

# AFZAAL MEMORIAL THALASSEMIA FOUNDATION

AUDITED FINANCIAL STATEMENTS FOR THE  
YEAR ENDED JUNE 30, 2016



**INDEPENDENT AUDITORS' REPORT TO THE EXECUTIVE COMMITTEE**

We have audited the accompanying financial statements of **Afzaal Memorial Thalassemia Foundation** (the Foundation), which comprise of the balance sheet as at June 30, 2016, and the income and expenditure account, the statement of changes in funds and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

***Management's Responsibility for the Financial Statements***

The Executive Committee is responsible for the preparation and fair presentation of these financial statements in accordance with the approved accounting standards as applicable in Pakistan, and for such internal control as the Executive Committee determine(s) is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the approved auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Executive Committee, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements present fairly, in all material respects, the financial position of Afzaal Memorial Thalassemia Foundation as at June 30, 2016, and of its financial performance and its cash flows for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

AAB/10





ATZAL MEMORIAL TRUST FOUNDATION  
BALANCE SHEET  
AS AT JUNE 30, 2016

**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.

Property and equipment  
Capital work in progress - Building  
Computer software

Date: 02 FEB 2017

Karachi

Name of engagement partner: Urooj Ahmed

5	24,094,225	23,715,554
6	28,482,490	23,910,224
7	556,620	3,062,000
	67,122,335	50,637,778

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

Stock - in - trade  
Advances, deposits, prepayments and other receivables  
Cash and bank balances

11.1	1,855,738	1,125,289
8	2,281,910	818,266
9	11,319,582	8,505,577
	15,457,230	10,459,132
	<u>72,986,343</u>	<u>62,151,024</u>

**FUND AND LIABILITIES**

General fund 41,707,382 39,633,930

**CURRENT LIABILITIES**

Creditors and accrued expenses 10 22,408,951 22,817,034

	<u>72,986,343</u>	<u>62,151,024</u>
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The annexed notes form an integral part of these financial statements.

PRESIDENT

CHIEF EXECUTIVE

SECRETARY

TREASURER

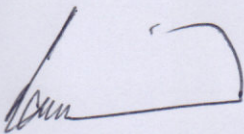


**AFZAAL MEMORIAL THALASSEMIA FOUNDATION**  
**BALANCE SHEET**  
**AS AT JUNE 30, 2016**

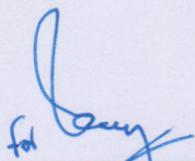
<b>ASSETS</b>	<b>Note</b>	<b>2016 Rupees</b>	<b>2015 Rupees</b>
<b>NON-CURRENT ASSETS</b>			
Property and equipment	5	24,984,225	23,715,564
Capital work in progress - Building	6	28,492,490	23,910,337
Intangible asset - Computer software	7	588,620	654,022
Long term deposit		3,062,000	3,012,000
		57,127,335	51,291,923
<b>CURRENT ASSETS</b>			
Stock - in - trade	11.1	1,858,736	1,135,269
Advances, deposits, prepayments and other receivables	8	2,291,610	818,255
Cash and bank balances	9	11,318,662	8,905,577
		15,469,008	10,859,101
		<u><u>72,596,343</u></u>	<u><u>62,151,024</u></u>
<b>FUND AND LIABILITIES</b>			
General fund		49,707,392	39,533,990
<b>CURRENT LIABILITIES</b>			
Creditors and accrued expenses	10	22,888,951	22,617,034
		<u><u>72,596,343</u></u>	<u><u>62,151,024</u></u>

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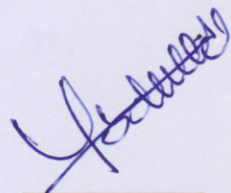
The annexed notes form an integral part of these financial statements.



**PRESIDENT**



**CHIEF EXECUTIVE**



**SECRETARY**



**TREASURER**

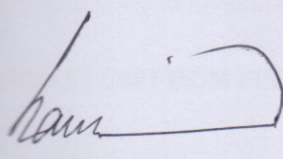


**AFZAAL MEMORIAL THALASSEMIA FOUNDATION**  
**INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED JUNE 30, 2016**

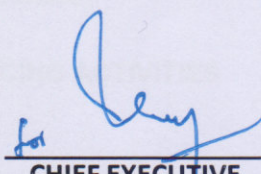
INCOME	Note	2016 Rupees	2015 Rupees
Donation / Zakat / Others			
In cash / cheque		137,692,584	119,766,750
<b>EXPENDITURE</b>			
Operating expenses	11	83,172,315	70,788,868
Administrative expenses	12	44,346,867	38,157,076
		127,519,182	108,945,944
<b>SURPLUS FOR THE YEAR BEFORE TAXATION</b>		10,173,402	10,820,806
Taxation	13	-	-
<b>SURPLUS BROUGHT FORWARD</b>		39,533,990	28,713,184
<b>ACCUMULATED SURPLUS CARRIED FORWARD</b>		<u>49,707,392</u>	<u>39,533,990</u>

