

**VM TRUST FOR EDUCATION
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**



INDEPENDENT AUDITOR'S REPORT

To the trustees of VM Trust for Education

Report on the audit of the financial statements

Qualified Opinion

We have audited the financial statements of VM Trust for Education herein referred as the trust, which comprise the Statement of Financial Position as at June 30, 2023, and the statement of income and expenditure, statement of comprehensive income, statement of changes in fund and the statement of cash flows for the year then ended, 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of VM trust for education as at June 30, 2023, and of its financial performance and its cash flows for the year then ended in accordance with approved accounting and reporting standards as applicable in Pakistan.

Basis for Qualified Opinion

We bring to your attention that VM Trust for Education, a trust established under the Trust Act 1882, has not obtained a certificate of registration under the Trust Act 2020, enacted by the Government of Sindh on September 28, 2020. As per this new legislation, all trusts are obligated to undergo registration under the new enactment. Due to non-registration under the Trust Act 2020, the trust's bank account has been blocked. Consequently, we are unable to obtain bank confirmations. We are not able to satisfy through alternate means on the balance appearing in banks at year end amounting to Rs. 18,032.

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 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 management is responsible for the preparation and fair presentation of the financial statements in accordance with the approved accounting and reporting standards as applicable in Pakistan, and for such internal control as the trust 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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization 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 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, misrepresentation, 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 Organization'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 Organization'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 Organization 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 *SNK*

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 the audit.

The engagement partner on the audit resulting in the independent auditor's report is Mr. Nauman Rafique. *conu*



Suriya Nauman Rehan & Co.

Chartered Accountants

Islamabad

Date: 20 OCT 2023

UDIN: AR2023102313guqxjADs

VM TRUST FOR EDUCATION
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	<u>Note</u>	<u>30-Jun-23</u> <u>Rupees</u>	<u>30-Jun-22</u> <u>Rupees</u>
<u>ASSETS</u>			
Non-current assets			
Property and equipment	4	1,428,519	1,658,380
Current assets			
Advances	5	5,000	5,000
Cash and bank balances	6	30,462	30,462
		<u>35,462</u>	<u>35,462</u>
Total Assets		<u>1,463,981</u>	<u>1,693,842</u>
<u>LIABILITIES</u>			
Current liabilities			
Accrued expenses	7	994,024	398,877
Total Liabilities		<u>994,024</u>	<u>398,877</u>
TOTAL NET ASSETS		<u>469,957</u>	<u>1,294,965</u>
FUND ACCOUNT			
General fund		<u>469,957</u>	<u>1,294,965</u>
		<u>469,957</u>	<u>1,294,965</u>

The annexed notes, from 1 to 11, form an integral part of these financial statements.


TRUSTEE


TRUSTEE

VM TRUST FOR EDUCATION
STATEMENT OF INCOME & EXPENDITURE
FOR THE YEAR ENDED 30, JUNE 2023

	Note	30-Jun-23 Rupees	30-Jun-22 Rupees
INCOME			
Course Fee	8	311,200	1,990,350
Profit on Bank accounts		-	280
Total Income		311,200	1,990,630
EXPENDITURE			
Salaries, wages and other benefits		285,835	1,118,916
Depreciation		229,861	278,100
Auditor's Remuneration		100,000	170,000
Teacher's Salaries		217,500	-
Marketing and advertising		-	4,900
Course material and accessories		-	220,372
Printing and stationary		27,446	20,100
Entertainment		6,080	4,549
Postage and telephone		2,546	10,507
Repairs and maintenance		11,550	14,209
Material and Accessories		32,300	-
Travel and accomodation		400	116,713
Legal and professional		179,200	47,800
Diploma course registration fee		28,000	78,290
Miscellaneous		15,490	39,388
Bank Charges		-	42
Total expenditure		1,136,208	2,123,886
(Deficit) before tax		(825,008)	(133,256)
Taxation		-	-
(Deficit) after tax		(825,008)	(133,256)

The annexed notes, from 1 to 11, form an integral part of these financial statements.


TRUSTEE


TRUSTEE

VM TRUST FOR EDUCATION
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30, JUNE 2023

	<u>Note</u>	<u>30-Jun-23</u> <u>Rupees</u>	<u>30-Jun-22</u> <u>Rupees</u>
Net (deficit) for the year		(825,008)	(133,256)
Other comprehensive income		-	-
Total comprehensive (loss) for the year		<u>(825,008)</u>	<u>(133,256)</u>

The annexed notes, from 1 to 11, form an integral part of these financial statements.


TRUSTEE


TRUSTEE

**VM TRUST FOR EDUCATION
STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED 30, JUNE 2023**

	30-Jun-23	30-Jun-22
<u>Note</u>Rupees.....	
Balance at beginning of year	1,294,965	1,428,221
Total comprehensive (loss)/income for the year		
(Deficit) after tax	(825,008)	(133,256)
Other comprehensive Income	-	-
	(825,008)	(133,256)
Balance at the end of the year	469,957	1,294,965

The annexed notes, from 1 to 11, form an integral part of these financial statements.


