

Muslim Milli Educational Trust

*Representing 32 Campuses under the name & style of
Usman Public School System*

**Audited Financial Statements
For the year ended June 30, 2021**

**Independent Auditors Report to the
Board of Trustees of
MUSLIM MILLI EDUCATIONAL TRUST**

Opinion

We have audited the accompanying financial statements of **MUSLIM MILLI EDUCATIONAL TRUST**, (the Trust) which comprise of the Statement of Financial Position, Income and Expenditure, Statement of Changes in Fund and Statement of Cash Flows for the year ended June 30, 2021 (here-in-after referred to as the financial statements), and notes to the financial statements, including a summary of significant policies.

In our opinion, the accompanying financial statement of the Trust present fairly, in all material aspects, the Statement of Financial Position as at June 30, 2021 and its income and expenditure, Statement of Changes in Fund and Statement of Cash Flows together with the notes forming part thereof for the year then ended in accordance with approved accounting and reporting standards and accounting policies described in note 2 to the financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Trust in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The Board of Trustees are responsible for the preparation of the financial statements in accordance with approved accounting standards as applicable in Pakistan and accounting policies described in note 2 of the financial statements, and for such internal control as the Board of Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the 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 statements.

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

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

We communicate with the Board of Trustees 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.


Rahim Jan & Company
CHARTERED ACCOUNTANTS
Engagement Partner - Syed Hafizullah

Place: Karachi
Date: 11 JUN 2022

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Muslim Milli Educational Trust

Representing 33 Campuses, ceed & H/O under the name & style of

Usman Public School System**Statement of Financial Position**As at 30 June 2021**ASSETS****Non-current assets**

	NOTE	Amounts in PKR	
		2021	2020
Operating Fixed Assets	4	92,610,616	84,856,001
Long term deposits	5	26,693,000	18,468,000
		119,303,616	103,324,001

Current assets

Advances and prepayments	6	5,322,572	4,768,345
Accrued income and other receivables	7	58,006,138	45,372,960
Investments in TDR's - Al Baraka Bank		40,000,000	15,000,000
InterCampus Transactions- Unsettled	8	4,618,028	69,433,718
Cash and bank balances	9	60,488,535	13,605,143
		168,435,273	148,180,166
Total Assets		287,738,889	251,504,167

LIABILITIES**Non-current liabilities****Current liabilities**

Deferred Liability - Staff Gratuity		94,219,444	63,517,423
Accrued and other liabilities	10	128,417,083	68,780,902
Total Liabilities		222,636,527	132,298,325

Net assets		65,102,362	119,205,841
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REPRESENTED BY:**FUNDS AND RESERVES**

General fund	65,102,362	119,205,842
	65,102,362	119,205,842
Contingencies and Commitments		N

The annexed Notes from 1 to 17 form an integral part of these financial statements.


Chief Finance Officer


Executive Director


Trustee



Muslim Milli Educational Trust

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Statement of Income and Expenditure

For the year ended 30 June 2021

NOTE	Amounts in PKR	
	2021	2020

INCOME

School Fees	11	685,278,232	627,497,170	
Income from investments - net		703,807	1,189,018	
Other Income	12	3,057,363	709,472	
		<u>689,039,402</u>	<u>629,395,660</u>	+ 9.47

OPERATING EXPENDITURE

School expenditures	13	665,876,800	600,051,012	
Books, copies, uniforms and other school supplies	14	22,327,427	15,174,610	
Repairs and maintenance	15	17,454,455	20,495,133	
Teachers' training	16	6,589,357	5,959,313	
Students Affairs	17	21,188,947	8,093,493	
Depreciation		9,764,676	9,162,880	
Total operating expenditure		<u>743,201,662</u>	<u>658,936,441</u>	+ 12.79
(Deficit) / Surplus		<u>(54,162,260)</u>	<u>(29,540,781)</u>	N

The annexed Notes from 1 to 17 form an integral part of these financial statements.


Chief Finance Officer


Executive Director


Trustee


Trustee



MUSLIM MILLI EDUCATIONAL TRUST

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Usman Public School System

Cash Flow Statement

For The Year Ended June 30, 2021


	Amounts in PKR	
	2021	2020
(Deficit)/Surplus from Operations	(54,162,260)	(29,540,781)
Add Depreciation	9,764,676	9,162,880
Other adjustments	58,780	-
Provision for Gratuity	33,634,217	32,237,456
Cash generated from Operations	(10,704,587)	11,859,554
Changes in Working Capital		
(Increase)/Decrease in Current Assets	26,628,286	(63,708,906)
Increase/(Decrease) in Current Liabilities	59,636,182	52,639,148
Gratuity Paid	(2,932,196)	-
Net Change in Working Capital	83,332,272	(11,069,758)
Net Cash Generated from Operations	72,627,685	789,797
Cash flows from Investing activities		
Security Deposit	(8,225,000)	3,400,000
Purchase of Fixed Assets	(17,519,292)	(8,794,146)
Net Cash utilized for Investing activities	(25,744,292)	(5,394,146)
Net (Decrease)/Increase in Cash flows	46,883,392	(4,604,348)
Cash and Bank balances at the beginning of the year	13,605,143	18,209,491
Cash and Bank balances at the end of the year	60,488,535	13,605,143

