FINANCIAL STATEMENTS

OF

THE SARAN EDUCATIONAL TRUST

FOR THE YEAR ENDED 30TH JUNE, 2023

DAWOOD ASSOCIATES
CHARTERED ACCOUNTANTS

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Block 2,P.E.C.H. Society,
Tariq Road, Karachi.
Ph. : 021-34322638

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CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SARAN EDUCATIONAL TRUST

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the annexed financial statements of **THE SARAN EDUCATIONAL TRUST** which comprise of the statement of financial position as at 30th June, 2023, the statement of income & expenditure account, the statement of cash flow and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement income & expenditure account, the statement of cash flow together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and respectively give a true and fair view of the state of the trust's affairs as at 30th June, 2023 and of the loss, and its cash flows for the year then ended.

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 Accountant's 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 IN BOARD OF TRUSTEES FOR THE FINANCIAL STATEMENTS

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

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

M/S DAWOOD ASSOCIATES Chartered Accountants Karachi

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BOARD OF TRUSTEES IS 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 decision of users taken on the basis of these financial statements.

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

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, 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 procedure 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 polices used and the reasonableness of accounting estimates in 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 exist 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 represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate, where necessary, 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.

M/S DAWOOD ASSOCIATES Chartered Accountants Karachi

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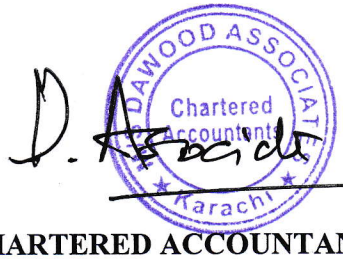
REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Trust:

b) the statement of financial position, the statement of income & expenditure account and the statement of cash flows together with the notes thereon have been drawn up in conformity with the law and are in agreement with the books of account and returns;

c) investment made, expenditure incurred and guarantees extended during the year were for the purpose of the Trust's business; and



(CHARTERED ACCOUNTANTS)
(DAWOOD HAJI IBRAHIM)

KARACHI: the 29th day of December 2023.

THE SARAN EDUCATIONAL TRUST (SET)
STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
ASSETS			
Non-current assets			
Fixed assets	3	71,260,214	25,340,928
Intangible assets	4	6,612	9,446
CWIP		2,218,331	42,880,345
		73,485,157	68,230,719
Current assets			
Fee receivables		996,222	862,012
Loan to employees		-	60,000
Short term investment	5	15,453,000	15,515,749
Other receivables	6	921	921
Cash & bank balances	7	323,761	61,036
		16,773,904	16,499,718
Total assets		**90,259,061**	**84,730,437**
GENERAL FUNDS AND LIABILITIES			
General fund			
Opening balance		10,589,379	11,213,888
Deficit for the year		(229,867)	(624,509)
		10,359,512	10,589,379
Endowment fund	8	14,053,799	13,553,799
Non-revenue donation	9	48,761,133	35,668,905
		62,814,932	49,222,704
		73,174,444	59,812,083
Current liabilities			
Salary & security deposit payable		6,408,091	5,319,267
Student security deposit payable		4,220,080	3,077,280
Advance fee		245,300	187,710
Accounts payable & other liabilities	10	6,211,146	16,334,097
		17,084,617	24,918,354
Total general funds and liabilities		**90,259,061**	**84,730,437**

The annexed notes from 1 to 15 form an integral part of these accounts

M/S DAWOOD ASSOCIATES Chartered Accountants Karachi

Managing Trustee **Secretary** **Treasurer**

THE SARAN EDUCATIONAL TRUST (SET)
STATEMENT OF INCOME & EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2023

Revenue		**2023 Rupees**	**2022 Rupees**
Fees		33,443,764	27,848,774
Donations under revenue	11	26,232,263	17,786,015
Other income	12	4,474,544	3,754,403
Total revenue for the year		64,150,571	49,389,192
Expenditures			
Administrative expenses	13	2,183,741	1,664,661
Operating expenses	14	61,696,954	47,694,358
Total expenditures for the year		63,880,695	49,359,019
Net surplus before taxation		269,876	30,173
Less: Taxation		(499,743)	(654,682)
Net deficit transferred to general fund		**(229,867)**	**(624,509)**

The annexed notes from 1 to 15 form an integral part of these accounts

M/S DAWOOD ASSOCIATES Chartered Accountants Karachi

Managing Trustee **Secretary** **Treasurer**

THE SARAN EDUCATIONAL TRUST (SET)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE, 2023

