciation	(51,485,170)	(45,485,170)	(61,412,240)	(46,688,628)	(49,126,247)	(16,072,890)	(13,125,273)	(62,641,562)	(6,514,683)	(12,561,411)	(18,385,208)	(3,795,991)	(68,216,801)	(416,126,034)
Carrying value	509,075,000	147,115,535	6,784,641	31,829,649	52,772,513	8,337,702	18,725,455	29,206,915	5,793,564	2,181,088	1,932,603	3,240,751	56,356,506	867,813,084
Annual rate of depreciation (%)	-	5	35	10	10	20	20	20	20	10	20	10	10	20

4.1.1 The detail of land is as under

Location	Nature	Area
Sewage Band South, Sector H.K. Islamabad	Leasehold land	14.69
Muzra (Muzra-Pawal, Tehsil Taxila, Distt. Rawalpindi)	Freehold land	31.10

*The multi-story building is constructed on this plot with approximately 60k Square Feet.

	Note	30-Jun 2022	30-Jun 2021				
		(Rupees)					
4.2 Depreciation							
Charged to:							
Expenditure		59,624,994	58,716,192				
Falahee clinic support cost - net	24	1,162,259	1,151,982				
		<u>60,787,253</u>	<u>59,868,174</u>				
5 Intangible assets							
Computer software							
Opening carrying value		10	10				
Additions during the year		436,575	-				
Amortization charge for the year		-	-				
		<u>436,585</u>	<u>10</u>				
Closing carrying value		3,536,026	3,099,451				
Cost as at 30 June		(3,117,938)	(3,099,441)				
Accumulated amortization		<u>418,088</u>	<u>10</u>				
Amortization rate - per annum		33%	33%				
6 LONG TERM INVESTMENT - AVAILABLE FOR SALE							
Endowment Fund Investment							
Investment in NIT units		20,531,923	23,364,847				
Investment in shares		1,827,228	2,191,500				
		<u>22,359,151</u>	<u>25,556,347</u>				
6.1 ENDOWMENT FUND INVESTMENT							
		30-Jun-22		30-Jun-21			
		NIT units	Shares	Total	NIT units	Shares	Total
		Rupees			Rupees		
Cost		14,764,976	2,582,000	17,346,976	14,340,513	2,580,000	16,920,513
Fair value adjustment		5,766,947	(754,772)	5,012,175	9,024,334	(388,500)	8,635,834
Net book value		<u>20,531,923</u>	<u>1,827,228</u>	<u>22,359,151</u>	<u>23,364,847</u>	<u>2,191,500</u>	<u>25,556,347</u>
6.2	This investment represents 10,200 ordinary shares (2021: 10,000) of Shifa International Hospitals Limited and 315,924 units (2021:310,167) in National Investment (Unit) Trust as at 30 June.						
					30-Jun 2022	30-Jun 2021	
					(Rupees)		
7 FEE RECEIVABLE							
Students - against tuition fees					129,514,067	58,746,681	
Less: Impairment allowance against soft loan from students					(347,777)	(347,777)	
					<u>129,166,290</u>	<u>58,398,904</u>	
8 STORES AND SPARES							
Stores and spares	8.1				3,115,280	2,346,910	
Other stores					1,399,477	863,101	
					<u>4,514,757</u>	<u>3,210,011</u>	
8.1	The cost of stores and spares recognized as an expense amounted to Rs. 98,139,988 (June 30, 2021: Rs. 31,166,010).						
9 LOAN, ADVANCES AND PREPAYMENTS							
Considered good-unsecured							
Advances to employees					7,418,557	3,798,002	
Advances to suppliers					246,196,588	-	
Other advances	9.1				110,766,798	116,766,236	
Short term loan	9.2				44,114,366	-	
					<u>408,496,309</u>	<u>120,564,238</u>	
Prepayments:							
Rent					25,538,732	3,252,132	
Other expenses					565,565	449,563	
Insurance					1,254,379	1,367,766	
					<u>435,854,985</u>	<u>125,633,699</u>	
9.1	This includes an amount of Rs. 110,000,000 paid as advance token 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.						
9.2	This represents loan provided to Global Institute of Humuan Development (GIHD) repayable on demand. The amount of loan is unsecured and carries no markup.						

