



INDEPENDENT AUDITORS' REPORT TO THE INVESTMENT COMMITTEE

Opinion

We have audited the financial statements of **NJV - Akhuwat Endowment Fund (the Fund)** which comprise the statement of financial position as at June 30, 2021, the statement comprehensive income, the statement of cash flows and the statement of changes in fund balances for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Fund for the year ended June 30, 2021 are prepared in all material aspects, in accordance with the financial reporting provisions of Memorandum of Understanding signed between Education and Literacy Department (E&L), Government of Sindh (GOS) and Akhuwat. ("the MoU").

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund 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.

Emphasis of Matter – Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Fund in complying with the financial reporting provisions of the MoU referred to above. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Fund, Education and Literacy Department (E&L) and Akhuwat and should not be distributed to or used by parties other than the Fund, Education and Literacy Department (E&L) or Akhuwat. Our opinion is not modified in respect of this matter.

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

The Management of the Fund is responsible for the preparation of the financial statements in accordance with the accounting and financial reporting framework as described in 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 is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, Management is responsible for assessing the Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.

Management is responsible for overseeing the Fund'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.

As part of an audit in accordance with ISAs, 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 Fund'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 Fund'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 Fund 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.


CHARTERED ACCOUNTANTS

Dated:

Lahore

Engagement Partner: Ahmad Salman Arshad

NJV- Akhuwat Endowment Fund

Statement of Financial Position

As at June 30, 2021

	Notes	June 30, 2021 (Rupees)				June 30, 2020 (Rupees)			
		Operational	Grant	Hostel	Total	Operational	Grant	Hostel	Total
FUND AND LIABILITIES									
Fund balance									
Endowment fund		800,000,000	-	-	800,000,000	550,000,000	-	-	550,000,000
Unappropriated surplus		16,749,668	808	31,010,681	47,761,157	17,971,339	643	10,676,720	28,648,702
Net equity		816,749,668	808	31,010,681	847,761,157	567,971,339	643	10,676,720	578,648,702
Liabilities									
Non current									
Deferred grant	6	-	2,427,893	-	2,427,893	-	2,427,893	-	2,427,893
Total non current liabilities		-	2,427,893	-	2,427,893	-	2,427,893	-	2,427,893
Current									
Trade and other payables	7	1,359,761	-	13,590,500	14,950,261	1,359,761	-	-	1,359,761
Total current liabilities		1,359,761	-	13,590,500	14,950,261	1,359,761	-	-	1,359,761
Total fund and liabilities		818,109,429	2,428,701	44,601,181	865,139,311	569,331,100	2,428,536	10,676,720	582,436,356
Assets									
Non current									
Property and equipment	8	9,665,462	-	2,853,431	12,518,893	10,169,154	-	1,121,774	11,290,928
Total non- current assets		9,665,462	-	2,853,431	12,518,893	10,169,154	-	1,121,774	11,290,928
Current									
Investment	9	800,000,000	-	-	800,000,000	550,000,000	-	-	550,000,000
Prepayments	10	1,666,362	1,985,698	634,389	4,286,449	1,434,799	1,985,698	908,432	4,328,929
Other receivables	11	-	32,220	1,327,541	1,359,761	-	32,220	1,327,541	1,359,761
Cash and bank balances	12	6,777,605	410,783	39,785,820	46,974,208	7,727,147	410,618	7,318,973	15,456,738
Total current assets		808,443,967	2,428,701	41,747,750	852,620,418	559,161,946	2,428,536	9,554,946	571,145,428
Total assets		818,109,429	2,428,701	44,601,181	865,139,311	569,331,100	2,428,536	10,676,720	582,436,356

The annexed notes 1 to 18 form an integral part of these financial statements.

