

# AFZAAL MEMORIAL THALASSEMIA FOUNDATION

AUDITED FINANCIAL STATEMENTS FOR THE  
YEAR ENDED JUNE 30, 2015

## AUDITORS' REPORT TO THE EXECUTIVE COMMITTEE

We have audited the annexed balance sheet of the **Afzaal Memorial Thalassemia Foundation** (the Foundation) as at June 30, 2015 and the related income and expenditure account, cash flow statement and statement of changes in funds together with the notes forming part thereof (here-in-after referred to as the "financial statements") for the year then ended.

It is the responsibility of the Executive Committee to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved accounting standards as applicable in Pakistan. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as, evaluating the overall presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements present fairly in all material respects, the financial position of the Foundation as at June 30, 2015 and of its **surplus**, cash flows and changes in funds for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

## Other Matter:

We wish to draw your attention towards the fact that the Foundation, as is common with other organizations of a similar size and nature, derives a material portion of its receipts in cash and cash equivalents, which cannot be fully controlled until they are entered in the accounting records and are not, therefore, susceptible to independent audit verification. We accepted assurance from the Executive Committee that all the transactions have been reflected in the enclosed financial statements.

Date: 27 FEB 2016  
Karachi

Name of engagement partner: Urooj Ahmed

AABaig & Co.  
A A BAIG & CO.  
CHARTERED ACCOUNTANTS  
AAB & Co.

**AFZAAL MEMORIAL THALASSEMIA FOUNDATION**  
**BALANCE SHEET**  
**AS AT JUNE 30, 2015**

ASSETS	Note	2015 Rupees	2014 Rupees
<b>NON-CURRENT ASSETS</b>			
Property and equipment	5	23,715,564	20,774,994
Capital work in progress - Building	6	23,910,337	9,618,800
Intangible asset - Computer software	7	654,022	97,129
Long term deposit		3,012,000	2,862,000
		51,291,923	33,352,923
<b>CURRENT ASSETS</b>			
Stock - in - trade	11.1	1,135,269	2,172,059
Advances, deposits, prepayments and other receivables	8	818,255	791,800
Cash and bank balances	9	8,905,577	5,220,852
		10,859,101	8,184,711
		<u>62,151,024</u>	<u>41,537,634</u>
<b>FUND AND LIABILITIES</b>			
General fund		39,533,990	28,713,184
<b>CURRENT LIABILITIES</b>			
Creditors and accrued expenses	10	22,617,034	12,824,450
		<u>62,151,024</u>	<u>41,537,634</u>

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

  
 \_\_\_\_\_  
 PRESIDENT

  
 \_\_\_\_\_  
 CHIEF EXECUTIVE

  
 \_\_\_\_\_  
 SECRETARY

  
 \_\_\_\_\_  
 TREASURER



**AFZAAL MEMORIAL THALASSEMIA FOUNDATION**  
**INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED JUNE 30, 2015**

INCOME	Note	2015 Rupees	2014 Rupees
Donation / Zakat / Others In cash / cheque		119,766,750	95,922,501
<b>EXPENDITURE</b>			
Operating expenses	11	70,788,868	56,753,260
Administrative expenses	12	38,157,076	32,385,099
		108,945,944	89,138,359
<b>SURPLUS FOR THE YEAR BEFORE TAXATION</b>		10,820,806	6,784,142
Taxation	13	-	-
<b>SURPLUS BROUGHT FORWARD</b>		28,713,184	21,929,042
<b>ACCUMULATED SURPLUS CARRIED FORWARD</b>		39,533,990	28,713,184
		<i>AAG 5/10</i>	

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

  
**PRESIDENT**

  
**CHIEF EXECUTIVE**

  
**SECRETARY**

  
**TREASURER**

**AFZAAL MEMORIAL THALASSEMIA FOUNDATION**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2015**

<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>Note</b>	<b>2015 Rupees</b>	<b>2014 Rupees</b>
Surplus for the year		10,820,806	6,784,142
Adjustment for non - cash charges and other items:			
Depreciation and amortization		5,091,806	4,361,455
<b>Operating surplus before working capital changes</b>		<u>15,912,612</u>	<u>11,145,597</u>
<b>Increase in current assets :</b>			
Decrease / (Increase) in stock		1,036,790	(820,557)
(Increase) / Decrease in advance prepayments and other receivables		(26,455)	179,300
Increase in creditors and accrued expenses		9,792,584	8,398,509
		<u>10,802,919</u>	<u>7,757,252</u>
Net cash used in operating activities		26,715,531	18,902,849
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of fixed and intangible assets		(8,589,269)	(6,992,849)
Addition in Capital Work in progress		(14,291,537)	(9,618,800)
Long term deposits		<u>(150,000)</u>	<u>(600,000)</u>
Net cash used in investing activities		(23,030,806)	(17,211,649)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Net increase in cash and cash equivalents		3,684,725	1,691,200
Cash and cash equivalents at the beginning of the year		5,220,852	3,529,652
Cash and cash equivalents at the end of the year		<u><u>8,905,577</u></u>	<u><u>5,220,852</u></u>
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>			
Cash and bank balance	9	<u><u>8,905,577</u></u>	<u><u>5,220,852</u></u>