	Note	30-Jun 2022	30-Jun 2021
		(Rupees)	
10 OTHER RECEIVABLES			
Advance income tax - considered good (unsecured)		72,939,794	61,942,676
Accrued income on deposit accounts		3,471,196	8,859,413
Due from related parties	10.1	51,819,387	43,099,712
Others		1,690,916	1,419,429
		129,921,293	115,321,230
Less: Impairment allowance against others		(382,000)	(382,000)
		<u>129,539,293</u>	<u>114,939,230</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		6,449,453	5,036,829
Shifa Foundation		45,369,934	38,062,883
		<u>51,819,387</u>	<u>43,099,712</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		19,356	9,141
Cash at bank - deposit accounts:			
Local currency		943,583,653	398,899,485
Foreign currency	12.1	32,243,067	14,183,298
		975,826,720	413,082,783
		<u>975,846,076</u>	<u>413,091,924</u>

12.1 It includes USD 152,431 (2021: 83,866.74), EUR 5,270.13 (2021: 5,263.42) and GBP 2.56 (2021: 2.56).

13 DEFERRED GRANTS			
- Related to assets	13.1	257,987,591	259,633,425
- Related to concessional financing	13.2	-	6,194,547
- Related to GHID - STMU Research	13.3	108,925,413	74,400,512
		<u>366,913,004</u>	<u>340,228,484</u>

	30-Jun-22								30-Jun-21	
	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	1,833,334	20,000,000	77,500,000	5,200,500	6,000,000	106,166,667	29,383,333	13,289,591	259,633,425	251,974,758
Grants received during the year		10,000,000		1,687,500					11,687,500	20,992,000
Less: Amortization of deferred grants	(1,833,334)					(6,500,000)	(5,000,000)		(13,333,334)	(13,333,333)
	-	30,000,000	77,500,000	6,948,000	6,000,000	99,666,667	24,383,333	13,289,591	257,987,591	259,633,425

	NOTE	30-Jun 2022	30-Jun 2021
		(Rupees)	
13.2 - Related to concessional financing			
- Opening		18,721,986	13,383,941
- Add: Addition of deferred grants		-	11,812,010
- Less: Amortization of deferred grants		(12,527,439)	(6,473,965)
- Less current portion		(6,194,547)	(12,527,439)
		<u>-</u>	<u>6,194,547</u>

Deferred Grant raised due to difference between present value of financing and financing proceeds as detailed in note 15.2 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			
- Opening		74,400,512	-
- received		300,279,026	276,198,452
- Less: Amortization of deferred grants		(265,754,125)	(201,797,940)
		<u>108,925,413</u>	<u>74,400,512</u>

	NOTE	30-Jun 2022	30-Jun 2021
		(Rupees)	
14 STUDENTS' SECURITY DEPOSITS			
Students' security deposits	14.1	65,161,174	63,951,174
Less: Current portion shown under current liabilities		(10,570,000)	(18,971,115)
		<u>54,591,174</u>	<u>44,980,059</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	116,896,848	95,303,291
Albaraka Bank (Pakistan) Limited - Salary	15.2	62,573,365	196,539,684
Albaraka Bank (Pakistan) Limited - Capex	15.3	120,000,000	-
		<u>299,470,213</u>	<u>291,842,975</u>
Less: Current portion shown under current liabilities		(93,889,777)	(159,454,646)
		<u>205,580,436</u>	<u>132,388,329</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	416,086,620	334,840,342
Less: Un-amortized musharkah charges	(116,616,407)	(42,997,367)
Present value of future minimum payments under the facility	299,470,212	291,842,975
Less: Current portion shown under current liabilities	(93,889,777)	(159,454,646)
	<u>205,580,436</u>	<u>132,388,329</u>

	30-Jun-22		30-Jun-21	
	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	117,393,680	93,889,777	182,397,003	159,454,646
Due later than one year but not later than five years	298,692,940	205,580,436	152,443,339	132,388,329
	<u>416,086,620</u>	<u>299,470,212</u>	<u>334,840,342</u>	<u>291,842,975</u>

- 15.1 This represents the diminishing musharkah for equipment / P & M and vehicle (direct - run off basis) total facility of Rs. 152 million which includes Rs. 48 Million obtained during the year from MCB Islamic Bank Limited for the purchase of, lab equipment, IT equipment, allied equipment, furniture etc. and two (2) buses for 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-22		30-Jun-21	
	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	43,226,941	31,316,412	32,407,183	25,488,327
Due later than one year but not later than five years	102,595,464	85,580,436	78,276,600	69,814,964
	<u>145,822,405</u>	<u>116,896,847</u>	<u>110,683,783</u>	<u>95,303,291</u>

- 15.2 This represents the diminishing musharkah facility of Rs. 145 million obtained during the year 2021 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 2021 & Circular No. 09 of 2021 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.

