





**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, 2018 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, 2018 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.

**Other Information**

We wish to draw your attention towards the following points:

- The stock valuation reports initially provided to us for audit contained many errors, which although were rectified but raise doubt as to the working of overall stock management system. Similarly other reports e.g. Stock Ledgers were also provided with considerable delay and contained valuation errors. Based on alternative workings, adjustments were proposed which were agreed and incorporated in the accounts;
- Total expenses of the Foundation have been bifurcated in operating expenses and administrative expenses with some of the expenses being reclassified in the comparative figures of 2017.

**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.

AAB 20



### 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 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: 08 DEC 2018  
Karachi

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

Name of engagement partner: Urooj Ahmed



**AFZAAL MEMORIAL THALASSEMIA FOUNDATION**

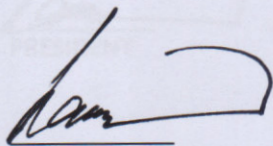
**BALANCE SHEET**

**AS AT JUNE 30, 2018**

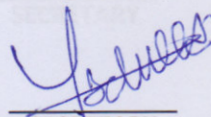
<b>ASSETS</b>	<b>Note</b>	<b>2018 Rupees</b>	<b>2017 Rupees</b>
<b>NON-CURRENT ASSETS</b>			
Property and equipment	5	44,927,805	48,846,452
Intangible asset - Computer software	7	476,782	529,758
Long term deposit		3,168,500	3,068,500
		48,573,087	52,444,710
<b>CURRENT ASSETS</b>			
Stock - in - trade	11.1	4,722,966	1,483,292
Advances, deposits, prepayments and other receivables	8	4,019,354	2,350,513
Cash and bank balances	9	23,222,222	8,219,638
		31,964,542	12,053,443
		<b>80,537,629</b>	<b>64,498,153</b>
<b>FUND AND LIABILITIES</b>			
General fund	14	66,534,801	50,177,146
<b>CURRENT LIABILITIES</b>			
Creditors and accrued expenses	10	14,002,828	14,321,007
		<b>80,537,629</b>	<b>64,498,153</b>

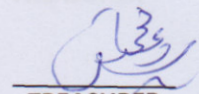
*ARB/20*

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

  
PRESIDENT

*Mr. Makh...*  
CHIEF EXECUTIVE  
*for*

  
SECRETARY

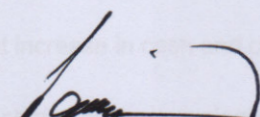
  
TREASURER

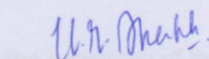


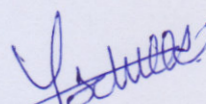
**AFZAAL MEMORIAL THALASSEMIA FOUNDATION**  
**INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED JUNE 30, 2018**

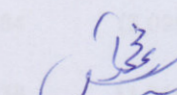
INCOME	Note	2018 Rupees	2017 Rupees
Donation / Zakat / Others			
In cash / cheque		146,476,988	134,359,199
Donation in kind		1,100,000	4,087,500
Depreciation and amortization		147,576,988	138,446,699
Other income			
<b>EXPENDITURE</b>			
Operating expenses	11	110,832,432	115,421,162
Administrative expenses	12	20,386,901	22,952,173
		131,219,333	138,373,335
Operating profit		16,357,655	73,364
Other income	13	-	396,390
<b>SURPLUS FOR THE YEAR BEFORE TAXATION</b>		16,357,655	469,754
Taxation	14	-	-
<b>SURPLUS BROUGHT FORWARD</b>		50,177,146	49,707,392
<b>ACCUMULATED SURPLUS CARRIED FORWARD</b>		<b>66,534,801</b>	<b>50,177,146</b>

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

  
**PRESIDENT**

  
**CHIEF EXECUTIVE**

  
**SECRETARY**

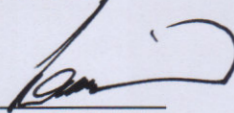
  
**TREASURER**

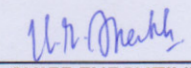


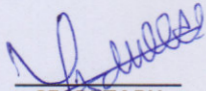
**AFZAAL MEMORIAL THALASSEMIA FOUNDATION**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2018**