EXECUTIVE DIRECTOR

CHIEF FINANCIAL OFFICER

NJV- Akhuwat Endowment Fund

Statement of Comprehensive Income

For the year ended June 30, 2021

	Notes	June 30, 2021 (Rupees)				June 30, 2020 (Rupees)			
		Operational	Grant	Hostel	Total	Operational	Grant	Hostel	Total
INCOME									
Profit on bank deposits	13	46,093,981	165	7,704	46,101,850	43,186,983	64	2,346	43,189,393
Grants and donations	14	29,000,000	-	45,580,000	74,580,000	32,223,485	2,369,517	16,413,667	51,006,669
Other income	15	860,341	-	-	860,341	-	-	-	-
Total income		75,954,322	165	45,587,704	121,542,191	75,410,468	2,369,581	16,416,013	94,196,062
EXPENDTURE									
Operating expenses	16	(77,175,993)	-	(25,253,743)	(102,429,736)	(67,537,838)	(2,369,517)	(12,819,831)	(82,727,186)
Total expenditure		(77,175,993)	-	(25,253,743)	(102,429,736)	(67,537,838)	(2,369,517)	(12,819,831)	(82,727,186)
Surplus before taxation		(1,221,671)	165	20,333,961	19,112,455	7,872,630	64	3,596,182	11,468,876
Provision for taxation		-	-	-	-	-	-	-	-
Surplus for the year		(1,221,671)	165	20,333,961	19,112,455	7,872,630	64	3,596,182	11,468,876
OTHER COMPREHENSIVE INCOME FOR THE YEAR									
Items that will not be reclassified subsequently to profit or loss		-	-	-	-	-	-	-	-
Items that may be reclassified subsequently to profit or loss		-	-	-	-	-	-	-	-
Total other comprehensive income for the year		-	-	-	-	-	-	-	-
Total comprehensive income/ (loss) for the year		(1,221,671)	165	20,333,961	19,112,455	7,872,630	64	3,596,182	11,468,876

The annexed notes 1 to 18 form an integral part of these financial statements.

EXECUTIVE DIRECTOR

CHIEF FINANCIAL OFFICER

NJV- Akhuwat Endowment Fund

Statement of Cash Flows

For the year ended June 30, 2021

Notes	June 30, 2021 (Rupees)				June 30, 2020 (Rupees)			
	Operational	Grant	Hostel	Total	Operational	Grant	Hostel	Total
Cash flows from operating activities								
Surplus for the year	(1,221,671)	165	20,333,961	19,112,455	7,872,630	64	3,596,182	11,468,876
Adjustments for non cash items:								
Amortization of grant	-	-	-	-	-	(2,369,517)	-	(2,369,517)
Depreciation on property and equipment	3,742,583	-	458,092	4,200,675	1,650,558	-	257,591	-
Operating surplus / (deficit) before working capital changes	2,520,912	165	20,792,053	23,313,130	9,523,188	(2,369,453)	3,853,773	9,099,359
Change in current assets and liabilities								
Change in prepayments	(231,564)	-	274,043	42,479	1,738,179	2,611,892	(165,963)	4,184,108
Change in other receivables	-	-	-	-	519,984	-	-	519,984
Changes in trade and other payables	-	-	13,590,500	13,590,500	-	-	-	-
Changes in short term borrowing	-	-	-	-	-	-	-	-
Net change in working capital	(231,564)	-	13,864,543	13,632,979	2,258,163	2,611,892	(165,963)	4,704,092
Taxes paid	-	-	-	-	-	-	-	-
Net cash generated from operating activities	(A) 2,289,348	165	34,656,596	36,946,109	11,781,351	242,439	3,687,810	13,803,451
Cash flows from investing activities								
Additions to property and equipment	(3,238,890)	-	(2,189,749)	(5,428,639)	(9,890,002)	-	(1,179,227)	(11,069,229)
Investment	(250,000,000)	-	-	(250,000,000)	(250,000,000)	-	-	(250,000,000)
Net cash used in investing activities	(B) (253,238,890)	-	(2,189,749)	(255,428,639)	(259,890,002)	-	(1,179,227)	(261,069,229)
Cash flows from financing activities								
Deferred grant	-	-	-	-	-	-	-	-
Endowment fund received during the year	250,000,000	-	-	250,000,000	250,000,000	-	-	250,000,000
Net cash generated from financing activities	(C) 250,000,000	-	-	250,000,000	250,000,000	-	-	250,000,000
Net (decrease)/ increase in cash and cash equivalents	(A+B+C) (949,542)	165	32,466,847	31,517,470	1,891,349	242,439	2,508,583	4,642,371
Cash and cash equivalents at the beginning of the year	7,727,147	410,618	7,318,973	15,456,738	5,835,798	168,179	4,810,390	10,814,367
Cash and cash equivalents at the end of the year	6,777,605	410,783	39,785,820	46,974,208	7,727,147	410,618	7,318,973	15,456,738

The annexed notes 1 to 18 form an integral part of these financial statements.

