Mian Saleem & Co.
Chartered Accountants

FAZAIA MEDICAL COLLEGE
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Mian Saleem & Co.
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of Fazaia Medical College

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Fazaia Medical College (the College), which comprise the statement of financial position as at June 30, 2021 and the statement of comprehensive income, the statement of changes in funds, 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 and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of comprehensive income, the statement of changes in funds and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the College's affairs as at June 30, 2021 and of the income and other comprehensive income, the changes in funds 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 College 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.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended June 30th, 2021 but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors 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 Companies Act, 2017(XIX of 2017) 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 College'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 College or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the College'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 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 College'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 College'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 College 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 directors 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.

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 College as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of comprehensive income, the statement of changes in funds and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) Investments made, expenditure incurred and guarantees extended during the period were for the purpose of the College's business; and

d) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), by the College under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Mohammad Saleem.

Chartered Accountants
Islamabad.
Dated: 02 OCT 2021

FAZAIA MEDICAL COLLEGE
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	2021	2020
		(Rupees)	
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	4	**790,891,220**	537,430,061
CURRENT ASSETS			
Fee & other receivable	5	**48,321,936**	53,606,013
Advances, deposits and prepayments	6	**39,611,850**	61,086,359
Short term deposits	7	**190,000,000**	100,000,000
Cash and bank balances	8	**167,592,836**	255,367,803
		445,526,622	470,060,175
		1,236,417,842	1,007,490,236
FUND AND LIABILITIES			
Members' fund	9	**1,000,000**	1,000,000
General fund		**208,461,461**	208,461,461
Specific funds(construction of building)		**60,000,000**	110,000,000
Accumulated profit		**333,789,657**	112,746,436
		603,251,118	432,207,897
NON-CURRENT LIABILITIES			
Long term loan	10	**344,000,000**	366,000,000
CURRENT LIABILITIES			
Security deposits	11	**58,664,689**	38,268,643
Accrued liabilities	12	**6,400,869**	4,512,093
Trade and other payables	13	**9,402,379**	3,228,247
Contract liabilities	14	**214,698,788**	163,273,356
		1,236,417,842	1,007,490,236
CONTINGENCIES AND COMMITMENTS	15	-	-

The annexed notes, from 1 to 25, form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER **DIRECTOR**

FAZAIA MEDICAL COLLEGE
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	Sep 19th, 2019 to June 30,2020
		(Rupees)	
INCOME			
Tuition fee		452,536,848	439,157,610
Admission fee		6,800,000	5,787,233
Hostel and mess		16,804,562	14,245,964
Other income	16	4,588,488	9,568,971
		480,729,898	468,759,778
Service / Operational Expenditures			
Salaries, allowances and other benefits		222,308,082	173,544,914
Utilities		8,668,250	7,636,820
Consumables		1,902,799	348,453
Lodges mess expense		3,932,854	7,282,499
Research and development		2,085,172	3,436,785
Faculty development		1,000,000	272,900
Students activities		417,962	1,941,219
Scholarships		15,565,200	11,848,955
Fee & subscription		1,008,275	646,095
Endowment fund expense		14,933,472	23,863,789
Depreciation	4.3	37,181,040	27,053,806
		309,003,106	257,876,235
Administrative and managerial expenditures			
Repair and maintenance		5,780,757	3,407,221
Printing and stationery		1,309,552	912,511
Telephone and internet expenses		42,810	63,006
Professional fee		255,600	87,000
Entertainment		629,518	554,693
Travelling and conveyance		54,885	42,840
Depreciation	4.3	872,096	620,661
Auditors' remuneration	17	87,000	87,000
Advertisement		173,598	107,987
Finance costs		1,281,263	5,749
		10,487,079	5,888,668
Total expenditure		319,490,185	263,764,903
Excess of income over expenditure before income from investment		161,239,713	204,994,875
Profits on bank accounts		9,803,508	17,751,561
Excess of income over expenditure for the year		171,043,221	222,746,436
Other comprehensive income		-	-
Total comprehensive income for the year		171,043,221	222,746,436
Attributable to			
Accumulated profit		111,043,221	112,746,436
Specific funds(construction of building)		60,000,000	110,000,000
		171,043,221	222,746,436

The annexed notes, from 1 to 25, form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