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

	30-Jun-22		30-Jun-21	
	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	74,166,739	62,573,365	149,989,820	133,966,319
Due later than one year but not later than five years	-	-	74,166,739	62,573,365
	<u>74,166,739</u>	<u>62,573,365</u>	<u>224,156,559</u>	<u>196,539,684</u>

- 15.3 This represents first tranche Rs. 120 million obtained during the year of diminishing musharka facility of Rs. 250 million from Al-Baraka Bank Limited for the acquisition of land and construction of building. The present value of future minimum payments under the facility has been discounted at an implicit interest rate of 3 month KIBOR plus 0.80% p.a

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 twelve (12) equal installments commencing from the 27th month after first disbursement and subsequently every three (03) months.

Tenor: 5 Years inclusive of 20 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-22		30-Jun-21	
	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	-	-	-	-
Due later than one year but not later than five years	196,097,475	120,000,000	-	-

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	NOTE	30-Jun 2022	30-Jun 2021
		(Rupees)	
16 EMPLOYEE BENEFIT OBLIGATIONS			
Gratuity	16.1	262,280,460	211,312,291
Compensated absences	16.8	69,814,092	62,436,585
		<u>332,094,552</u>	<u>273,748,876</u>
16.1 The amounts recognized in the statement of financial position are determined as follows:			
Present value of defined benefits obligation	16.3	243,846,091	209,007,588
Fair value of plan assets	16.5	(491,769)	(4,948,393)
Benefits payable to members left (unsettled)		18,926,138	7,253,096
		<u>262,280,460</u>	<u>211,312,291</u>
16.2 The amount recognized in the income and expenditure account:			
Current service cost		40,544,728	38,680,730
Interest cost		19,585,245	14,913,932
Interest income on plan assets		(304,615)	(1,072,521)
		<u>59,825,358</u>	<u>52,522,141</u>
16.3 Changes in the present value of defined benefit obligations are as follows:			
Opening defined benefit obligation		209,007,588	183,092,918
Interest cost		19,585,245	14,913,932
Current service cost		40,544,728	38,680,730
Benefits due but not paid (payables)		(12,467,323)	(6,632,031)
Benefits paid		(13,842,945)	(8,637,750)
Adjustment in opening payables			1,551,159
Remeasurements:			
Actuarial (gains)/losses from changes in financial assumptions		2,298,859	918,416
Experience adjustments		(1,280,061)	(14,879,786)
Carrying value of defined benefit obligation		<u>243,846,091</u>	<u>209,007,588</u>
16.4 Changes in liability recognized in statement of financial position:			
Balance at beginning of year		211,312,291	202,119,252
Charge for the year	16.2	59,825,358	52,522,141
Remeasurements chargeable in other comprehensive income		1,181,262	(12,758,264)
Contributions for the year		(10,038,451)	(30,570,838)
Balance at end of year		<u>262,280,460</u>	<u>211,312,291</u>
16.5 Changes in fair value of plan assets are as follow:			
Fair value of plan assets		4,948,393	1,651,355
Contributions		10,038,451	30,570,838
Interest income		304,615	1,072,521
Benefits paid		(14,637,226)	(27,143,215)
Return on plan assets excluding interest income		(162,464)	(1,203,106)
		<u>491,769</u>	<u>4,948,393</u>
16.6 Principal actuarial assumptions			
Following are few important actuarial assumptions used in the valuation:			
Discount rate used for year end obligation		13.25% p.a.	10.00% p.a.
Discount rate used for interest cost in P&L charge		10.00% p.a.	8.50% p.a.
Expected rate of increase in salary			
Salary increase FY 2022 onward		12.25%	9.00%
Mortality rate		SLIC 2001-2005	SLIC 2001-2005
Retirement assumption		Setback 1 year	Setback 1 year
		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		62,436,585	40,902,000
Charge for the year		15,341,596	26,402,869
Benefits paid		(7,964,089)	(4,868,284)
Balance at end of year		<u>69,814,092</u>	<u>62,436,585</u>
17 FEE RECEIVED IN ADVANCE			
Tuition fee		459,465,620	388,596,803
Hostel fee		20,820,000	16,865,000
Extracurricular fee		2,000	187,000
Examination fee		12,000	60,000
Registration fee		51,000	4,555,000
Others		2,174,000	2,414,000
		<u>482,524,620</u>	<u>412,677,803</u>