EXECUTIVE DIRECTOR

CHIEF FINANCIAL OFFICER


NJV- Akhuwat Endowment Fund

Statement of Changes in Funds Balances

For the yeas ended June 30, 2021

	June 30, 2021 (Rupees)	June 30, 2020 (Rupees)
	Endowment Fund	Endowment Fund
Opening balance	578,648,702	317,179,826
Received during the year	250,000,000	250,000,000
Surplus for the year	19,112,455	11,468,876
Closing balance	847,761,157	578,648,702

The annexed notes 1 to 18 form an integral part of these financial statements.


EXECUTIVE DIRECTOR


CHIEF FINANCIAL OFFICER

NJV- Akhuwat Endowment Fund

Notes to the Financial Statements

For the year ended June 30, 2021

1 Status and operation

1.1 NJV - Akhuwat Endowment Fund (the Fund) is created through a Memorandum of Understanding (MoU) signed between Education and Literacy Department (E&L), Government of Sindh (GOS) and Akhuwat. Akhuwat is an organization registered under the Societies Registration Act, 1860 located at 19 Civic Centre, Sector A-2, Township, Lahore and having local office at Suit No. 1, 2nd Floor, Oak Tower, Plot# 1, RY-10, Queens road opposite PIDC Bridge, Karachi.

1.2 GOS introduced to upgrade existing Government Schools into quality schools under its Adopt a School Program, with the overall objective of improving student learning outcome through School Development Program. Under this program Akhuwat adopted Government Boys Higher Secondary School, NJV Sindhi Medium Campus situated at district Karachi SEMIS Code# 408060271 vide agreement signed on December 15, 2017 and SEF letter dated December 08, 2017.

Akhuwat has pledged to improve in quality and enhance enrolment of students to its capacity in this school. It has pledged to bring it at par with private schools serve the under-served population. The Fund is being managed by Akhuwat as per the MoU.

To support this cause E&L Department, GOS has approved and created an Endowment Fund to the tune of Rs. 800 million. The said amount of Rs. 800 million had been released to the adopter.

1.3 The Government of Sindh has approved a " Sindh School Education Scholarship Program(SSESP)" under which scholarships will be provided to students for school education on merit cum need basis. In this respect, the Government of Sindh approved (vide Summary dated SEF/1121/17-18) to provide the cost of boarding / lodging of approximately 70 students (50 boys and 20 girls) each year from rural and sub-urban parts of the Province for facilitating their Secondary and Higher Secondary education at the Government of Sindh's Higher Secondary NJV School.

The students, selected as per approved criteria by M/s Akhuwat. both male and female would housed in the lodging / boarding to be arranged by the Adopter M/s Akhuwat. In this respect, Rs. 59.17 million has been received during the year ended June 30, 2021.

2 Statement of compliance

These are special purpose financial statements prepared in accordance with requirements of MoU as referred to above which is a compliance framework.

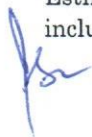
3 Basis of measurement

3.1 These special purpose financial statements have been prepared under the historical cost convention using accrual basis of accounting.

3.2 These special purpose financial statements are presented in Pak Rupee, which is the Fund's functional and presentation currency.

4 Critical accounting estimates and judgments

The preparation of special purpose financial statements in conformity with compliance framework as referred to above requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Fund's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances.



NJV- Akhuwat Endowment Fund

Notes to the Financial Statements

For the year ended June 30, 2021

- assumptions and estimates used in determining the recoverable amount, residual values and useful lives of property and equipment;
- assumptions and estimates used in calculating the provision for impairment of trade and other receivables;
- assumptions and estimates used in disclosure and assessment of provision for contingencies.