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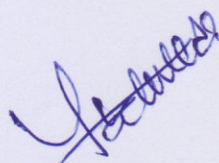
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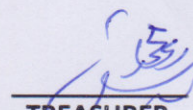
PRESIDENT



CHIEF EXECUTIVE



SECRETARY



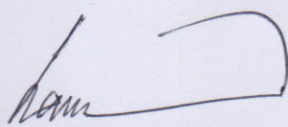
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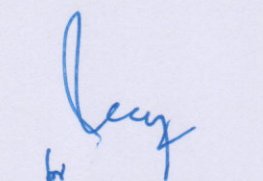
**AFZAAL MEMORIAL THALASSEMIA FOUNDATION**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2016**

<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>Note</b>	<b>2016 Rupees</b>	<b>2015 Rupees</b>
Surplus for the year		10,173,402	10,820,806
Adjustment for non - cash charges and other items:			
Depreciation and amortization		5,402,967	5,091,806
<b>Operating surplus before working capital changes</b>		<u>15,576,369</u>	<u>15,912,612</u>
<b>Increase in current assets :</b>			
Decrease / (Increase) in stock		(723,467)	1,036,790
(Increase) in advance prepayments and other receivables		(1,473,355)	(26,455)
Increase in creditors and accrued expenses		271,917	9,792,584
		<u>(1,924,905)</u>	<u>10,802,919</u>
Net cash used in operating activities		13,651,464	26,715,531
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of fixed and intangible assets		(6,606,226)	(8,589,269)
Addition in Capital Work in progress		(4,582,153)	(14,291,537)
Long term deposits		<u>(50,000)</u>	<u>(150,000)</u>
Net cash used in investing activities		(11,238,379)	(23,030,806)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		-	-
Net increase in cash and cash equivalents		2,413,085	3,684,725
Cash and cash equivalents at the beginning of the year		8,905,577	5,220,852
Cash and cash equivalents at the end of the year		<u><u>11,318,662</u></u>	<u><u>8,905,577</u></u>
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>			
Cash and bank balance	9	<u><u>11,318,662</u></u> AAB 26.	<u><u>8,905,577</u></u>

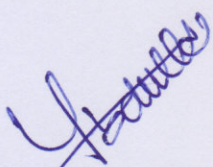
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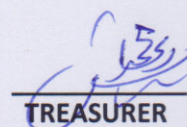
**PRESIDENT**



**CHIEF EXECUTIVE**



**SECRETARY**



**TREASURER**

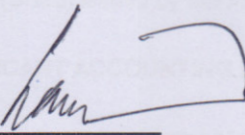


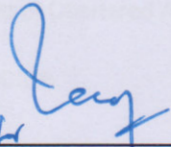
**AFZAAL MEMORIAL THALASSEMIA FOUNDATION**  
**STATEMENT OF CHANGES IN FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

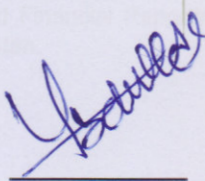
	2016 Rupees	2015 Rupees
<b><u>General fund</u></b>		
Balances at the beginning for the year	39,533,990	28,713,184
Surplus for the year	10,173,402	10,820,806
Balance at the end of the year	<u><u>49,707,392</u></u>	<u><u>39,533,990</u></u>

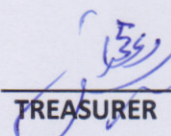
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The annexed notes form an integral part of these financial statements.

  
**PRESIDENT**

  
**CHIEF EXECUTIVE**

  
**SECRETARY**

  
**TREASURER**



**AFZAAL MEMORIAL THALASSEMIA FOUNDATION**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**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, 2015	Additions	As at June 30, 2016	As at July 1, 2015	For the year	As at June 30, 2016	As at June 30, 2016	
	(Rupees)							%
Computer equipment	3,080,936	738,460	3,819,396	1,711,602	572,907	2,284,509	1,534,887	33
Equipment	32,468,744	2,767,744	35,236,488	13,956,837	3,848,369	17,805,206	17,431,282	20
Air-Conditioners	2,126,391	420,540	2,546,931	544,189	347,357	891,546	1,655,385	20
Library books	50,020		50,020	37,300	1,908	39,208	10,812	15
Furniture and fittings	1,340,604	368,890	1,709,494	727,504	174,182	901,686	807,808	20
Generators	1,375,300	-	1,375,300	616,815	151,697	768,512	606,788	20
Vehicle	1,654,900	2,310,592	3,965,492	787,084	241,145	1,028,229	2,937,263	20
<b>2016</b>	<b>42,096,895</b>	<b>6,606,226</b>	<b>48,703,121</b>	<b>18,381,331</b>	<b>5,337,565</b>	<b>23,718,896</b>	<b>24,984,225</b>	
<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>	