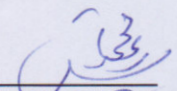
	Note	2018 Rupees	2017 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Surplus for the year		16,357,655	469,754
Adjustment for non - cash charges and other items:			
Depreciation and amortization		10,393,841	11,916,520
Other income		-	(396,390)
<b>Operating surplus before working capital changes</b>		<b>26,751,496</b>	<b>11,989,884</b>
<b>Increase in current assets :</b>			
Decrease / (Increase) in stock		(3,239,674)	375,444
(Increase) in advance prepayments and other receivables		(1,668,841)	(58,903)
Increase in creditors and accrued expenses		(318,179)	(8,567,944)
		(5,226,694)	(8,251,403)
Net cash used in operating activities		21,524,802	3,738,481
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of fixed and intangible assets		(6,422,218)	(6,267,560)
Addition in Capital Work in progress		-	(1,163,445)
Sales proceeds on disposal of fixed assets			600,000
Long term deposits		(100,000)	(6,500)
Net cash used in investing activities		(6,522,218)	(6,837,505)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Net increase in cash and cash equivalents		15,002,584	(3,099,024)
Cash and cash equivalents at the beginning of the year		8,219,638	11,318,662
Cash and cash equivalents at the end of the year		<b>23,222,222</b>	<b>8,219,638</b>
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>			
Cash and bank balance	9	<b>23,222,222</b>	<b>8,219,638</b>

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, 2018**

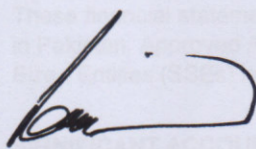
**1. STATUS AND NATURE OF ACTIVITIES**

	2018 Rupees	2017 Rupees
<b><u>General fund</u></b>		
Balances at the beginning for the year	50,177,146	49,707,392
Surplus for the year	16,357,655	469,754
Balance at the end of the year	<u><u>66,534,801</u></u>	<u><u>50,177,146</u></u>

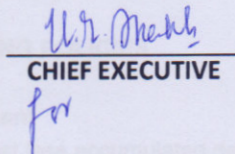
AABSL

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

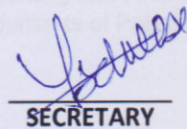
**2. STATEMENT OF COMPLIANCE**



**PRESIDENT**

  
for

**CHIEF EXECUTIVE**



**SECRETARY**



**TREASURER**

- 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 directly.  
Normal repairs and maintenance costs are charged to income currently. Major renewals and improvements are capitalised.
- Intangible assets  
Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any. Amortisation is charged to income applying the diminishing balance method, whereby the cost of an asset is written off over its estimated useful life.
- Impairment  
The Foundation examines 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 asset's 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.
- Stock - pharmaceutical supplies  
These are stated at cost or net realisable value and cost determined through the weighted average method.
- Revenue recognition  
Donations and Zakat in cash are recognized on a receipt basis.
- Cash and cash equivalents  
Cash and cash equivalents consist of cash in hand and bank balances.



## **AFZAAL MEMORIAL THALASSEMIA FOUNDATION**

### **NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED JUNE 30, 2018**

#### **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.

*AAB 4/10*



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
	As at July 1, 2017	Additions	As at June 30, 2018	As at July 1, 2017	For the year	As at June 30, 2018	As at June 30, 2018
	(Rupees)						
Computer equipment	4,202,621	297,595	4,500,216	2,892,851	467,665	3,360,516	1,139,700
Building	29,655,935	47,080	29,703,015	5,806,830	4,773,020	10,579,850	19,123,165
Equipment	40,670,773	5,694,950	46,365,723	22,001,781	4,060,199	26,061,980	20,303,743
Air-Conditioners	2,644,931	-	2,644,931	1,229,105	283,165	1,512,270	1,132,661
Library books	50,020	-	50,020	40,830	1,378	42,208	7,812
Furniture and fittings	1,941,544	329,873	2,271,417	1,080,339	206,798	1,287,137	984,280
Generators	1,375,300	-	1,375,300	889,870	97,086	986,956	388,344
Vehicle	3,203,592	52,720	3,256,312	956,658	451,554	1,408,212	1,848,100
<b>2018</b>	<b>83,744,716</b>	<b>6,422,218</b>	<b>90,166,934</b>	<b>34,898,264</b>	<b>10,340,865</b>	<b>45,239,129</b>	<b>44,927,805</b>
<b>2017</b>	<b>48,703,121</b>	<b>35,041,595</b>	<b>83,744,716</b>	<b>23,718,896</b>	<b>11,179,368</b>	<b>34,898,264</b>	<b>48,846,452</b>