FAZAIA MEDICAL COLLEGE
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Members Funds	General Funds	Specific funds (construction of building)	Accumulated profit	Total
	--------------(Rupees)--------------				
Balance at September 20, 2019	-	-	-	-	-
Transferred from Air University	-	208,461,461	-	-	208,461,461
Contribution during the period	1,000,000	-	-	-	1,000,000
Excess of income over expenditure for the year	-	-	110,000,000	112,746,436	222,746,436
Other comprehensive during the period	-	-	-	-	-
Total comprehensive income for the period	-	-	110,000,000	112,746,436	222,746,436
Balance at June 30, 2020	1,000,000	208,461,461	110,000,000	112,746,436	432,207,897
Balance at July 1st, 2020	**1,000,000**	**208,461,461**	**110,000,000**	**112,746,436**	**432,207,897**
Specific funds(construction of building)	**-**		**(110,000,000)**	**110,000,000**	**-**
Contribution during the period	**-**		**-**		**-**
Excess of income over expenditure for the year	**-**		**60,000,000**	**111,043,221**	**171,043,221**
Other comprehensive during the period	**-**	**-**	**-**	**-**	**-**
Total comprehensive income for the period	**-**	**-**	**60,000,000**	**111,043,221**	**171,043,221**
Balance at June 30, 2021	**1,000,000**	**208,461,461**	**60,000,000**	**333,789,657**	**603,251,118**

The Board in its meeting, decided to appropriate 100 million of its net surplus to Specific fund annually for construction of college building..

The annexed notes, from 1 to 25, form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

FAZAIA MEDICAL COLLEGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	Sep 19th, 2019 to June 30,2020
		(Rupees)	
Cash flows from operating activities			
Excess of income over expenditure for the year		**171,043,221**	222,746,436
Adjustments for non cash income and expenses :			
Depreciation of property and equipment		**38,053,136**	27,674,467
Finance costs		**1,281,263**	5,749
Interest income on bank deposits and investments		**(9,803,508)**	(17,751,561)
		200,574,112	232,675,091
Changes in working capital:			
Fee & other receivable		**5,284,077**	(48,996,691)
Advances, deposits and prepayments		**21,474,509**	(42,426,610)
Security deposits		**20,396,046**	(2,910,293)
Trade and other payables		**6,174,132**	(21,888,144)
Accrued liabilities		**1,888,776**	4,512,093
Contract liabilities		**51,425,432**	90,638,836
Cash generated from operations		**307,217,083**	211,604,282
Finance costs paid		**(1,281,263)**	(5,749)
Net cash inflow from operating activities		**305,935,820**	211,598,533
Cash flows from investing activities			
Payments for acquisition of property and equipment		**(291,514,295)**	(22,452,857)
Interest received		**9,803,508**	17,751,561
Net cash (outflow) from investing activities		**(281,710,787)**	(4,701,296)
Cash flows from financing activities			
Payment against long term loan		**(22,000,000)**	(15,000,000)
Proceeds from contribution from members		**-**	1,000,000
Net cash (outflow) from investing activities		**(22,000,000)**	(14,000,000)
Net increase in cash and cash equivalents		**2,225,033**	192,897,237
Cash and cash equivalents at the start of the year		**355,367,803**	162,470,566
Cash and cash equivalents at end of the year	**8**	**357,592,836**	355,367,803

The annexed notes, from 1 to 25, form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER **DIRECTOR**

FAZAIA MEDICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

1 STATUS AND NATURE OF ACTIVITIES

Fazaia Medical College (the College) was a segment of the Air University (The University) (a statutory body formed under the Air University Ordinance 2002) till September 19, 2019. It was registered as a Public Company (limited by guarantee and not having share capital) under section 42 of the Companies Act, 2017 on September 20, 2019 due to instructions given by the Pakistan Medical and Commission (PMC).

The objective of the College is to promote quality medical education in the country by establishing, maintaining, assisting, running and medical college and contribute to the national and Pakistan Air Force pool of healthcare professionals with the permission of competent authority and it;

The registered office of the College is situated in Islamabad.

1.1 The license under section 42 of the Companies Act, 2017, has been renewed upto 11 September 2022

1.2 Summary of significant events and transactions in the current reporting period

There were no significant event which may impact the College's business during the period

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 notified under the Companies Act, 2017;
- Accounting Standard for Not for Profit Organizations (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.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except certain items as disclosed in the relevant accounting policies below.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupee (Rs. / Rupees) which is the College's functional currency. Amounts presented in the financial statements have been rounded off to the nearest of Rs. / Rupees, unless otherwise stated.

2.4 Use of estimates and judgments

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of College's accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Information about judgments made in applying accounting policies that have significant effect on the amounts recognized in the financial statements are discussed in the ensuing paragraphs.