	2023 AMOUNT RUPEES	2022 AMOUNT RUPEES
Cash flow from operating activities		
Net deficit after tax	(229,867)	(624,509)
Add: Non-cash items/adjustments		
Depreciation	4,807,908	1,363,061
Amortization	2,834	4,048
	4,810,742	1,367,109
Operating surplus before working capital changes	4,580,875	742,600
Add/Less: Working capital		
a). (Increase)/decrease in current assets		
Fee receivables	(134,210)	(234,272)
Loan to employees	60,000	(36,500)
Short term investment	62,749	403,572
Other receivables	-	21,409
Net (increase) / decrease in current assets	(11,461)	154,209
b). Increase/(decrease) in current liabilities		
Salary & security deposit payable	1,088,824	775,425
Student security deposit payable	1,142,800	1,383,700
Advance fee	57,590	144,560
Accounts payable & other liabilites	(10,122,951)	1,421,566
Net increase / (decrease) in current liabilities	(7,833,737)	3,725,251
Net effect from working capital	(7,845,198)	3,879,460
Net cash inflow / (outflow) from operating activities	(3,264,323)	4,622,060
Cash flow from investing activities		
Fixed assets purchased	(50,727,194)	(146,046)
Capital work in progress	40,662,014	(16,082,429)
Endowment fund	500,000	2,100,000
Non-revenue donations	13,092,228	7,483,963
Net cash inflow/ (outflow) from investing activities	3,527,048	(6,644,512)
Net increase/(decrease) in cash and bank balances	262,725	(2,022,452)
Cash and bank balances at the beginning of the year	61,036	2,083,488
Cash and bank balances at the end of the year	**323,761**	**61,036**

The annexed notes from 1 to 15 form an integral part of these financial statement.

M/S DAWOOD ASSOCIATES Chartered Accountants Karachi

Managing Trustee **Secretary** **Treasurer**

THE SARAN EDUCATIONAL TRUST (SET)
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2023

1. AIMS & OBJECTIVE

The SET School is administered under the management of the Saran Education Trust. The main objective of the Trust is to establish education institutions in Pakistan on Charitable basis and to take other steps to promote the cause of Education, Social Welfare, Sports and Culture for the benefit of General Public and to raise funds from all available sources and to take other measure necessary to fulfill the objects of the Trust. The SET School was formed towards achieving the above objective. The School operates two campuses at C-70, Block 10, Federal B Area, Karachi and Sector 17-A/4, KDA Scheme 33 Gwalior Society, Karachi.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Principal accounting policies which have been adopted in the preparation of these accounts are as follows.

2.1 Accounting convention

These accounts have been prepared on historical cost convention except certain donations received in kind, if any, are stated at fair market value determined by the management.

2.2 Fixed Assets

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged to income and expenditure account applying the reducing balance method whereby the cost of an asset is written-off over its estimated useful life at the rates stated in relevant note to the financial statements. Full year's depreciation is charged in the year of addition whereas no depreciation is charged in the year of disposal. Maintenance and normal repairs are charged to profit and loss account as and when incurred; whereas major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Any gains and losses on disposal of assets are taken to the profit and loss account.

2.3 Receipts

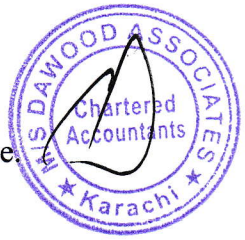
School fees are recorded on accrual basis. Donations are recognized on cash basis except certain donations, if any, received in kind that are valued and accounted for at fair market value determined by the management.

2.4 Expenditures

The expenditures are recorded on accrual basis

2.5 Donations

Donation of fixed assets, if received, are recorded at their fair market value.



3 **FIXED ASSETS**

Particulars	Cost			Rate %	Depreciation			Written down value as at June 30, 2023
	As at July 01, 2022	Addition / (Deletion) - During the year	As at June 30, 2023		As at July 01, 2022	For the year	As at June 30, 2023	
Land	4,597,830	-	4,597,830	-	-	-	-	4,597,830
Building	34,819,749	41,106,942	75,926,691	5	17,061,696	2,943,250	20,004,946	55,921,745
Furniture & fixtures	3,486,982	3,015,942	6,502,924	10	1,670,581	483,234	2,153,815	4,349,109
Montessori equipments	83,197	1,983,472	2,066,669	25	83,124	495,886	579,010	1,487,659
Solar	-	4,380,000	4,380,000	15	-	657,000	657,000	3,723,000
Baby swing / Studio equipments	315,629	-	315,629	10	118,016	19,761	137,777	177,852
Computers	1,190,433	-	1,190,433	35	1,084,038	37,238	1,121,276	69,157
Office equipments	1,016,491	240,837	1,257,328	20	661,108	119,244	780,352	476,976
Computer lab	90,500	-	90,500	10	81,587	891	82,478	8,022
Digital camera & printer	105,090	-	105,090	10	90,785	1,431	92,216	12,874
Generator	102,500	-	102,500	20	88,742	2,752	91,494	11,006
UPS	801,540	-	801,540	10	329,335	47,221	376,556	424,984
Total Rupees - 2023	**46,609,941**	**50,727,193**	**97,337,134**		**21,269,012**	**4,807,908**	**26,076,920**	**71,260,214**
Total Rupees - 2022	**46,463,345**	**146,596**	**46,609,941**		**19,905,952**	**1,363,061**	**21,269,013**	**25,340,928**