	NOTE	30-Jun 2022	30-Jun 2021
		(Rupees)	
18 CREDITORS AND OTHER PAYABLES			
Creditors		24,035,075	20,756,299
Withholding tax		12,967,832	3,857,747
Accrued liabilities		3,685,565	57,012,067
Retention money		-	114,212
Accrued markup on musharaka facility		615,708	877,644
Other liabilities		17,323,000	9,270,853
		<u>58,627,180</u>	<u>91,888,822</u>
18.1	Accrued liabilities includes Rs. 3.8 million related to salaries accrued for the month of June 2022.		
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 by CIR(A), in appeal in ATIR and expected to be in favor
	2019	Assessment U/S 122 (9)	Annulled by CIR (A), appeal filed by FBR in ATIR
	2020	Assessment U/S 122 (9)	Appeal filed and annulled by CIR (A)
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:		
		30-Jun 2022	30-Jun 2021
		(Rupees)	
	NOTE		
	Not later than 1 year	189,305,851	128,683,824
	Later than 1 year	402,841,121	370,965,542
		<u>592,146,972</u>	<u>499,649,366</u>
20 FEE INCOME			
Tuition fee		1,178,615,121	1,002,998,940
Admission fee		60,606,850	66,404,071
Application fee		15,548,417	8,479,000
Examination fee		30,179,500	31,286,000
Hostel fee		59,127,036	42,786,473
Extracurricular fee		4,026,500	3,447,000
Others		14,912,455	14,134,890
		<u>1,363,015,879</u>	<u>1,169,536,374</u>
21 DONATIONS			
In cash			
From related parties:			
Shifa International Hospitals Limited		-	-
From others			
In cash		38,840,573	1,360,616
		<u>38,840,573</u>	<u>1,360,616</u>
22 OTHER INCOME			
Profit on deposit accounts		21,057,243	23,644,950
Profit on investments		18,652,723	10,062,896
Exchange gain		5,958,897	-
Dividend income		786,155	499,368
Prospectus sale		7,479,100	5,907,000
Miscellaneous		1,377,412	896,382
		<u>55,311,530</u>	<u>41,010,596</u>
23 SALARIES, ALLOWANCES AND OTHER BENEFITS			
	Salaries, allowances and other benefits include Rs. 75,166,954 (June 30, 2021: Rs. 78,925,010) in respect of staff retirement benefits.		

	NOTE	30-Jun 2022	30-Jun 2021
		(Rupees)	
24 FALAHEE CLINIC SUPPORT COST - NET			
Receipts			
Receipts from patients		16,556,070	8,102,540
Donations for patients treatment		9,482,551	9,454,030
		<u>26,038,621</u>	<u>17,556,570</u>
Payments			
Salaries, allowances and other benefits		187,005,365	143,780,667
Repair and maintenance		7,958	52,860
Printing and stationery		171,818	132,036
Surgical & medical supplies		8,845,379	1,702,115
Radiology supplies		-	26,065
Medicine expense		4,854,330	1,639,482
Medical bills expense		19,312,753	16,249,673
Insurance		74,189	68,520
Fee and subscription		-	4,500
Supplies consumed		108,117	24,062
Depreciation	4.2	1,162,259	1,151,982
Miscellaneous		1,354	62,635
		<u>221,543,522</u>	<u>164,894,597</u>
Falahee clinic support cost - net		<u>(195,504,901)</u>	<u>(147,338,027)</u>

- 24.1 University is providing subsidised/ free of cost medical services to the deserving 53,961 (2021: 38,813) patients in Out Patient Department and 1,609 (2021: 1,350) patients in In Patient Department. Overall subsidy / free of cost medical services provided are almost amounting to Rs. 493 Million (2021: Rs. 239 Million).