2.4.1 Property and equipment

The College reviews the residual values and useful lives of property and equipment on regular basis. Further where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis. Any change in such estimates in future years might affect the carrying amounts of the respective items of property and equipment with corresponding effect on the depreciation charge, impairment and related deferred tax liability.

2.4.2 Taxation

The College is registered as not for profit organization under section 2(36) of the Income Tax Ordinance, 2001. The College is eligible for tax credit under Section 100C of the Income Tax Ordinance 2001 from the income chargeable under the head "income from business" as is expended in Pakistan for the purposes of carrying out welfare activities. The credit is subject to compliance with certain conditions listed in section 100C. The management believes that the College is entitled to this credit and accordingly, no provision for taxation has been made in these financials statements.

2.4.3 Provision and Contingencies

A provision is recognized as a result of past event when the College has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at pre-tax rate that reflects the current market assessments of the time value of money and the risk specific to the liability. The un-winding of discount is recognized as finance cost, if any.

Where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation can not be measured with sufficient reliability, it is disclosed as contingent liability.

2.4.4 Impairment

2.4.4.1 Impairment of financial assets

The College measures loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortized cost after considering the pattern of receipts from and future financial outlook of the counterparty and is reviewed by the management on regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of assets with a corresponding effect on the statement of comprehensive income.

2.4.4.2 Impairment of non financial assets

The carrying amounts of the College's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated using criteria given in respective accounting standards to determine the extent of impairment loss, if any.

.5 Standards, amendments to published standards and interpretations that are effective from the current financial year

The following amendments to published standards are mandatory for the financial year beginning on July 01, 2019 and are relevant to the College.

-IFRS 16 'Leases' (effective from annual period on or after January 1, 2019). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the balance sheet. IFRS 16 supersedes IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases-Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.

- IFRIC 23 'Uncertainty over income tax treatments' (effective from accounting period beginning on or after January 1, 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRS interpretations committee had clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The Interpretation is not expected have a significant impact on the College's financial statements.

-Amendments to IFRS 9: Prepayment Features with Negative Compensation. 'Under IFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the College financial statements.

-Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments had no impact on the financial statements of the College as it did not have any plan amendments, curtailments, or settlements during the period.

-Amendments to IAS 28: Long-term interests in associates and joint ventures
The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

These amendments had no impact on the financial statements as the College does not have long-term interests in its associate and joint venture.

Amendments to IFRS 3 Business Combinations
The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquiree remeasures its entire previously held interest in the joint operation.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2019, with early application permitted.

These amendments had no impact on the financial statements of the College as there is no transaction where joint control is obtained.

- Amendments to IFRS 11 Joint Arrangements
An entity that participates in, but does not have joint control of a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after January 1, 2019, with early application permitted.

These amendments had no impact on the financial statements of the College as there is no transaction where a joint control is obtained.

- Amendments to IAS 12 Income Taxes
The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognized those past transactions or events.

An entity applies the amendments for annual reporting periods beginning on or after January 1, 2019, with early application permitted. When the entity first applies those amendments, it applies them to the income tax consequences of dividends recognized on or after the beginning of the earliest comparative period.

- Amendments to IAS 23 Borrowing Costs
The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application permitted.

Since the College's current practice is in line with these amendments, they had no impact on the financial statements of the College.

2.5 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2020:

	Effective date
-Definition of a Business - Amendments to IFRS 3	July 1, 2020
-Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7	July 1, 2020
-Definition of Material - Amendments to IAS 1 and IAS 8	July 1, 2020
-IFRS 17 Insurance Contracts	July 1, 2022

The above standards and interpretations are not expected to have any material impact on the College's financial statements in the period of initial application.

There are a number of other standards, amendments and interpretations to the published standards that are not yet effective and are also not relevant to the College and therefore, have not been presented.

2.6 Comparative Figures

Since the figures for the comparative period are from september 19th 2020 to June 30th, 2020, hence the figures may not be comparable.

3 Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except for the changes as indicated below:

3.1 Property and equipment

Initial recognition

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost of property and equipment includes acquisition cost, borrowing cost during construction phase of relevant asset and other directly attributable costs including trial run production expenses (net of income, if any).

Subsequent measurement

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

Depreciation

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight line method, except leasehold land, at rates specified in note 4 to the financial statements. Depreciation on addition to property and equipment is charged from the month in which the property and equipment is available for use while no depreciation is charged for the month in which the property and equipment is disposed off.

The property and equipment acquired under leases is depreciated over the shorter of the useful life of the asset and the lease term.