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

  
**PRESIDENT**

  
**CHIEF EXECUTIVE**

  
**SECRETARY**

  
**TREASURER**

AFZAAL MEMORIAL THALASSEMIA FOUNDATION  
STATEMENT OF CHANGES IN FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

	2015 Rupees	2014 Rupees
<u>General fund</u>		
Balances at the beginning for the year	28,713,184	21,929,042
Surplus for the year	10,820,806	6,784,142
Balance at the end of the year	<u>39,533,990</u>	<u>28,713,184</u>

*As per Co.*

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



PRESIDENT



CHIEF EXECUTIVE



SECRETARY



TREASURER



**AFZAAL MEMORIAL THALASSEMIA FOUNDATION**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**1. STATUS AND NATURE OF ACTIVITIES**

Afzaal Memorial Thalassemia Foundation (the Foundation) is a non-profitable organization registered under the Societies Registration Act, XXI of 1860 in Pakistan on November 24, 2003. The Foundation is situated at Room. No. 04, Mercantile Centre Marriot Road Bolton Market Karachi.

The purpose of the Foundation is to promote charitable, medical and health of humanity at large and in particular to promote the welfare of the children suffering from thalassemia by such ways and means as the Executive Committee may from time to time determine.

**2. BASIS OF PREPARATION**

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

**3. STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved Accounting Standards comprise of Accounting and Financial Reporting Standards for Small-Sized Entities (SSEs) issued by the Institute of Chartered Accountants of Pakistan.

**4. SIGNIFICANT ACCOUNTING POLICIES**

**a) Property and equipment**

These are stated at cost less accumulated depreciation and impairment, if any.

Depreciation is charged to income applying the diminishing balance method, whereby the cost of an asset is written-off over its estimated useful life. Depreciation on additions is charged from the date of acquisition of asset whereas depreciation on disposals is charged till the date of disposal.

Gain or loss on disposal of fixed assets is taken to income currently.

Normal repairs and maintenance costs are charged to income currently. Major renewals and improvements are capitalized.

**b) Intangible assets**

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged to income applying the diminishing balance method, whereby the cost of an asset is written-off over its estimated useful life.

**c) Impairment**

The Foundation assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists the Foundation makes an estimate of the assets' recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

**d) Stock - pharmaceutical supplies**

These are stated at lower of net realizable value and cost determined through the weighted average method.

**e) Revenue recognition**

Donations and Zakat in cash are recognized on a receipt basis.

**f) Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and bank balances.

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g) **Financial instruments**

All financial assets and financial liabilities are recognized at the time when the Foundation becomes party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the Foundation loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is when the obligation specified in the contract is discharged, cancelled, or expired. Any gain or loss on recognition/de-recognition of the financial liabilities is taken to income and expenditure account currently.

h) **Trade and other payables**

Liabilities for trade and other amounts payable are recognized and carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Foundation.

**5. PROPERTY AND EQUIPMENT**

	Cost			Accumulated Depreciation			WDV	Rate
	As at July 1, 2014	Additions	As at June 30, 2015	As at July 1, 2014	For the year	As at June 30, 2015	As at June 30, 2015	
	(Rupees)							%
Computer equipment	2,622,266	458,670	3,080,936	1,154,770	556,832	1,711,602	1,369,334	33
Equipment	26,524,714	5,944,030	32,468,744	10,318,157	3,638,680	13,956,837	18,511,907	20
Air-Conditioners	702,471	1,423,920	2,126,391	207,539	336,650	544,189	1,582,202	20
Library books	50,020	-	50,020	35,056	2,244	37,300	12,720	15
Furniture and fittings	1,164,155	176,449	1,340,604	605,986	121,516	727,504	613,100	20
Generators	1,375,300	-	1,375,300	427,194	189,621	616,815	758,485	20
Vehicle	1,654,900	-	1,654,900	570,130	216,954	787,084	867,816	20
<b>2015</b>	<b>34,093,826</b>	<b>8,003,069</b>	<b>42,096,895</b>	<b>13,318,832</b>	<b>5,062,499</b>	<b>18,381,331</b>	<b>23,715,564</b>	
<b>2014</b>	<b>27,100,977</b>	<b>6,992,849</b>	<b>34,093,826</b>	<b>8,968,169</b>	<b>4,350,663</b>	<b>13,318,832</b>	<b>20,774,994</b>	