TRUSTEE


TRUSTEE

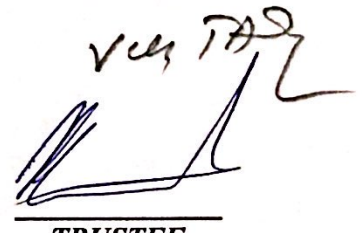
**VM TRUST FOR EDUCATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30, JUNE 2023**

	Note	30-Jun-23 Rupees	30-Jun-22 Rupees
<u>CASHFLOWS FROM OPERATING ACTIVITIES</u>			
Net (deficit) for the year		(825,008)	(133,256)
Adjustments for non-cash income and expenses:			
Depreciation of property and equipment	4.1	229,861	278,100
Surplus before working capital changes		(595,147)	144,844
Changes in working capital:			
<i>Increase / (Decrease) in current liabilities</i>			
Accrued expenses	7	595,147	201,177
Advance for fees		-	(557,500)
		595,147	(356,323)
Net Cash (used) in operations		-	(211,479)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
		-	-
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
		-	-
Net (decrease) in cash and cash equivalents		-	(211,479)
Cash and cash equivalents at the beginning of year		30,462	241,941
Cash and cash equivalents at the end of year	6	30,462	30,462

The annexed notes, from 1 to 11, form an integral part of these financial statements.

TARY SA


TRUSTEE

VER TAD

TRUSTEE

VM TRUST FOR EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30, JUNE 2023

1 CORPORATE AND GENERAL INFORMATION

1.1 Legal status and operations

VM Trust for education is a philanthropic, not for profit educational Trust (the Trust) established through a Trust Deed dated December 26, 2013. The registered office of the Trust is situated at PB Block No. 4 & 5, K.D.A Scheme No. 7, Block 4, Dhoraji Colony, Karachi, Pakistan.

The Trust has been granted approval as a "Non-profit Organisation" by the Federal Board of Revenue vide letter no. CIR/(ZONE-III)/Exemption 2(36)/RTO-II/2013-2014/1848 dated April 07, 2014, under section 2(36) (c) of the Income Tax Ordinance, 2001, read with Rule 212 and 220 of the Income Tax Rules, 2002

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 accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as adopted by the Institute of Chartered Accountants of Pakistan (ICAP).
- Accounting standards for NPO issued by Institute of Chartered Accountants of Pakistan (ICAP).

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupee (Rs. / Rupees) which is the Trust'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 judgements 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 judgement in the process of applying the Trust's accounting policies.

The areas involving a high degree of judgement 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 and equipment – Note 3.1 and 4.

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 and equipment

Measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment loss (if any).

Subsequent Expenditure

Subsequent Expenditure incurred are included in the asset's carrying amount or recognized as a separate asset, only when it is probable that future economic benefits associated with the expenditure will flow to the Trust and the cost can be measured reliably. The costs relating to day-to-day servicing of property and equipments are recognized in statement of income and expenditure as incurred.

Depreciation

Depreciation is charged so as to write off the cost or revalued amount of assets (other than land and capital work in progress) over their estimated useful lives, using the reducing balance method at rates specified in note 4 to the financial statements.

Depreciation on additions to PPE is charged from the month in which an asset is available for use upto the month prior to the month of disposal.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in statement of income and expenditure.

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 Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

- (i) Financial assets at amortised cost
- (ii) Financial assets at fair value through OCI.
- (iii) Financial assets at fair value through profit or loss

(i) Financial assets at amortised cost

This category is the most relevant to the Trust. The Trust measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are

solely payments of principal and interest on the principal amount outstanding

The Trust's financial assets at amortised cost includes rent receivable, tuition fee receivable, advances, prepayments and TDCs.

(ii) Financial assets designated at fair value through OCI

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- The financial asset is held within a business model whose objective is to hold hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. However, Trust may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through statement of profit or loss to present subsequent changes in fair value in statement of other comprehensive income.

However, there are no such financial assets as at the year ended June 30, 2022.

(b) Financial liabilities

Initial recognition and measurement

The Company classifies its financial liabilities in the following categories:

- at amortized cost.
- Financial liabilities are measured at amortized cost, unless they are required to be measured

Subsequent measurement

Financial liabilities at amortized cost

Financial liabilities at amortized cost are initially recognized at fair value plus or minus

Financial liabilities at FVT Income and Expenditure

Financial liabilities carried at FVT Income and expenditure are initially recorded at fair value and transaction costs are expensed in the statement of income and expenditure . Realized and unrealized gains and losses arising from changes in the fair value of the financial liabilities held at FVT Income and Expenditure are included in the statement of Income and Expenditure and other comprehensive income in the period in which they arise.

Where management has opted to recognize a financial liability at FVT Income and Expenditure, any changes associated with the Company's own credit risk will be recognized in other comprehensive income/(loss).

Currently, there are no financial liabilities designated at FVT Income and Expenditure.

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(d) Impairment of non-financial assets:

The carrying amounts of non-financial assets other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment, if any. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the cash generating unit or CGU).

The Trust's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for CGU to which the corporate asset belongs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in income and expenditure account.