Disposal

The gain or loss arising on disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognized as other income in the income and expenditure account.

Judgment and estimates

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis.

Impairment

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

3.2 Capital work-in-progress

Capital work-in-progress is stated at cost less impairment loss, if any, and consists of expenditure incurred and advances made in the course of construction and installation. These are transferred to specific assets as and when the assets are available for use.

3.3 'Financial Instruments'

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the College's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the College has applied the practical expedient, the College initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the College has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The College's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the College commits to purchase or sell the asset.

Subsequent measurement

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

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon Derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the College. The College measures financial assets at amortized 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

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The College's financial assets at amortized cost includes trade receivables and other receivables, short term advances, long term loans and advances and Term Deposit Receipts (TDRs).

Financial assets at fair value through OCI (debt instruments)

The College measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; 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.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the income and expenditure account and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon Derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The College's debt instruments at fair value through OCI includes investments in quoted government and corporate bonds included under other non-current financial assets.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the College can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the income and expenditure account when the right of payment has been established, except when the College benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The College elected to classify irrevocably its non-listed equity investments under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the income and expenditure account.

This category includes derivative instruments and listed equity investments which the College had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the income and expenditure account when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a College of similar financial assets) is primarily derecognized (i.e., removed from the College's statement of financial position) when:

- The rights to receive cash flows from the asset have expired

OR

- The College has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the College has transferred substantially all the risks and rewards of the asset, or (b) the College has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the College has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the College continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the College also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the College has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the College could be required to repay.

Impairment of financial assets

The College recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the College expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the College applies a simplified approach in calculating ECLs. Therefore, the College does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The College has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at amortized cost (other than trade receivables and contract assets) and fair value through OCI, the College applies the low credit risk simplification. At every reporting date, the College evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the College reassesses the internal credit rating of the debt instrument. In addition, the College considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The College's debt instruments at fair value through OCI comprise solely of quoted bonds that are graded in the top investment category (Very Good and Good) by the Good Credit Rating Agency and, therefore, are considered to be low credit risk investments. It is the College's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The College uses the ratings from the Good Credit Rating Agency both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The College considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the College may also consider a financial asset to be in default when internal or external information indicates that the College is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the College. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

3.4 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, and financial liabilities at amortized cost, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The College's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the College that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the income and expenditure account.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The College has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortized cost (loans and borrowings)

This is the category most relevant to the College. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the income and expenditure account.

This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the Derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the income and expenditure account.

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 recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

3.5 Impairment of non-financial assets

Non-financial assets

At each reporting date, the College reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are Collaged together into the smallest College of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs). Goodwill arising from a business combination is allocated to CGUs or College's of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of impairment loss for a cash generating unit is allocated to the assets of the unit, except for goodwill, pro rata with the carrying amounts of those assets. The increase in the carrying amounts shall be treated as reversals of impairment losses for individual assets and recognized in profit or loss unless the asset is measured at revalued amount. Any reversal of impairment loss of a revalued asset shall be treated as a revaluation increase.

3.6 Revenue from Contracts

The College is providing services of medical education. Revenue is recognized when control of services are transferred to the customer at an amount that reflects the consideration to which the College expects to be entitled in exchange for those services. The College has generally concluded that it is the principal in its revenue arrangements.

Fee from students

Revenue from fee from students is recognized when control of services are transferred to the students (i.e. tuition to students) at an amount that reflects the consideration to which the College expects to be entitled in exchange for those services. The normal credit term is 30 to 90 days upon delivery.

3.7 Other income / finance cost

Other income comprises interest income on funds invested, deposit accounts and advances, dividend income on investment in marketable securities and gain on disposal of property and equipment. Income on bank deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return. Income on investments is recognized on time proportion basis taking into account the effective yield of such securities.

Finance cost comprises bank charges, interest expense on borrowings and exchange losses.

3.8 Trade and other payables

These amounts represent liabilities for goods and services provided to the College prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

3.9 Income tax

The College is registered as not for profit organization under section 2(36) of the Income Tax Ordinance, 2001. The College is eligible for tax credit under Section 100C of the Income Tax Ordinance 2001 from donations, voluntary contributions, subscriptions and so much of the income chargeable under the head "income from business" as is expended in Pakistan for the purposes of carrying out activities as per memorandum of association. The credit is subject to compliance with certain conditions listed in section 100C. The management believes that the Foundation is entitled to this credit and accordingly, no provision for taxation has been made in these financials statements.

