

AFZAAL MEMORIAL THALASSEMIA FOUNDATION

AUDITED FINANCIAL STATEMENTS FOR THE
YEAR ENDED JUNE 30, 2017

INDEPENDENT AUDITOR'S REPORT TO THE EXECUTIVE COMMITTEE OF FOUNDATION**Opinion**

We have audited the financial statements of **Afzaal Memorial Thalassemia Foundation** (the Foundation), which comprise the balance sheet as at June 30, 2017 and the income and expenditure account, the statement of changes in funds and the cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at June 30, 2017 and its financial performance and its cash flows for the year then ended in accordance with approved accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Foundation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The Executive Committee is responsible for the preparation and fair presentation of the financial statements in accordance with the approved accounting and reporting standards as applicable in Pakistan, and for such internal control as the Executive Committee 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, Executive Committee is responsible for assessing the Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Foundation'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.

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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 Foundation'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 Foundation'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 Foundation 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Date: 19 DEC 2017
Karachi

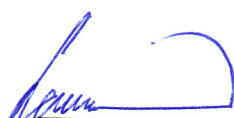
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CHARTERED ACCOUNTANTS
AAB 370

Name of engagement partner: Urooj Ahmed

AFZAAL MEMORIAL THALASSEMIA FOUNDATION
BALANCE SHEET
AS AT JUNE 30, 2017

| ASSETS | Note | 2017 Rupees | 2016 Rupees |
|---|------|-------------------|-------------------|
| NON-CURRENT ASSETS | | | |
| Property and equipment | 5 | 48,846,452 | 24,984,225 |
| Capital work in progress - Building | 6 | - | 28,492,490 |
| Intangible asset - Computer software | 7 | 529,758 | 588,620 |
| Long term deposit | | 3,068,500 | 3,062,000 |
| | | 52,444,710 | 57,127,335 |
| CURRENT ASSETS | | | |
| Stock - in - trade | 11.1 | 1,483,292 | 1,858,736 |
| Advances, deposits, prepayments and other receivables | 8 | 2,350,513 | 2,291,610 |
| Cash and bank balances | 9 | 8,219,638 | 11,318,662 |
| | | 12,053,443 | 15,469,008 |
| | | <u>64,498,153</u> | <u>72,596,343</u> |
| FUND AND LIABILITIES | | | |
| General fund | | 50,177,146 | 49,707,392 |
| CURRENT LIABILITIES | | | |
| Creditors and accrued expenses | 10 | 14,321,007 | 22,888,951 |
| | | <u>64,498,153</u> | <u>72,596,343</u> |

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, 2017

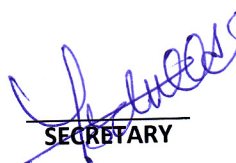
| INCOME | Note | 2017 Rupees | 2016 Rupees |
|---|------|-------------------|-------------------|
| Donation / Zakat / Others | | 134,359,199 | 137,692,584 |
| In cash / cheque | | 4,087,500 | - |
| Donation in Kind | | 138,446,699 | 137,692,584 |
| EXPENDITURE | | | |
| Operating expenses | 11 | 87,013,252 | 83,172,315 |
| Administrative expenses | 12 | 51,360,083 | 44,346,867 |
| | | 138,373,335 | 127,519,182 |
| Operating profit | | 73,364 | 10,173,402 |
| Other income | 13 | 396,390 | - |
| SURPLUS FOR THE YEAR BEFORE TAXATION | | 469,754 | 10,173,402 |
| Taxation | 14 | - | - |
| SURPLUS BROUGHT FORWARD | | 49,707,392 | 39,533,990 |
| ACCUMULATED SURPLUS CARRIED FORWARD | | <u>50,177,146</u> | <u>49,707,392</u> |

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PRESIDENT


CHIEF EXECUTIVE


SECRETARY



TREASURER

AFZAAL MEMORIAL THALASSEMIA FOUNDATION
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

| | Note | 2017 Rupees | 2016 Rupees |
|---|------|-------------------------|--------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Surplus for the year | | 469,754 | 10,173,402 |
| Adjustment for non - cash charges and other items: | | | |
| Depreciation and amortization | | 11,916,520 | 5,402,967 |
| Other income | | (396,390) | - |
| Operating surplus before working capital changes | | <u>11,989,884</u> | <u>15,576,369</u> |
| Decrease / (Increase) in stock | | 375,444 | (723,467) |
| (Increase) in advance prepayments and other receivables | | (58,903) | (1,473,355) |
| Increase in creditors and accrued expenses | | (8,567,944) | 271,917 |
| | | <u>(8,251,403)</u> | <u>(1,924,905)</u> |
| Net cash generated from operating activities | | <u>3,738,481</u> | <u>13,651,464</u> |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Purchase of fixed and intangible assets | | (6,267,560) | (6,606,226) |
| Addition in Capital Work in progress | | (1,163,445) | (4,852,153) |
| Sale proceeds on disposal of fixed assets | | 600,000 | |
| Long term deposits | | (6,500) | (50,000) |
| Net cash used in investing activities | | <u>(6,837,505)</u> | <u>(11,508,379)</u> |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Net increase in cash and cash equivalents | | (3,099,024) | 2,413,085 |
| Cash and cash equivalents at the beginning of the year | | 11,318,662 | 8,905,577 |
| Cash and cash equivalents at the end of the year | | <u><u>8,219,638</u></u> | <u><u>11,318,662</u></u> |
| CASH AND CASH EQUIVALENTS COMPRISE: | | | |
| Cash and bank balance | 9 | <u><u>8,219,638</u></u> | <u><u>11,318,662</u></u> |