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

	2016 Rupees	2015 Rupees
Opening Balance	23,910,337	9,618,800
Addition	4,582,153	14,291,537
Closing balance	<u>28,492,490</u>	<u>23,910,337</u>

**7. INTANGIBLE ASSET**

	Cost			Accumulated Amortization			WDV	Rate
	As at July 1, 2015	Additions	As at June 30, 2016	As at July 1, 2015	For the year	As at June 30, 2016	As at June 30, 2016	
	(Rupees)							%
Computer software	791,200		791,200	137,178	65,402	202,580	588,620	10
<b>2016</b>	<b>791,200</b>	<b>-</b>	<b>791,200</b>	<b>137,178</b>	<b>65,402</b>	<b>202,580</b>	<b>588,620</b>	
<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>	

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	Note	2016 Rupees	2015 Rupees
<b>8. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>			
Advance to employees		791,190	234,500
Prepayments		<u>1,500,420</u>	<u>583,755</u>
		<u><b>2,291,610</b></u>	<u><b>818,255</b></u>
<b>9. CASH AND BANK BALANCES</b>			
Cash with bank - local currency current account		11,311,027	8,901,427
Cash in hand		<u>7,635</u>	<u>4,150</u>
		<u><b>11,318,662</b></u>	<u><b>8,905,577</b></u>
<b>10. CREDITORS AND ACCRUED EXPENSES</b>			
Creditors		21,033,798	15,850,662
Accrued expenses		1,738,108	6,534,888
Withholding tax		<u>117,045</u>	<u>231,484</u>
		<u><b>22,888,951</b></u>	<u><b>22,617,034</b></u>
<b>11. OPERATING EXPENSES</b>			
Pharmaceutical supplies consumed	11.1	15,429,350	15,393,676
Medical, Para Medical and Lab. Staff Salary		29,926,517	25,068,060
Hospital treatment	11.2	2,217,196	2,248,649
Laboratory	11.3	27,451,021	21,544,070
Food for patient		1,221,237	920,624
Patient Conveyance		743,179	468,092
Patient welfare and educational activities		392,766	363,020
Patient consumable store		1,713,552	1,050,829
Hospital wastage		229,128	93,168
Hospital equipment depreciation	5	<u>3,848,369</u>	<u>3,638,680</u>
		<u><b>83,172,315</b></u>	<u><b>70,788,868</b></u>
<b>11.1 Pharmaceutical supplies consumed</b>			
Opening stock		1,135,269	2,172,059
Purchase		<u>16,152,817</u>	<u>14,356,886</u>
		17,288,086	16,528,945
Closing Stock		<u>1,858,736</u>	<u>1,135,269</u>
Consumption		<u><b>15,429,350</b></u>	<u><b>15,393,676</b></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	2016 Rupees	2015 Rupees
<b>12. ADMINISTRATIVE EXPENSES</b>			
Staff salaries		16,635,229	12,967,223
Postage, printing and stationery		534,389	382,434
Utilities		7,892,016	5,331,632
Rent		5,989,318	5,520,948
Repairs and maintenance		1,494,579	1,588,150
Computer expense		482,316	397,154
Travelling		756,343	1,877,062
conveyance		1,141,558	1,279,697
Advertisement and marketing expenses		3,249,238	4,061,950
Depreciation	5	1,489,196	1,423,819
Amortization	6	65,402	29,307
Security guards		42,700	388,850
Fees and subscription		404,204	626,306
Educational activities		444,928	417,830
Drinking water		251,179	521,382
Consumable store		1,142,368	701,818
Insurance expense		1,960,157	318,128
Exchange loss		-	2,690
Bank charges		81,558	53,226
Miscellaneous expense		4,030	22,020
Uniform / laundry		286,159	245,450
		<u>44,346,867</u>	<u>38,157,076</u>

#### 13. TAXATION

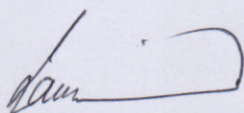
The Foundation, being a welfare organization, is exempt from income tax on sources of income specified under clause (c) of sub-section 36 of section 2 of the Income Tax Ordinance, 2001 read with rule 212 of the Income Tax Rules, 2002 accorded to the Society vide letter No. CIT/COS.V/2006/1422.

#### 14. DATE OF AUTHORIZATION

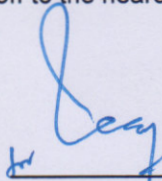
These financial statements were authorized for issue by the Executive Committee on \_\_\_\_\_.

#### 15. GENERAL

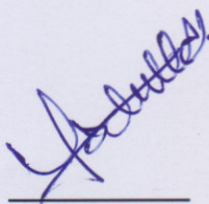
Figures have been rounded off to the nearest rupee. *AAB-26*



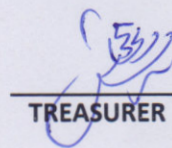
PRESIDENT



CHIEF EXECUTIVE



SECRETARY



TREASURER