25 - INCOME AND EXPENDITURE ACCOUNT - DEPARTMENT WISE
FOR THE PERIOD ENDED 30 JUNE 2022

	Consolidated		Faculty of Health Sciences (FHS)		Faculty of Nursing and Midwifery (FNM)		Faculty of Pharmaceutical & Allied Health Sciences (FPAHS)		STMU - Secretariat	
	30-Jun 2022	30-Jun 2021	30-Jun 2022	30-Jun 2021	30-Jun 2022	30-Jun 2021	30-Jun 2022	30-Jun 2021	30-Jun 2022	30-Jun 2021
INCOME										
Fee income	1,363,015,879	1,169,536,374	839,703,782	752,567,624	127,381,057	96,967,825	395,931,040	320,000,925	-	-
Donations	38,840,573	1,360,616	-	-	11,761,073	-	326,000	-	26,753,500	1,360,616
Amortization	291,614,898	221,605,238	291,614,898	221,605,238	-	-	-	-	-	-
Other income	55,311,530	41,010,596	4,499,886	1,739,852	4,023,100	3,121,035	3,975,544	3,168,698	42,813,000	32,981,011
	1,748,782,880	1,433,512,824	1,135,818,566	975,912,714	143,165,230	100,088,860	400,232,584	323,169,623	69,566,500	34,341,627
EXPENSES										
Salaries, allowances and other benefits	604,812,237	387,264,266	272,659,871	292,856,973	83,714,998	52,447,078	140,069,563	121,958,552	108,367,806	60,019,050
Security services	8,855,150	7,548,475	5,117,942	5,188,392	361,920	393,625	2,696,108	1,966,458	679,180	-
Travelling and conveyance	2,637,843	445,073	90,567	14,470	1,629,440	320,267	257,680	4,460	660,156	105,876
Repair and maintenance	24,070,583	14,375,744	7,664,269	10,510,465	938,115	723,323	5,239,048	1,926,754	10,129,151	1,215,202
Rent	95,800,681	48,199,751	26,937,441	23,287,031	1,264,300	650,520	53,863,564	21,355,488	13,735,376	2,906,712
Printing and stationery	14,246,957	8,707,687	4,549,334	4,304,133	1,281,039	386,353	4,159,403	1,623,625	4,257,180	2,393,576
Utilities	48,866,115	28,670,607	36,907,022	22,315,805	2,199,074	1,459,588	7,664,702	3,226,746	2,095,317	1,668,468
Research, trainings & development	269,910,854	203,390,508	266,043,919	202,162,617	2,000,000	-	572,456	272,664	1,294,478	955,227
Vehicles' running	6,259,139	3,124,596	1,013,135	619,501	-	-	319,609	22,267	4,926,395	2,482,828
Falabee clinic support cost - net	195,504,901	287,355,414	195,504,901	147,338,027	-	-	300,000	-	-	-
Affiliation and inspection fee	379,522	965,700	79,522	953,200	-	12,500	2,747,254	1,446,364	-	1,500
Students' awards and convocation	8,527,285	3,068,731	3,719,734	1,418,322	200,000	202,545	-	-	1,860,297	300,000
Auditors' remuneration	396,200	300,000	30,000	-	-	-	-	-	366,200	-
Insurance	17,596,360	12,409,095	9,833,121	6,637,119	1,384,219	909,953	4,055,959	2,468,465	2,393,558	2,393,558
Advertisement	3,487,259	4,002,576	1,194,378	959,025	106,200	759,679	2,002,203	1,874,458	184,478	409,414
Fee and subscription	5,883,635	4,847,821	17,400	970,278	3,390,422	2,500,905	216,309	90,017	2,259,505	1,286,621
Hostel	47,701,649	34,656,894	31,400,339	23,172,194	6,274,705	4,896,865	10,026,605	6,587,835	-	-
Examination	13,752,314	4,802,948	4,505,633	647,730	2,873,485	1,995,068	6,035,696	1,810,150	337,500	350,000
Supplies consumed	5,617,198	3,920,529	2,792,244	1,661,930	357,429	78,761	1,709,399	1,550,762	758,126	629,076
Legal and professional	2,083,000	611,400	-	-	-	-	300,000	300,000	33,000	2,061,400
Depreciation	59,624,994	58,716,192	44,806,219	42,244,970	1,740,462	2,369,238	9,245,862	10,250,914	3,832,450	3,851,070
Amortization of intangible assets	-	-	-	-	-	-	-	-	-	-
Bank charges	421,946	99,951	4,309	15,268	12,385	8,302	-	-	405,253	76,381
Financial charges	25,174,412	19,995,460	23,118,700	19,022,086	-	-	-	-	2,055,712	973,374
Rates and taxes	428,632	428,632	428,632	428,632	-	-	-	-	-	-
Exchange loss	-	846,897	-	480	-	-	-	-	-	-
Miscellaneous	5,571,230	7,083,556	3,868,228	409,111	422,836	653,062	1,092,600	2,619,571	1,937,566	846,417
	1,467,610,096	1,145,838,503	942,386,860	807,137,759	110,151,029	70,767,632	252,574,020	181,355,550	162,498,187	86,577,562
	281,172,784	287,674,321	193,431,706	168,774,955	33,014,201	29,321,228	147,688,504	141,814,073	(92,931,687)	(52,235,935)
SURPLUS FOR THE YEAR										
	2,688	2,374	745	655	495	437	1,448	1,282		