4 **INTANGIBLE ASSETS**

Particulars	Cost			Rate %	Amortization			Written down value as at June 30, 2023
	As at July 01, 2022	Addition / (Deletion) - During the year	As at June 30, 2023		As at July 01, 2022	For the year	As at June 30, 2023	
Software	134,500	-	134,500	30	125,054	2,834	127,888	6,612
Total Rupees - 2023	**134,500**	**-**	**134,500**		**125,054**	**2,834**	**127,888**	**6,612**
Total Rupees - 2022	**134,500**	**-**	**134,500**		**121,006**	**4,048**	**125,054**	**9,446**

M/S DAWOOD ASSOCIATES Chartered Accountants Karachi

The annexed notes from 1 to 15 form an integral part of these accounts

Managing Trustee | Secretary | Treasurer

		2023 Rupees	2022 Rupees
5	**SHORT TERM INVESTMENT**		
	Telenor term deposits	-	10,853,000
	Bank Al Habib	15,453,000	4,100,000
	Accrued profit	-	562,749
		15,453,000	**15,515,749**
6	**OTHER RECEIVABLES**		
	WHT receivable	**921**	**921**
7	**CASH & BANK BALANCES**		
	Cash in hand	-	-
	Cash at banks-current accounts	323,761	61,036
		323,761	**61,036**
8	**ENDOWMENT FUNDS**		
	Opening balance	13,553,799	11,453,799
	Funds received from other donors	500,000	2,100,000
	Closing balance	14,053,799	13,553,799
9	**NON-REVENUE DONATIONS**		
	Opening balance	35,668,905	28,184,942
	Add: Non-revenue donations	13,092,228	7,483,963
	Building construction	(2,218,331)	(16,082,429)
	Donation non-revenue after deductions	46,542,802	19,586,476
	Transferred to CWIP	2,218,331	16,082,429
	Net donations non-revenue	**48,761,133**	**35,668,905**

9.1 These donations pertain to construction. The amount of building construction is transferred to CWIP

10	**ACCOUNTS PAYABLE & OTHER LAIBILITIES**		
	Accounts payable	6,082,544	16,233,706
	Accrued utility expenses	82,542	59,154
	Withholding tax payable	46,060	41,237
		6,211,146	**16,334,097**
11	**DONATIONS UNDER REVENUE**		
	Donations financial assistance	25,982,263	17,468,015
	Zakat donations	250,000	318,000
		26,232,263	**17,786,015**
12	**OTHER INCOME**		
	Other Income	2,701,320	2,535,871
	Endowment fund income	1,773,224	1,218,532
		4,474,544	**3,754,403**

M/S DAWOOD ASSOCIATES Chartered Accountants

13 ADMINISTRATIVE EXPENSES

Salaries	1,870,488	1,418,333
10% utilities	313,253	246,328
	2,183,741	**1,664,661**

13.1 The administrative expenses are shown separately because they pertain to the running of the Saran Educational Trust and not The SET School based on allocation of expenses relating staff members working for the Trust.

13.2 The administrative expense pertains to 3.54% (2022: 3.49%) of total expenditure of the trust for the current year.

14 OPERATING EXPENSES

Payroll	14.1	44,550,044	36,806,839
Rates & taxes		10,000	9,000
Utilities		2,819,278	1,986,226
Printing & publications		111,187	2,250
Advertisement		40,170	-
Stationary		1,982,462	1,257,978
Repair & maintenance - School		1,118,993	1,075,512
Software		248,476	194,012
Training & development		1,500	-
Legal & professional charges including audit fee		79,600	57,500
Canteen & Housekeeping		911,106	637,026
Transportation		1,982,825	1,209,827
Bank charges		9,200	11,605
Fees written off		398,190	743,370
Security service charges		1,510,000	1,472,926
Depreciation & Amortization		4,810,742	1,367,109
Others		1,113,181	863,178
		61,696,954	**47,694,358**

14.1 PAYROLL

Salaries	42,565,526	35,501,078
EOBI	1,397,478	782,861
SESSI	587,040	522,900
	44,550,044	**36,806,839**

15 GENERAL

a). Figures have been rounded off to a nearest rupee.

b). Previous year figures have been re-arranged and re-grouped wherever necessary for the purpose of comparaison.

M/S DAWOOD ASSOCIATES Chartered Accountants Karachi

Managing Trustee **Secretary** **Treasurer**