3.10 Provisions

Provisions are recognized when the College has a present obligation (legal or constructive) as a result of a past event, it is probable that the College will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognized at present value using a pre-tax discount rate. The unwinding of the discount is recognized as finance cost in the income and expenditure account.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognized provision is recognized in the income and expenditure account unless the provision was originally recognized as part of cost of an asset.

3.10.1 Contingent liabilities

A contingent liability is disclosed when the College has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the College; or the College has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

3.11 Foreign currency transactions and translations

The College's financial statements are presented in rupees, which is also the College's functional currency. For each entity, the College determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The College uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in OCI if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. Foreign exchange gains and losses that relate to borrowings are presented in the income and expenditure account, within finance costs. All other foreign exchange gains and losses are presented in the income and expenditure account on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities measured at fair value through OCI are recognized in other comprehensive income.

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the Derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the College initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the College determines the transaction date for each payment or receipt of advance consideration.

3.12 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

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4 Property and equipment

	Building	Electrical equipment	Furniture and fixtures	IT equipment	Lab equipment	Library books	Office equipment	Vehicle	CWIP	TOTAL
					(Rupees)					
Cost										
Balance at September 20, 2019	-	-	-	-	-	-	-	-	-	-
Transferred from Air University	444,334,437	51,894,872	49,896,731	9,015,499	31,587,190	7,289,634	3,745,015	2,132,700	28,453,562	628,349,640
Additions	-	-	778,360	682,780	14,413,292	1,446,892	330,450	-	4,801,083	22,452,857
Balance at June 30, 2020	444,334,437	51,894,872	50,675,091	9,698,279	46,000,482	8,736,526	4,075,465	2,132,700	33,254,645	650,802,497
Balance at June 30, 2020	**444,334,437**	**51,894,872**	**50,675,091**	**9,698,279**	**46,000,482**	**8,736,526**	**4,075,465**	**2,132,700**	**33,254,645**	**650,802,497**
Disposal	-	-	-	-	-	-	-	-	-	-
Additions		**1,346,572**	**5,518,460**	**3,077,636**	**16,961,719**	-	**17,749**	**84,500**	**264,507,659**	**291,514,295**
Balance at June 30, 2021	**444,334,437**	**53,241,444**	**56,193,551**	**12,775,915**	**62,962,201**	**8,736,526**	**4,093,214**	**2,217,200**	**297,762,304**	**942,316,792**
Depreciation										
Balance at September 20, 2019	-	-	-	-	-	-	-	-	-	-
Transferred from Air University	14,750,998	26,159,089	22,080,543	5,673,164	12,225,374	939,765	2,509,440	1,359,596	-	85,697,969
Charge for the year	8,331,271	8,520,193	5,666,607	1,107,596	3,136,528	291,612	380,732	239,929	-	27,674,467
Balance at June 30, 2020	23,082,269	34,679,282	27,747,150	6,780,760	15,361,902	1,231,377	2,890,172	1,599,525	-	113,372,436
Balance at June 30, 2020	**23,082,269**	**34,679,282**	**27,747,150**	**6,780,760**	**15,361,902**	**1,231,377**	**2,890,172**	**1,599,525**	-	**113,372,436**
Disposal	-	-	-	-	-	-	-	-	-	-
Charge for the year	**11,108,361**	**10,319,782**	**8,008,524**	**1,740,215**	**5,567,332**	**436,826**	**550,078**	**322,018**	-	**38,053,136**
Balance at June 30, 2021	**34,190,630**	**44,999,064**	**35,755,674**	**8,520,975**	**20,929,234**	**1,668,203**	**3,440,250**	**1,921,543**	-	**151,425,572**
Carrying values:										
As on June 30, 2021	**410,143,807**	**8,242,380**	**20,437,877**	**4,254,940**	**42,032,966**	**7,068,323**	**652,964**	**295,657**	**297,762,304**	**790,891,220**
As on June 30, 2020	421,252,168	17,215,590	22,927,941	2,917,519	30,638,580	7,505,149	1,185,293	533,175	33,254,645	537,430,061
Rate of depreciation per annum (%)	2.5%	25%	15%	25%	10%	5%	25%	15%		

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4.1 The buildings are constructed on the land owned by the Air University. The University has provided the landfree of cost for usage.