5 Terms and conditions of MOU

- 5.1 The Capital/ corpus of the Fund shall not be withdrawn under any circumstances, and shall not be utilized for the operations or any other purpose in any case and the proceeds of the investment shall be utilized only to further the objectives of improving and maintaining the education standards of NJV Campus.
- 5.2 Objectives for utilization of the proceeds of the Fund may include but not limited to infrastructure development, operational expenses, scholarships, establishment expenses, teacher training and recruitment of additional staff, if needed, or any other expenses deemed fit for the academic and institutional development of NJV.
- 5.3 A separate bank account to be maintained to keep the records of the investment and its proceeds entirely separate and independent from Akhuwat. Bank account to be opened and maintained with one of the top five banks.
- 5.4 Akhuwat shall establish a Fund investment committee and it will be responsible for overseeing the investment management function.
- 5.5 Investment strategy to be developed by the Fund to guide the fund investment committee for making investment. Following are the guidelines for investment committee:
 - I - Investment to be made in shariah compliance financial institutions in Islamic banks and mutual funds
 - II - Investment to be held in the following percentage. 0-100% (2020: 0-100%) in Islamic banks in the form of term deposit receipts or saving accounts and 0-50% (2020: 0-50%) in mutual funds in the form of equity, debt and money market instruments.
 - III - Funds will only be placed in financial institutions having following rating:
 - (i) Islamic banks with rating equal to or above A; and
 - (ii) Mutual funds with rating equal to or above AM3.
 - IV - Not more than 50% (2020: 50%) amount of funds will be invested in one bank or financial institutions.
- 5.6 Akhuwat shall not charge any fee or remuneration for the maintenance of the Fund.
- 5.7 In case of any shortfall or deficit in the operations of the Fund, Akhuwat will raise it from its resources or public or apply to the Government to enhance endowment fund.



NJV- Akhuwat Endowment Fund

Notes to the Financial Statements

For the year ended June 30, 2021

Note	June 30, 2021				June 30, 2020			
	(Rupees)				(Rupees)			
	Operational	Grant	Hostel	Total	Operational	Grant	Hostel	Total
6 Deferred grant								
Grant related to income								
Opening unearned grant income	-	2,427,893	-	2,427,893	-	4,797,410	-	4,797,410
Received during the year	-	-	-	-	-	-	-	-
Amortization of grant	-	-	-	-	-	(2,369,517)	-	(2,369,517)
	-	2,427,893	-	2,427,893	-	2,427,893	-	2,427,893
7 Trade and other payables								
Payable to hostel/ grant	1,359,761	-	-	1,359,761	1,359,761	-	-	1,359,761
Advance income from hostel	-	-	13,590,500	13,590,500	-	-	-	-
	1,359,761	-	13,590,500	14,950,261	1,359,761	-	-	1,359,761
8 Property and equipment								
Particulars	Cost			Rate %	Depreciation			WDV as at 30 June 2021
	As at 01 July 2020 Rupees	Of additions Rupees	As at 30 June 2021 Rupees		As at 01 July 2020 Rupees	For the year Rupees	As at 30 June 2021 Rupees	
Office equipments	5,780,202	2,549,890	8,330,092	20%	1,077,324	1,485,471	2,562,795	5,767,297
Computers	2,734,334	1,159,739	3,894,073	33%	980,626	834,537	1,815,163	2,078,910
Furniture and fixture	5,309,562	1,719,010	7,028,572	20%	475,220	1,880,667	2,355,887	4,672,685
Total	13,824,098	5,428,639	19,252,737		2,533,170	4,200,675	6,733,845	12,518,892
Particulars	Cost			Rate %	Depreciation			WDV as at 30 June 2020
	As at 01 July 2019 Rupees	Of additions Rupees	As at 30 June 2020 Rupees		As at 01 July 2019 Rupees	For the year Rupees	As at 30 June 2020 Rupees	
Office equipments	1,245,589	4,534,613	5,780,202	20%	186,414	890,910	1,077,324	4,702,878
Computers	837,406	1,896,928	2,734,334	33%	400,854	579,772	980,626	1,753,708
Furniture and fixture	671,874	4,637,688	5,309,562	20%	37,754	437,466	475,220	4,834,342
Total	2,754,869	11,069,229	13,824,098		625,022	1,908,148	2,533,170	11,290,928
Note	June 30, 2021				June 30, 2020			
	(Rupees)				(Rupees)			
	Operational	Grant	Hostel	Total	Operational	Grant	Hostel	Total
9 Short term investment								
Investment held to maturity	800,000,000	-	-	800,000,000	550,000,000	-	-	550,000,000
	800,000,000	-	-	800,000,000	550,000,000	-	-	550,000,000
10 Prepayments								
Prepaid expenses - considered good	1,666,362	1,985,698	634,389	4,286,449	1,434,799	1,985,698	908,432	4,328,929
	1,666,362	1,985,698	634,389	4,286,449	1,434,799	1,985,698	908,432	4,328,929