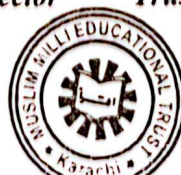
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The annexed Notes from 1 to 17 form an integral part of these financial statements.


Chief Finance Officer


Executive Director


Trustee



Muslim Milli Educational Trust

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Statement of Changes in Fund

For the Year Ended June 30, 2021


	Amounts in PKR	
	General Fund UnRestricted	Total
Opening as at July 01, 2017	118,502,179	118,502,179
Surplus for the Year	17,909,988	17,909,988
Prior year adjustments	497,397	497,397
Closing as at June 30, 2018	<u>136,909,564</u>	<u>136,909,564</u>
Opening as at July 01, 2018	136,909,564	136,909,564
Surplus for the year	10,512,540	10,512,540
Prior Year adjustments	(812,153)	(812,153)
Closing as at June 30, 2019	<u>146,609,951</u>	<u>146,609,951</u>
Opening as at July 01, 2019	146,609,951	146,609,951
(Deficit) for the year	(29,540,781)	(29,540,781)
Prior Year adjustments	2,136,672	2,136,672
Closing as at June 30, 2020	<u>119,205,842</u>	<u>119,205,842</u>
Opening as at July 01, 2020	119,205,842	119,205,842
(Deficit) for the year	(54,162,260)	(54,162,260)
Prior Year adjustments	58,780	58,780
Closing as at June 30, 2021	<u>65,102,362</u>	<u>65,102,362</u>

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The annexed Notes from 1 to 17 form an integral part of these financial statements.


Chief Finance Officer


Executive Director


Trustee


Trustee



4. FIXED ASSETS

PARTICULARS	W.D.V AS ON 01-07-2020				ADDITION OR DELETION	TOTAL AMOUNT 30-06-2021	RATE	DEPRECIATION	W.D.V AS ON 30-06-2021
Building Cost		43,586,369		7,738,936		51,325,305	5%	2,566,265	48,759,040
Communication Equipments //		65,364		452		65,816	20%	13,163	52,652
Computer & Printers		3,404,324		568,500		3,972,824	20%	794,565	3,178,259
Electrical Equipments		4,124,495		2,337,536		6,462,031	20%	1,292,406	5,169,625
Furniture & Fixtures		24,263,553		5,852,317		30,115,870	10%	3,011,587	27,104,283
Generators		6,419,266		314,000 (100,620)		6,632,646	20%	1,326,529	5,306,117
Laboratory Equipments //		245,063		-		245,063	20%	49,013	196,050
Library Books		958,408		-		958,408	20%	191,682	766,727
Motor Vehicles		1,035,631		780,000		1,815,631	20%	363,127	1,452,505
Multimedia <i>Flux</i>		412,650		-		412,650	20%	82,530	330,120
Office Equipments		266,067		28,171		294,238	20%	58,848	235,390
Other Assets		74,811		-		74,810	20%	14,962	59,848
2021		84,856,001		17,519,292		102,375,292		9,764,676	92,610,616
2020		85,224,737		8,794,146		94,018,883		9,162,880	84,856,001



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Muslim Milli Educational Trust

Representing 33 Campuses HO & CEED under the name & style of

Usman Public School System

Notes To The Accounts

For The Year Ended June 30,2021

1 BRIEF HISTORY AND NATURE OF ACTIVITIES

Muslim Milli Educational Trust was created on September 25, 1995, with the objective to promote charitable educational and cultural activities for the wellbeing of young generation, to reduce and remove illiteracy and to promote primary, secondary and higher education in Karachi. In order to achieve the Objectives, the Trust established an Institution, USMAN PUBLIC SCHOOL SYSTEM (UPSS) under its Management. The Institution has 33 Campuses spread over the Central, West and East Districts of Karachi.

The Registered Office of the Trust is situated at ST 60, Sector 11-A, North Karachi.