Number of Students

26 Financial Instruments

	Fair value through changes in fund		Amortized cost		Total	
	30-Jun 2022	30-Jun 2021	30-Jun 2022	30-Jun 2021	30-Jun 2022	30-Jun 2021
	Rupees					
Financial assets						
Long term investment	22,359,151	25,556,347	-	-	22,359,151	25,556,347
Long term deposits	-	-	18,085,580	9,385,280	18,085,580	9,385,280
Fee receivables	-	-	129,166,290	58,398,904	129,166,290	58,398,904
Other receivables	-	-	129,539,293	114,939,230	129,539,293	114,939,230
Loan, advances and prepayments	-	-	325,854,985	15,633,699	325,854,985	15,633,699
Cash and bank balances	-	-	975,846,076	413,091,924	975,846,076	413,091,924
	<u>22,359,151</u>	<u>25,556,347</u>	<u>1,578,492,224</u>	<u>611,449,037</u>	<u>1,600,851,375</u>	<u>637,005,384</u>
Financial liabilities						
Diminishing musharakah finance	-	-	299,470,213	291,842,975	299,470,213	291,842,975
Employee benefit obligation	-	-	332,094,552	273,748,876	332,094,552	273,748,876
Creditors and other payables	-	-	58,627,180	91,888,822	58,627,180	91,888,822
Students' security deposits	-	-	65,161,174	63,951,174	65,161,174	63,951,174
	<u>-</u>	<u>-</u>	<u>755,353,119</u>	<u>721,431,847</u>	<u>755,353,119</u>	<u>721,431,847</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 2022	30-Jun 2021
			(Rupees)	
Shifa International Hospitals Limited (SIHL)	Common Directorship	Balance receivable at the beginning of the year	5,036,829	36,860,249
		Tuition fee of students by Shifa College of Nursing	61,616,828	53,571,998
		House Officers	33,743,593	19,411,895
		Services Provided	95,360,421	72,983,893
		Charge against services provided to patients of falahce clinic	(18,340,908)	(10,844,265)
		Rent and utilities and other services	(4,636,889)	(4,743,456)
		Honorarium	(1,470,000)	(1,470,000)
		Services Received	(24,447,797)	(17,057,721)
		Paid / Settled	220,000	17,057,721
		Received / Settled	(69,720,000)	(104,807,313)
		<u>Balance receivable at the year end</u>	<u>6,449,453</u>	<u>5,036,829</u>
			(Rupees)	
Shifa Foundation	Common Directorship	Balance receivable at the beginning of the year	38,062,883	37,729,685
		Services Provided	7,373,291	5,328,960
		Received / Settled	(66,240)	(4,995,762)
		<u>Balance receivable at the year end</u>	<u>45,369,934</u>	<u>38,062,883</u>
Key Management Personnel	Key management	Managerial Remuneration	<u>52,412,217</u>	<u>50,530,696</u>
Staff retirement benefit plan - Gratuity fund	Other related party	Balance Payable at the beginning of the year	(211,312,291)	(202,119,252)
		Liability charge for the year	(59,825,358)	(52,522,141)
		Remeasurements chargeable in other comprehensive income	(1,181,262)	12,758,264
		Contribution towards gratuity fund	10,038,451	30,570,838
		<u>Balance Payable at the year end</u>	<u>(262,280,460)</u>	<u>(211,312,291)</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.

		NOTE	30-Jun 2022	30-Jun 2021
			(Rupees)	
27.2	Donations / Support provided by the Sponsors Since Inception to Date:			
	<u>In kind</u>			
	Shifa Foundation (Net worth of SCM, Falahce Clinic & SCN at inception of University)		(32,848,994)	(32,848,994)
	Tameer-e-Millat Foundation		10,017,790	10,017,790
	<u>In cash</u>			
	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
	<u>Grants</u>			
	Shifa International Hospitals Limited (SIHL)		15,000,000	15,000,000
	<u>Grants for Library</u>			
	Shifa Foundation		3,500,000	3,500,000
	<u>Grants for Equipment</u>			
	Shifa International Hospitals Limited (SIHL)		50,000,000	50,000,000
	<u>Grants for Building</u>			
	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 June 17, 2023.


VICE CHANCELLOR


TREASURER