## 7. INTANGIBLE ASSET

	Cost			Accumulated Amortization			WDV
	As at July 1, 2017	Additions	As at June 30, 2018	As at July 1, 2017	For the year	As at June 30, 2018	As at June 30, 2018
	(Rupees)						
Computer software	791,200	-	791,200	261,442	52,976	314,418	476,782
<b>2018</b>	<b>791,200</b>	<b>-</b>	<b>791,200</b>	<b>261,442</b>	<b>52,976</b>	<b>314,418</b>	<b>476,782</b>
<b>2017</b>	<b>791,200</b>	<b>-</b>	<b>791,200</b>	<b>202,580</b>	<b>58,862</b>	<b>261,442</b>	<b>529,758</b>

AAB 201



	Note	2018 Rupees	2017 Rupees
<b>8. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>			
Advance to employees		877,600	761,693
Advance for purchase of blood bank bus		3,141,754	1,588,820
		<u>4,019,354</u>	<u>2,350,513</u>
<b>9. CASH AND BANK BALANCES</b>			
Cash with bank - local currency current account		23,208,602	8,212,156
Cash in hand		13,620	7,482
		<u>23,222,222</u>	<u>8,219,638</u>
<b>10. CREDITORS AND ACCRUED EXPENSES</b>			
Creditors		11,897,891	12,919,380
Accrued expenses		2,104,937	1,115,310
Withholding tax		-	286,317
		<u>14,002,828</u>	<u>14,321,007</u>
<b>11. OPERATING EXPENSES</b>			
Pharmaceutical supplies consumed	11.1	13,085,333	18,739,614
Medical, Para Medical and Lab. staff salary		38,016,862	35,288,133
Hospital treatment	11.2	735,670	1,843,425
Laboratory	11.3	25,663,835	28,627,352
Utilities		8,794,714	6,344,587
Rent, rate & taxes		5,693,450	4,965,407
Repair & maintenance		1,991,030	976,874
Marketing expense		1,960,081	1,270,096
Insurance		958,851	1,349,091
Food for patient		1,499,624	1,342,466
Patient conveyance		1,620,994	764,377
Patient welfare and educational activities		94,249	1,718,216
Patient consumable store		1,149,624	1,444,948
Hospital wastage		300,339	252,049
Uniform / laundry		434,557	491,122
Hospital equipment building depreciation	5	8,833,219	10,003,405
		<u>110,832,432</u>	<u>115,421,162</u>
<b>11.1 Pharmaceutical supplies consumed</b>			
Opening stock		1,483,292	1,858,736
Purchase		16,325,007	18,364,170
		17,808,299	20,222,906
Closing Stock		4,722,966	1,483,292
Consumption		<u>13,085,333</u>	<u>18,739,614</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.			

ADB & Co.



	Note	2018 Rupees	2017 Rupees
<b>12. ADMINISTRATIVE EXPENSES</b>			
Staff salaries		9,852,421	9,549,358
Postage, printing and stationery		289,585	495,992
Utilities		977,191	2,114,862
Rent		632,606	1,241,352
Repairs and maintenance		221,225	651,250
Computer expense		793,917	728,777
Travelling		839,458	1,317,457
Conveyance		180,110	1,098,554
Advertisement and marketing expenses		1,303,221	846,730
Depreciation	5	1,507,646	1,854,253
Amortization	6	52,976	58,862
Security guards		519,498	363,398
Fees and subscription		707,154	608,940
Educational activities		646,016	326,000
Drinking water		790,349	204,120
Consumable store		766,416	967,272
Insurance expense		106,539	337,273
Bank charges		103,853	154,171
Miscellaneous expense		96,720	33,552
		<u>20,386,901</u>	<u>22,952,173</u>

**13. Other income**

Gain on disposal of fixed assets	<u>-</u>	<u>396,390</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**

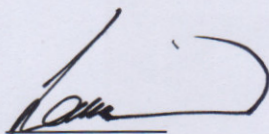
These financial statements were authorized for issue by the Executive Committee on 08 DEC 2018

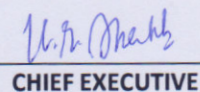
**16. COMPARATIVE FIGURES**

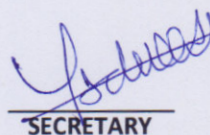
Comparative figures have been reclassified to bring in line with the current year's classification.

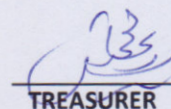
**17. GENERAL**

Figures have been rounded off to the nearest rupee. *AAB & Co.*

  
PRESIDENT

  
CHIEF EXECUTIVE

  
SECRETARY

  
TREASURER