NJV- Akhuwat Endowment Fund

Notes to the Financial Statements

For the year ended June 30, 2021

Note	June 30, 2021				June 30, 2020			
	(Rupees)				(Rupees)			
	Operational	Grant	Hostel	Total	Operational	Grant	Hostel	Total
11 Other receivables								
Receivable from operational	-	32,220	1,327,541	1,359,761	-	32,220	1,327,541	1,359,761
	-	32,220	1,327,541	1,359,761	-	32,220	1,327,541	1,359,761
12 Cash and bank balances								
Cash in hand	-	-	-	-	31,390	-	35,000	66,390
Cash at banks								
- in saving accounts	6,777,605	410,783	39,785,820	46,974,208	7,695,757	410,618	7,283,973	15,390,348
	6,777,605	410,783	39,785,820	46,974,208	7,727,147	410,618	7,318,973	15,456,738
13 Profit on bank deposits								
-Endowment fund	46,093,981	-	-	46,093,981	43,186,983	-	-	43,186,983
-Saving accounts	-	165	7,704	7,869	-	64	2,346	2,410
	46,093,981	165	7,704	46,101,849	43,186,983	64	2,346	43,189,393
14 Grants and Donations								
Operational donation	29,000,000	-	-	29,000,000	25,190,485	2,369,517	-	27,560,002
Grant/ donation received	-	-	45,580,000	45,580,000	7,033,000	-	16,413,667	23,446,667
	29,000,000	-	45,580,000	74,580,000	32,223,485	2,369,517	16,413,667	51,006,669
15 Other income								
Other income	860,341	-	-	860,341	25,190,485	2,369,517	-	27,560,002
	860,341	-	-	860,341	25,190,485	2,369,517	-	27,560,002
15.1 Other income also includes application processing fees.								
16 Operating expenses								
Salaries and wages	57,614,668	-	-	57,614,668	42,825,905	-	4,400	42,830,305
Uniform, appreciation, and other expenses	-	-	5,940,074	5,940,074	-	-	-	-
Printing and stationary expense	1,575,700	-	1,674,537	3,250,237	2,368,995	-	448,657	2,817,652
Communication	605,474	-	44,400	649,874	317,712	-	750	318,462
Repair and maintenance expense	4,600,752	-	4,184,057	8,784,809	9,163,434	2,369,285	3,171,672	14,704,391
Hostel amenities	-	-	7,657,749	7,657,749	-	-	-	-
Program promotion expenses	420,654	-	163,842	584,496	1,419,632	-	4,090,158	5,509,790
Legal and professional charges	1,055,075	-	-	1,055,075	1,175,075	-	-	1,175,075
Bank charges	55,539	-	1,892	57,431	-	232	-	232
POL charges	1,714,248	-	-	1,714,248	1,755,355	-	-	1,755,355
Traveling and conveyance	356,089	-	151,222	507,311	1,122,845	-	13,100	1,135,945
Office supplies	1,534,449	-	1,857,808	3,392,257	2,207,200	-	2,695,400	4,902,606
Depreciation	3,742,583	-	458,092	4,200,675	1,650,557	-	257,591	1,908,148
Miscellaneous expenses	3,900,762	-	3,120,070	7,020,832	3,531,122	-	2,138,103	5,669,225
	77,175,993	-	25,253,743	102,429,736	67,637,838	2,369,517	12,819,831	82,727,186

NJV- Akhuwat Endowment Fund

Notes to the Financial Statements

For the year ended June 30, 2021

17 General

Figures have been rounded off to the nearest rupee.

18 Date of authorization

These financial statements were approved and authorized for issue on 15/12/2021 by the Investment Committee.



EXECUTIVE DIRECTOR



CHIEF FINANCIAL OFFICER