1.1 COVID-19 impact on operations

A novel strain of coronavirus (COVID-19) was classified as a pandemic by the World Health Organization on 11 March 2020, impacting countries globally. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services and factories have triggered significant disruptions to businesses worldwide, resulting in economic slowdown. The potential impacts from COVID-19 remain uncertain, including, among other things, on economic conditions, businesses and consumers. However, the impact varies from industry to industry in respective jurisdictions. The main operations of the Trust is to operate schools and provide quality education. The operations were disrupted during the fourth quarter of fiscal year 2020 as the government announced closure of schools to contain the spread of the virus. The restriction continues and was in place as at 30 June 2020.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting standards applicable in Pakistan comprise of:

International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Boards (IASB) as notified under the Companies Act, 2017;

Accounting Standard for Not for Profit Organisations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and

Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards or the Accounting Standards for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

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3.2 Property and equipment

These are stated at written down value. The school uses reducing balance method to depreciate its assets. Cost includes expenditure directly attributable to the acquisition of an asset. The cost of self-constructed asset includes the cost of materials, direct labour and any other costs directly attributable to bring the asset to a working condition for its intended use.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Trust and the cost of the item can be measured reliably.

Depreciation method, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. The effect of any adjustments to residual values and useful lives is recognised prospectively as a change in estimate in statement of income and expenditure.

Depreciation is charged to statement of income and expenditure under the WDV basis at rates specified in the respective note to these financial statements. Depreciation is charged on operating fixed assets from the date asset is available for intended use up to the date the asset is disposed off. Normal repairs and maintenance are charged to statement of income and expenditure as and when incurred. Gains and losses on disposal of an item of property and equipment are taken to statement of income and expenditure.

3.3 Accrued income and other receivables

These are accounted for at amortised cost and are initially recognised when they are originated and measured at fair value of consideration received or receivable. These assets are written off when there is no reasonable expectation of recovery. Actual bed debts experience over past years is used to base the calculation of bed debts in current year.

3.4 Other payables

Other payables are recognised initially at fair value less directly attributable cost, if any, and subsequently measured at amortised cost.

3.5 Income recognition

School Fee are recognised as income on accrual basis.

Gain or losses on sale of investments are included in statement of income and expenditure on the date at which the transaction takes place.

Income on deposit accounts, term deposits receipts and treasury bills are recognised on time proportion basis taking into account the effective yield.

Parental contribution are recognised on receipt basis.

Miscellaneous income, if any, is recognised on receipt basis.

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3.6 Provision for compensated absences

The Trust accounts for all accumulated compensated absences when employees render services that increase their entitlement to future compensated absences. The Trust provides for its estimated liability towards leaves accumulated by employees on an accrual basis using current gross salary levels.

3.7 Expenses

All expenses are recognised in the statement of income and expenditure on accrual basis.

3.8 Taxation

The Muslim Milli Educational Trust is FBR approved Non-Profit Organization (NPO) U/s 2(36) of the Income Tax Ordinance, 2001, with Registration No. 6653578. Income of the Trust qualifies for 100% tax credit under sub-section 2(a) of section 100 C of the Income Tax Ordinance, 2001.

3.9 Provisions

Provisions are recognised in the statement of financial position when the Trust has a legal or constructive obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. However, provisions are reviewed at each reporting date and adjusted to reflect current best estimates.

3.10 Deferred Liability - Staff Gratuity

The management has introduced gratuity scheme w.e.f. year 2018-19 for all permanent employees. Accordingly an amount of Rs. 32,237,456 has been provided as at June 30, 2020. The amount represents one month's gross salary of the employees who have completed one year of service at that date.

3.11 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, balances with banks and other short term highly liquid investments with original maturities of three months or less.

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Amounts in PKR		
	2021	2020
4 OPERATING FIXED ASSETS	92,610,616	84,873,103
Schedule Attached		
5 LONG TERM DEPOSITS	26,693,000	18,468,000
This represents amounts deposited with land lords in resepct to Rental premises.		
6 ADVANCES AND PREPAYMENTS		
Loans and Advances	5,322,572	3,703,346
Advance Rent	-	1,065,000
	5,322,572	4,768,346
7 ACCRUED INCOME AND OTHER RECEIVABLES		
Trade Debtors	5,082,594	7,180,698
Other Receivables	120,364	608,551
Fee Receivable	52,803,180	37,583,711
	58,006,138	45,372,960
8 INTERCAMPUS TRANSACTIONS- UNSETTLED	4,618,028	69,433,718
This amount represents unsettled amounts as a result of various intercampus transactions. These amounts are unsettled because of reconciling differences and accounting defferences to be reconciled and adjusted.		
9 CASH AND BANK BALANCES		
Cash in Hand	1,034,000	954,750
Cash at Banks	59,454,535	70,140,155
	60,488,535	71,094,905
10 ACCRUED & OTHER LIABILITIES		
Other Payables	57,345,477	67,660,902
Audit Fee payables	2,320,000	1,120,000
Advance Fee	68,751,606	
	128,417,083	68,780,902