		Note	2021	2020
			(Rupees)	
4.2	**CAPITAL WORK IN PROGRESS**			
	FMC Block		28,799,097	28,799,097
	Nursing block	4.2.1	268,963,207	4,455,548
			297,762,304	33,254,645

4.2.1 The additions in CWIP amounting to Rs.264,507,659 related to civil work.

		2021	2020
4.3	**Depreciation for the year has been allocated as follows:**		
	Service / Operational Expenditures	37,181,040	27,053,806
	Administrative and managerial expenditures	872,096	620,661
		38,053,136	27,674,467

		2021	2020
5	**FEE & OTHER RECEIVABLE**		
	Fee receivables	48,321,936	53,606,013
	Allowance for expected credit losses	-	-
		48,321,936	53,606,013

5.1 **Ageing analysis of other receiviable & Fee from students**

	2021		2020	
	Fee and other receivables	**Total**	Fee and other receivables	Total
Not overdue	48,321,936	48,321,936	53,606,013	53,606,013
Past due less than 30 days	-	-	-	-
Past due less than 60 days	-	-	-	-
Past due less than 90 days	-	-	-	-
Past due less than 365 days	-	-	-	-
Past due over 365 days	-	-	-	-
	48,321,936	48,321,936	53,606,013	53,606,013
Impairment provision for trade receivables	-	-	-	-
	48,321,936	48,321,936	53,606,013	53,606,013

		Note	2021	2020
6	**ADVANCES, DEPOSITS AND PREPAYMENTS**			
	Advances to employees			
	- Against salary	6.1	207,091	279,880
	- Against expenses	6.2	30,057	70,000
			237,148	349,880
	Advances to suppliers		39,373,156	60,734,934
	Advance tax		1,546	1,545
			39,611,850	61,086,359

6.1 This represents interest free advance against salary provided to the employees of the College. This is adjustable against salary.

6.2 This represents advances provided to employees to meet college day to day expenses and are settled as and when the expenses are incurred.

		Note	2021	2020
7	**INVESTMENT**			
	Short term deposits	7.1	190,000,000	100,000,000

7.1 Short term deposits represents TDRs held with habib metro bank amounting Rs. 140 million and Rs. 50 million in Askari bank at interest rate ranging from 7.01% to 7.5% for less than one year.

8 CASH AND BANK BALANCES

	Note	2021	2020
		(Rupees)	
With banks on:			
Saving accounts-Local currency	8.1	34,591,922	100,349,679
Current accounts-Local currency		100,000	8,627,335
Savings accounts-Foreign currency	8.2	132,711,578	146,299,524
		167,403,500	255,276,538
Cash on hand		189,336	91,265
		167,592,836	255,367,803

8.1 Rate of return on savings accounts

The savings accounts earns interest at floating rates based on daily bank deposit rates ranging from 0.1 % to 2.5% per annum. Short-term deposits are made for varying periods of between one day and one year depending on the immediate cash requirements of the College, and earn interest at the respective short-term deposit rates. The weighted average effective interest rate for short-term deposits is 9% per annum.

8.2 Foreign currency balance in saving account at reporting date were US Dollar 787,912.98

8.3 Cash and cash equivalents

The above figures of cash and bank balances reconcile to the amount of cash and cash equivalents shown in the statement of cash flows at the end of the financial year as follows:

	Note	2021	2020
		(Rupees)	
Cash and bank balances		167,592,836	255,367,803
Cash and cash equivalents per statement of cash flows		167,592,836	255,367,803

9 MEMBERS' FUND

This represents mandatory contribution for grant of license u/s 42 of the Companies Act, 2017, of Rs. 200,000 by each subscriber to the memorandum. This will be used in achieving the objectives of the Foundation and shall not be reverted back to the subscribers, directly or indirectly through any means.

10 LONG TERM LOAN

	Note	2021	2020
		(Rupees)	
Undiscounted amount received	10.1	344,000,000	366,000,000
Effect of discounting		-	-
Fair value of interest free loan		344,000,000	366,000,000
Unwinding of discount		-	-
Balance as at June 30		344,000,000	366,000,000

10.1 This amount is payable to Air Head Quarter (a related party) on account of construction of College building. Decision regarding the payment of loan of 200 Mill is pending with the Air Headquarter. Till the decision, management has classfied this amount as long term liability without the consideration of winding up the interest free loan on market rate.

11 SECURITY DEPOSITS

	Note	2021	2020
Security deposits	11.1	58,664,689	38,268,643
		58,664,689	38,268,643

11.1 Bifurcation of security deposits

	Note	2021	2020
Utilizable security deposits	11.1.1	31,968,008	30,810,746
Non-Utilizable retention money	11.1.2	26,696,681	7,457,897
		58,664,689	38,268,643

11.1.1 This amount is received from students as a security deposit in accordance with requirements of written agreements, in terms of section 217 of the Companies Act, 2017.