Impairment loss recognized in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.3 Accrued expenses and other liabilities:

These are recognized initially at fair value plus directly attributable costs, if any, and subsequently measured at amortized cost.

3.4 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand.

3.5 Income Recognition

Revenue is recognized when performance obligation is satisfied. The performance obligation is regarded as satisfied at a point in time / over time. As mentioned below;

Course fee:

Course fee is recognized when the services are rendered to the students i.e. when the course is conducted.

Donations:

Donations are recognized when the entitlement of the trust is established i.e. when the amount is received at a point in time.

Mark-up on savings account:

Mark-up on saving accounts and banks deposits is recognized on time apportioned basis using effective interest method.

3.6 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Trust has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

3.7 Taxation

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

3.7.1 Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

VM TRUST FOR EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30, JUNE 2023

4 PROPERTY AND EQUIPMENT

	2023	2022
	(Rupees)	(Rupees)
Operating Fixed Assets	1,428,519	1,658,380

4.1 Property and equipment						
	Furniture and Fixtures	Office Equipment	Computer	Workshop Equipment	Library Books	Total

Year ended June 30, 2023

Opening carrying amount	443,519	456,180	353,830	295,363	109,488	1,658,380
Additions	-	-	-	-	-	-
Depreciation charge for the year	(44,352)	(45,618)	(88,457)	(29,536)	(21,898)	(229,861)
Closing carrying amount	399,167	410,562	265,372	265,827	87,590	1,428,519

As at June 30, 2023

Cost	895,566	974,970	3,155,611	380,500	217,372	5,624,019
Accumulated depreciation	(496,399)	(564,408)	(2,890,239)	(114,673)	(129,782)	(4,195,500)
Carrying amount	399,167	410,562	265,372	265,827	87,590	1,428,519

Year ended June 30, 2022

Opening carrying amount	492,799	506,867	471,773	328,181	136,860	1,936,480
Additions	-	-	-	-	-	-
Depreciation charge for the year	(49,280)	(50,687)	(117,943)	(32,818)	(27,372)	(278,100)
Closing carrying amount	443,519	456,180	353,830	295,363	109,488	1,658,380

As at June 30, 2022

Cost	895,566	974,970	3,155,611	380,500	217,372	5,624,019
Accumulated depreciation	(452,047)	(518,790)	(2,801,781)	(85,137)	(107,884)	(3,965,639)
Carrying amount	443,519	456,180	353,830	295,363	109,488	1,658,380

Rate of depreciation per annum (%)

	10%	10%	25%	10%	20%	
--	-----	-----	-----	-----	-----	--

VM TRUST FOR EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30, JUNE 2023

	Note	2023 -----Rupees-----	2022
5 ADVANCES AND PREPAYMENTS			
Advance for expenses		<u>5,000</u>	<u>5,000</u>
6 CASH AND BANK BALANCES			
<i>With banks on:</i>			
Savings accounts – Local currency		<u>7,182</u>	<u>7,182</u>
Current accounts – Local currency		<u>10,850</u>	<u>10,850</u>
		<u>18,032</u>	<u>18,032</u>
Cash in hand		<u>12,430</u>	<u>12,430</u>
		<u>30,462</u>	<u>30,462</u>

6.1 Currently all the transactions of VM Trust for Education are carried out from ZVMG Rangoonwala Trust's bank account.

7 ACCRUED EXPENSES			
Auditor's remuneration		100,000	170,000
Payable to ZMVG Trust		769,198	34,967
MAITS payable		10,000	10,000
Payable for expenses		13,326	15,700
Teachers salaries payable		<u>101,500</u>	<u>168,210</u>
		<u>994,024</u>	<u>398,877</u>
8 COURSE FEE			
Income from:			
Fee VMCTA Courses		311,200	135,750
Fee VMCTA Diploma		-	1,854,600
		<u>311,200</u>	<u>1,990,350</u>

9 RELATED PARTY TRANSACTIONS

Related parties include Trustees, associated undertakings in which Trustees hold common directorship, key management personnel and close family members of the family of all the aforementioned related parties. Transactions with related parties are at agreed terms.

Nature of relationship	Nature of transaction	2023	2022
Entities in which Trustees hold directorship	(Rupees).....	

ZULEIKHABAI V.M GANY	Payable	769,198	34,967
RANGOONWALA TRUST			

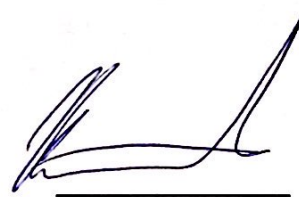
10 FINANCIAL INSTRUMENTS BY CATEGORY

	2023	2022
	<u>-----Rupees-----</u>	
Financial assets at amortized cost		
Cash and bank balances	<u>30,462</u>	<u>30,462</u>
Financial Liabilities		
Accrued Expenses and other liabilities	<u>994,024</u>	<u>398,877</u>
	<u>994,024</u>	<u>398,877</u>

11 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on 20 OCT. 2023 by the Board of Trustees.


TRUSTEE


TRUSTEE