**6. WORK IN PROGRESS (BUILDING)**

	2015 Rupees	2014 Rupees
Opening Balance	9,618,800	-
Addition	14,291,537	9,618,800
Closing balance	<u>23,910,337</u>	<u>9,618,800</u>

**7. INTANGIBLE ASSET**

	Cost			Accumulated Amortization			WDV	Rate
	As at July 1, 2014	Additions	As at June 30, 2015	As at July 1, 2014	For the year	As at June 30, 2015	As at June 30, 2015	
	(Rupees)							%
Computer software	205,000	586,200	791,200	107,871	29,307	137,178	654,022	10
<b>2015</b>	<b>205,000</b>	<b>586,200</b>	<b>791,200</b>	<b>107,871</b>	<b>29,307</b>	<b>137,178</b>	<b>654,022</b>	
<b>2014</b>	<b>205,000</b>	<b>-</b>	<b>205,000</b>	<b>97,079</b>	<b>10,792</b>	<b>107,871</b>	<b>97,129</b>	

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	Note	2015 Rupees	2014 Rupees
<b>8. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>			
Advance to employees		234,500	205,600
Prepayments		583,755	-
Advance for development of software		-	586,200
		<u>818,255</u>	<u>791,800</u>
<b>9. CASH AND BANK BALANCES</b>			
Cash with bank - local currency current account		8,901,427	5,211,927
Cash in hand		4,150	8,925
		<u>8,905,577</u>	<u>5,220,852</u>
<b>10. CREDITORS AND ACCRUED EXPENSES</b>			
Creditors		15,850,662	6,671,447
Accrued expenses		6,534,888	6,106,450
Withholding tax		231,484	46,553
		<u>22,617,034</u>	<u>12,824,450</u>
<b>11. OPERATING EXPENSES</b>			
Pharmaceutical supplies consumed	11.1	15,393,676	13,549,203
Medical, Para Medical and Lab. Staff Salary		25,068,060	19,321,120
Hospital treatment	11.2	2,248,649	2,050,575
Laboratory	11.3	21,544,070	16,526,112
Food for patient		920,624	611,300
Patient Conveyance		468,092	357,750
Patient welfare and educational activities		363,020	-
Patient consumable store		1,050,829	936,381
Hospital wastage		93,168	63,768
Hospital equipment depreciation	5	3,638,680	3,337,051
		<u>70,788,868</u>	<u>56,753,260</u>
<b>11.1 Pharmaceutical supplies consumed</b>			
Opening stock		2,172,059	1,351,502
Purchase		14,356,886	14,369,760
		16,528,945	15,721,262
Closing Stock		1,135,269	2,172,059
Consumption		<u>15,393,676</u>	<u>13,549,203</u>
<b>11.2 Hospital treatment</b>			
These represent expenses incurred for treatment of patients admitted in hospitals approved by the Foundation			
<b>11.3 Laboratory</b>			
These represent expenses incurred on laboratory test and ultrasounds of the patients.			

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	Note	2015 Rupees	2014 Rupees
<b>12. ADMINISTRATIVE EXPENSES</b>			
Staff salaries		12,967,223	10,091,675
Postage, printing and stationery		382,434	1,065,957
Utilities		5,331,632	3,947,953
Rent		5,520,948	4,701,882
Repairs and maintenance		1,588,150	877,616
Computer expense		397,154	605,218
Travelling		1,877,062	-
conveyance		1,279,697	1,362,304
Advertisement and marketing expenses		4,061,950	5,401,575
Depreciation	5	1,423,819	1,013,612
Amortization	6	29,307	10,792
Security guards		388,850	329,764
Fees and subscription		626,306	343,002
Educational activities		417,830	1,442,894
Drinking water		521,382	209,490
Consumable store		701,818	624,254
Insurance expense		318,128	27,188
Exchange loss		2,690	-
Bank charges		53,226	29,757
Miscellaneous expense		22,020	19,950
Uniform / laundry		245,450	280,216
		<b>38,157,076</b>	<b>32,385,099</b>

### 13. TAXATION

The Foundation, being a welfare organization, is exempt from income tax on sources of income specified under clause (c) of sub-section 38 of section 2 of the Income Tax Ordinance, 2001 read with rule 212 of the Income Tax Rules, 2002 accorded to the Society vide letter No. CIT/COS.V/2006/1422.

### 14. DATE OF AUTHORIZATION

These financial statements were authorized for issue by the Executive Committee on 27 FEB 2016.

### 15. GENERAL

Figures have been rounded off to the nearest rupee. *AA8620*

  
PRESIDENT

  
CHIEF EXECUTIVE

  
SECRETARY

  
TREASURER