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


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AFZAAL MEMORIAL THALASSEMIA FOUNDATION
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

| | 2017 Rupees | 2016 Rupees |
|--|-------------------------------------|-------------------|
| <u>General fund</u> | | |
| Balances at the beginning for the year | 49,707,392 | 39,533,990 |
| Surplus for the year | 469,754 | 10,173,402 |
| Balance at the end of the year | <u>50,177,146</u> <i>AABslo.</i> | <u>49,707,392</u> |

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



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CHIEF EXECUTIVE



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AFZAAL MEMORIAL THALASSEMIA FOUNDATION
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2017

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 the welfare 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 Revised 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 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, 2016 | Additions | As at June 30, 2017 | As at July 1, 2016 | For the year | As at June 30, 2017 | As at June 30, 2017 | |
| | (Rupees) | | | | | | | % |
| Computer equipment | 3,819,396 | 383,225 | 4,202,621 | 2,284,509 | 608,342 | 2,892,851 | 1,309,770 | 33 |
| Building | - | 29,655,935 | 29,655,935 | - | 5,806,830 | 5,806,830 | 23,849,105 | 20 |
| Equipment | 35,236,488 | 5,434,285 | 40,670,773 | 17,805,206 | 4,196,575 | 22,001,781 | 18,668,992 | 20 |
| Air-Conditioners | 2,546,931 | 98,000 | 2,644,931 | 891,546 | 337,559 | 1,229,105 | 1,415,826 | 20 |
| Library books | 50,020 | - | 50,020 | 39,208 | 1,622 | 40,830 | 9,190 | 15 |
| Furniture and fittings | 1,709,494 | 232,050 | 1,941,544 | 901,686 | 178,653 | 1,080,339 | 861,205 | 20 |
| Generators | 1,375,300 | - | 1,375,300 | 768,512 | 121,358 | 889,870 | 485,430 | 20 |
| Vehicle | 3,965,492 | 120,000 (881,900) | 3,203,592 | 1,028,229 | 606,719 (678,290) | 956,658 | 2,246,934 | 20 |
| 2017 | 48,703,121 | 35,923,495 (881,900) | 83,744,716 | 23,718,896 | 11,857,658 (678,290) | 34,898,264 | 48,846,452 | |
| 2016 | 42,096,895 | 6,606,226 | 48,703,121 | 18,381,331 | 5,337,565 | 23,718,896 | 24,984,225 | |

6. CAPITAL WORK IN PROGRESS - BUILDING

| | 2017 Rupees | 2016 Rupees |
|--------------------------|----------------|-------------------|
| Opening Balance | 28,492,490 | 23,910,337 |
| Addition | 1,163,445 | 4,582,153 |
| Transfer to Fixed Assets | (29,655,935) | |
| Closing balance | <u>-</u> | <u>28,492,490</u> |

7. INTANGIBLE ASSET

| | Cost | | | Accumulated Amortization | | | WDV | Rate |
|-------------------|--------------------|-----------|---------------------|--------------------------|---------------|---------------------|---------------------|------|
| | As at July 1, 2016 | Additions | As at June 30, 2017 | As at July 1, 2016 | For the year | As at June 30, 2017 | As at June 30, 2017 | |
| | (Rupees) | | | | | | | % |
| Computer software | 791,200 | - | 791,200 | 202,580 | 58,862 | 261,442 | 529,758 | 10 |
| 2017 | 791,200 | - | 791,200 | 202,580 | 58,862 | 261,442 | 529,758 | |
| 2016 | 791,200 | - | 791,200 | 137,178 | 65,402 | 202,580 | 588,620 | |