11.1.2 This includes security deposit of Rs. 26,696,681/- received from a contractor against construction of building, kept in separate bank account maintained for that purpose as required under Section 217(2) of the Companies Act 2017. It is non-utlizable and kept intact.

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		Note	2021	2020
			(Rupees)	
12	**ACCRUED LIABILITIES**			
	Accrued expenses		44,000	65,589
	Payable to canteen		4,730	25,204
	Withholding income tax		6,137,551	4,194,282
	Sales tax payable		127,588	140,018
	Audit fee payable		87,000	87,000
			6,400,869	4,512,093
13	**TRADE AND OTHER PAYABLES**			
	Payable to Air University		8,758,621	2,660,280
	Payable to Contributory Provident fund		93,872	61,081
	Trade payables		549,886	462,886
	Others		-	44,000
			9,402,379	3,228,247
14	**CONTRACT LIABILITIES**			
	Advance tuition fee received-unsecured		214,698,788	153,097,668
	Advance hostel fee received-unsecured		-	10,175,688
			214,698,788	163,273,356

15 **CONTINGENCIES AND COMMITMENTS**

There are no contingencies and commitments at the year end.

		Note	For the period from July 1, 2020 to June 30, 2021	For the period from September 19, 2019 to June 30, 2020
			(Rupees)	
16	**OTHER INCOME**			
	Fine to staff and students		1,031,357	3,275,850
	Transcript charges		55,000	23,000
	Net foreign exchange gains		1,802,502	6,251,253
	Admission processing fee		408,000	-
	Documents verification fee		305,000	-
	Registration		503,000	-
	Others		483,629	18,868
			4,588,488	9,568,971
17	**AUDITORS' REMUNERATION**			
	Annual audit fee		87,000	87,000
	Out of pocket expenses		-	-
			87,000	87,000
	Non-audit services			
	Certifications for regulatory purposes		-	-
	Tax advisory services		-	-
			-	-
			87,000	87,000

18 **RELATED PARTIES TRANSACTIONS**

Related parties comprise subsidiary, associated companies, companies where directors also hold directorship, retirement benefits fund and key management personnel, following transactions has been carried out through out the period

19 **REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

Chief Executive, Directors are not entitled for remuneration as per Companies Act, 2017 therefore no remuneration were paid to the Chief Executive and Directors during the period.

20 EXECUTIVE EMPLOYEES

There are 67 Executive employees working with the College during the period drawing salaries and benefits amounting to Rs. 136,855,103/-

21 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

Fair value is the amount that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

IFRS 13 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

21.1 The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

ON-BALANCE SHEET FINANCIAL INSTRUMENTS	Note	Carrying amount			Fair Value		
		Amortized Cost	FVTPL	Total	Level 1	Level 2	Level 3
		(Rupees)					
June 30, 2021							
Financial assets not measured at fair value							
Fee & other receivable	5	48,321,936	-	48,321,936	-	-	-
Advances, deposits and prepayments	6	39,611,850	-	39,611,850	-	-	-
Cash and bank balances	8	167,592,836	-	167,592,836	-	-	-
		255,526,622	-	255,526,622	-	-	-
Financial liabilities not measured at fair value							
Long term loan	10	344,000,000	-	344,000,000	-	-	-
Security deposits	11	58,664,689		58,664,689	-	-	-
Trade and other payables	13	9,402,379	-	9,402,379	-	-	-
		412,067,068	-	412,067,068	-	-	-

21.2 The College has not disclosed the fair value for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are a reasonable approximation of their fair values.

21.3 The College has exposure to the credit risk, market risk and liquidity risk from its use of financial instruments.

The Board of Directors has overall responsibility for the establishment and oversight of the College's risk management framework. The Board is also responsible for developing and monitoring the College's risk management policies.

The College's risk management policies are established to identify and analyse the risks faced by the College, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the College's activities. The College, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee of the College oversees how management monitors compliance with the College's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the College. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

21.4 CREDIT RISK

Credit risk is the risk of financial loss to the College if a student or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from trade debts, advances and deposits, interest accrued, other receivables, margin on letter of guarantee and bank balances. The carrying amount of financial assets represents the maximum credit exposure.

The College's credit risk exposures is categorized under the following headings:

Fee & other receivable

The College's exposure to credit risk is influenced mainly by the individual characteristics of each student. The College has established a credit policy under which each new student is analyzed individually for creditworthiness before the College's standard payment terms and conditions are offered. Credit limits are established for each student, which are regularly reviewed and approved by the management. students that fail to meet the College's benchmark creditworthiness may transact with the College only on a prepayment basis. Refer to Note. 5, & 5.1.