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Amounts in PKR	
2021	2020

11 SCHOOL FEES

Tuition Fee	645,980,209	563,147,958
Admission Fee	14,327,820	34,130,020
Examination Fee	-	106,270
Library Fee	-	-
Diploma Fee	6,781,400	6,206,550
Stationery Fee	14,289,910	18,314,691
Computer Fee	7,000	333,400
Laboratory Fee	5,000	839,400
Annual Fee	939,200	3,990,736
Student Income	182,900	
Student Welfare	6,000	
Other Fee	2,758,793	428,145
	685,278,232	627,497,170

12 OTHER INCOME

Scrap Sales	113,109	-
Miscellaneous Income	2,072,189	709,472
Book Sales	621,865	
Donation	250,200	
	3,057,363	709,472

13 SCHOOL EXPENDITURES

Salaries and Allowances	13.1	485,409,984	453,422,167
Utilities	13.2	15,178,690	14,192,088
Transport		348,350	284,726
Travelling		82,098	82,579
Vehicle Fuel & Repair		451,106	843,485
Entertainment		123,164	72,463
School Rent		141,393,476	113,816,527
Advertisement		443,237	2,020,863
Gardening Expenses		1,006,087	354,874
Software Charges		2,844,334	2,656,449
Computer Services		2,323,071	1,851,244
Consultancy Charges		-	998
Conveyance Expenses		1,473,107	1,368,283
Safety & Security		5,081,061	5,762,895
Legal & Professional charges		421,290	430,928
Municipal Local Tax		-	8,000
Competition Fees		4,000	
		656,583,055	597,168,569

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Amounts in PKR	
2021	2020

B/F	656,583,055	597,168,569
Professional Education Support System	9,000	
Newspapers & magazines	337,659	193,529
Audit fee	1,187,700	1,426,940
Registration	779,780	247,950
Uniform Expense	340,620	74,882
Trade License	-	20,000
WHT	-	157,481
Bank Charges	1,413,143	697,212
Bad Debts expense	5,206,027	64,450
Usmanian Leadership Camp	6,900	-
Miscellaneous Expenses	12,916	-
	665,876,800	600,051,012

13.1 Salaries and Allowances

Annual Leave	6,067,999	7,251,790
Attendance Allownce	5,996,008	4,147,085
Annual Bonus	22,412,283	11,163,121
Endowment Expense	511,950	620,400
Employee Old Age Benefits EOBI	8,549,989	8,620,129
Gratuity	33,634,217	32,237,456
Salary	402,242,788	382,020,752
Leave Encashment expense	114,064	995,617
Staff Welfare & training	1,096,536	1,153,752
Social Security SESSI	4,784,150	5,212,065
	485,409,984	453,422,167

13.2 Utilities

Electricity Expense	8,701,983	6,856,299
Generator Expense	1,894,430	2,055,101
Property Tax	60,478	82,077
Sui Gas Expense	525,303	757,031
Telephone /Internate Expenses	1,635,302	1,654,277
Water Expense	2,361,194	2,787,303
	15,178,690	14,192,088

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Amounts in PKR	
2021	2020

14 BOOKS, COPIES, UNIFORMS AND OTHER SCHOOL SUPPLIES

Printing & Stationary Expense	20,815,330	13,368,456
Photo Copy	1,512,097	1,806,154
	<u>22,327,427</u>	<u>15,174,610</u>

15 REPAIR AND MAINTENANCE CHARGES

Repair & Maintenance	8,800,402	8,436,896
Renovation	1,528,452	6,333,503
Office Expenses	7,125,601	5,724,734
	<u>17,454,455</u>	<u>20,495,133</u>

16 TEACHERS' TRAINING

Teachers Training & Activity	4,803,531	4,070,972
Diploma Expenses	1,237,067	1,380,428
Teacher Conveyance	548,759	507,913
	<u>6,589,357</u>	<u>5,959,313</u>

17 STUDENT AFFAIRS

Admission Expense	1,087,759	640,887
Examination Expense	1,043,306	863,543
Identity Card Expense	-	50
Laboratory Expense	143,152	245,292
Leadership Camp (ULC/BLC)	-	308,677
Library Expense	343,473	1,567,242
Book Development	138,000	-
Magazine Expense	33,485	301,397
Medical Expense	445,435	248,362
Sports Expense	145,190	1,171,872
Student Union Expense	263,499	1,808,580
Student Welfare Expense	10,000	937,591
Discount Expenses	<u>17,535,648</u>	<u>-</u>
	<u>21,188,947</u>	<u>8,093,493</u>

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Trustee