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| | Note | 2017 Rupees | 2016 Rupees |
|--|------|--------------------------|--------------------------|
| 8. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES | | | |
| Advance to employees | | 761,693 | 791,190 |
| Prepayments | | <u>1,588,820</u> | <u>1,500,420</u> |
| | | <u>2,350,513</u> | <u>2,291,610</u> |
| 9. CASH AND BANK BALANCES | | | |
| Cash with bank - local currency current account | | 8,212,156 | 11,311,027 |
| Cash in hand | | <u>7,482</u> | <u>7,635</u> |
| | | <u>8,219,638</u> | <u>11,318,662</u> |
| 10. CREDITORS AND ACCRUED EXPENSES | | | |
| Creditors | | 12,919,380 | 21,033,798 |
| Accrued expenses | | 1,115,310 | 1,738,108 |
| Withholding tax | | <u>286,317</u> | <u>117,045</u> |
| | | <u>14,321,007</u> | <u>22,888,951</u> |
| 11. OPERATING EXPENSES | | | |
| Pharmaceutical supplies consumed | 11.1 | 18,739,614 | 15,429,350 |
| Medical, para medical and lab. staff salary | | 28,084,231 | 29,926,517 |
| Hospital treatment | 11.2 | 1,843,425 | 2,217,196 |
| Laboratory | 11.3 | 28,627,352 | 27,451,021 |
| Food for patient | | 1,342,466 | 1,221,237 |
| Patient conveyance | | 764,377 | 743,179 |
| Patient welfare and educational activities | | 1,718,216 | 392,766 |
| Patient consumable store | | 1,444,948 | 1,713,552 |
| Hospital wastage | | 252,048 | 229,128 |
| Hospital equipment depreciation | 5 | <u>4,196,575</u> | <u>3,848,369</u> |
| | | <u>87,013,252</u> | <u>83,172,315</u> |
| 11.1 Pharmaceutical supplies consumed | | | |
| Opening stock | | 1,858,736 | 1,135,269 |
| Purchase | | <u>18,364,170</u> | <u>16,152,817</u> |
| | | 20,222,906 | 17,288,086 |
| Closing Stock | | <u>1,483,292</u> | <u>1,858,736</u> |
| Consumption | | <u>18,739,614</u> | <u>15,429,350</u> |
| 11.2 Hospital treatment | | | |
| These represent expenses incurred for treatment of patients admitted in hospitals approved by the Foundation | | | |
| 11.3 Laboratory | | | |
| These represent expenses incurred on laboratory test and ultrasounds of the patients. | | | |

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| | Note | 2017 Rupees | 2016 Rupees |
|--------------------------------------|------|-------------------|-------------------|
| 12. ADMINISTRATIVE EXPENSES | | | |
| Staff salaries | | 16,753,260 | 16,635,229 |
| Postage, printing and stationery | | 495,992 | 534,389 |
| Utilities | | 8,459,450 | 7,892,016 |
| Rent | | 6,206,759 | 5,989,318 |
| Repairs and maintenance | | 1,628,124 | 1,494,579 |
| Computer expense | | 728,777 | 482,316 |
| Travelling | | 1,317,457 | 756,343 |
| Conveyance | | 1,098,554 | 1,141,558 |
| Advertisement and marketing expenses | | 2,116,826 | 3,249,238 |
| Depreciation | 5 | 7,661,083 | 1,489,196 |
| Amortization | 7 | 58,862 | 65,402 |
| Security guards | | 363,398 | 42,700 |
| Fees and subscription | | 608,940 | 404,204 |
| Educational activities | | 326,000 | 444,928 |
| Drinking water | | 204,120 | 251,179 |
| Consumable store | | 967,272 | 1,142,368 |
| Insurance expense | | 1,686,364 | 1,960,157 |
| Bank charges | | 154,171 | 81,558 |
| Miscellaneous expense | | 33,552 | 4,030 |
| Uniform / laundry | | 491,122 | 286,159 |
| | | <u>51,360,083</u> | <u>44,346,867</u> |
| 13. Other income | | | |
| Gain on disposal of fixed assets | | <u>396,390</u> | <u>-</u> |

14. TAXATION

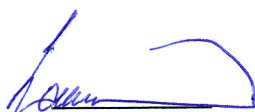
The Foundation, being a welfare organization, is exempt from income tax on sources of income specified under clause (c) of sub-section 36 of section 2 of the Income Tax Ordinance, 2001 read with rule 212 of the Income Tax Rules, 2002 accorded to the Society vide letter No. CIT/COS.V/2006/1422.

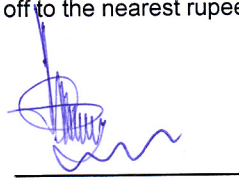
15. DATE OF AUTHORIZATION

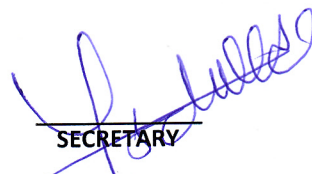
These financial statements were authorized for issue by the Executive Committee on 10-12-17.

16. GENERAL

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


PRESIDENT


CHIEF EXECUTIVE


SECRETARY


TREASURER