Concentration of credit risk

Geographically there is no concentration of credit risk. The maximum exposure to credit risk for financial assets at the reporting date by type of counter party is as follows:

	Note	2021	2020
		(Rupees)	
Banks and financial institutions		**167,403,500**	255,276,538
Fee & other receivable		**48,321,936**	53,606,013
		215,725,436	308,882,551

The credit quality of the College's financial assets have been assessed below by reference to external credit rating of counterparties determined by the Pakistan Credit Rating Agency Limited (PACRA) and JCR - VIS Credit Rating College Limited. The counterparties for which external credit ratings were not available have been assessed by reference to internal credit ratings determined based on their historical information for any default in meeting their obligations.

Cash at bank

The College held cash at bank of Rs. 167,403,500/-at 30 June 2021 cash at bank is held with banks and financial institution, which are rated AAA to A based on PACRA rating.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	2021	2020
		(Rupees)	
Cash and bank balances	8	167,592,836	255,276,538
		167,592,836	255,276,538

Geographically there is no concentration of credit risk.

The maximum exposure to credit risk for trade recieveables at the reporting date is with end - user students and represents debtors within the country.

The College limits its exposure to credit risk by investing only in liquid securities and placing funds with banks that have high credit rating. Management actively monitors credit ratings and given that the College only has placed funds in the banks with high credit ratings, management does not expect any counter party to fail to meet its obligations.

21.5 LIQUIDITY RISK

Liquidity risk is the risk that the College will not be able to meet its financial obligations as they fall due. The College's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the College's reputation. The College uses different methods which assists it in monitoring cash flow requirements and optimizing its cash return on investments. Typically the College ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities.

	Carrying amount	Contractural cash flows	Up to one year	One to two years	More than five years
			----Rupees----		
2021					
Long term loan	344,000,000	344,000,000	-	-	344,000,000
Security deposits	38,268,643	38,268,643	38,268,643	-	-
Trade and other payables	9,402,379	9,402,379	9,402,379	-	-
	391,671,022	391,671,022	47,671,022	-	344,000,000

21.6 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instruments' supply and demand of securities and liquidity in the market. The College is exposed to currency risk and interest rates only.

20.6.1 Foreign currency risk

The PKR is the functional currency of the College and as a result currency exposures arise from transactions and balances in currencies other than PKR. The College's potential foreign currency exposure comprise:

- Transactional exposure in respect of non functional currency monetary items.

Transactional exposure in respect of non functional currency monetary items

Financial assets and liabilities which are denominated in currencies other than the functional currency of the College are periodically restated to PKR equivalent, and the associated gain or loss is taken to the statement of profit or loss. The foreign currency risk related to monetary items is managed as part of the risk management strategy.

20.6.2 Interest rate risk

The interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of interest rate exposure arises from short and long term borrowings from banks and deposits with banks.

Fair value sensitivity analysis for fixed rate instruments

The College is not exposed to interest rate risk on its fixed rate instruments.

21.7 Capital management

The Board's policy is to maintain a strong capital base so as to maintain stakeholders' confidence and to ensure sustainable future development of the business. College is financed mainly through tuition fee recieved by students. Board of Directors monitors the College's performance along with capital costs. There were no changes to the College's approach to the capital management during the year.

22 EVENTS AFTER THE END OF THE REPORTING DATE

There is no any any significant event after the reporting date which may affect the going concern of the College.

23 NUMBER OF EMPLOYEES

	(Number)	
Total employees of the College at the year end	**176**	163
Average employees during the year end	**171**	166

24 IMPACT OF COVID-19 (CORONA VIRUS)

The panademic Covid-19, emerged in 2019 adversely effect all bussiness across the world, but due to it, there is no impact in revenue of the Fazaia Medical college duirng the year, neither there has been any material impact on the carrying amounts of assets and liabilities of the institution.

- expected credit losses under IFRS 9, 'Financial Instruments';
- provisions and contingent liabilities under IAS 37, including onerous contracts; and
- going concern assumption used for the preparation of these financial statements

According to management's assessment, there is no significant accounting impact of the effects of COVID-19 in these financial statements.

25 AUTHORISATION FOR ISSUE

These financial statements were approved by the College's board of directors and authorised for issue on____________.

CHIEF EXECUTIVE OFFICER

DIRECTOR