

# AFZAAL MEMORIAL THALASSEMIA FOUNDATION

AUDITED FINANCIAL STATEMENTS FOR THE  
YEAR ENDED JUNE 30, 2021

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



**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 statement of financial position as at June 30, 2021 and the income and expenditure account, the statement of changes in funds and the statement of cash flow for the year then ended and notes to the accounts, 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, 2021 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.

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:

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- 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: **17 DEC 2021**  
Karachi

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

**Name of engagement partner:** Mirza Asad Ali Baig

**AFZAAL MEMORIAL THALASSEMIA FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2021**

<b>ASSETS</b>	<b>Note</b>	<b>2021 Rupees</b>	<b>2020 Rupees</b>
<b>NON-CURRENT ASSETS</b>			
Property and equipment	5	43,722,939	42,803,333
Intangible asset - Computer software	7	407,526	386,194
Long term deposit		3,065,480	3,059,480
		47,195,945	46,249,007
<b>CURRENT ASSETS</b>			
Stock - in - trade	11.1	3,927,342	2,605,801
Advances, deposits, prepayments and other receivables	8	1,923,553	1,473,843
Cash and bank balances	9	22,845,890	37,676,924
		28,696,785	41,756,568
		<u><b>75,892,730</b></u>	<u><b>88,005,575</b></u>
<b>FUND AND LIABILITIES</b>			
General fund		53,480,795	73,405,114
<b>CURRENT LIABILITIES</b>			
Creditors and accrued expenses	10	22,411,935	14,600,461
		<u><b>75,892,730</b></u>	<u><b>88,005,575</b></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, 2021**

INCOME	Note	2021 Rupees	2020 Rupees
Donation, Zakat & Others - In cash / cheque		141,743,342	166,420,565
Donation in kind		10,313,982	484,000
		152,057,324	166,904,565
<b>EXPENDITURE</b>			
Operating expenses	11	131,352,267	140,409,749
Administrative expenses	12	40,629,376	22,095,082
		171,981,643	162,504,831
<b>(DEFICIT) / SURPLUS FOR THE YEAR</b>		<b>(19,924,319)</b>	<b>4,399,734</b>
<b>ACCUMULATED SURPLUS BROUGHT FORWARD</b>		<b>73,405,114</b>	<b>69,005,380</b>
<b>ACCUMULATED SURPLUS CARRIED FORWARD</b>		<b>53,480,795</b>	<b>73,405,114</b>

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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, 2021**

	2021 Rupees	2020 Rupees
<b><u>General fund</u></b>		
Balances at the beginning for the year	73,405,114	69,005,380
(Deficit) / Surplus for the year	(19,924,319)	4,399,734
Balance at the end of the year	<u><u>53,480,795</u></u>	<u><u>73,405,114</u></u>

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

  
\_\_\_\_\_  
PRESIDENT

  
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CHIEF EXECUTIVE

  
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SECRETARY

  
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TREASURER

**AFZAAL MEMORIAL THALASSEMIA FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

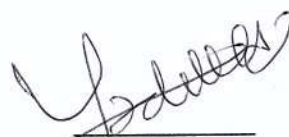
	Note	2021 Rupees	2020 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
(Deficit) / Surplus for the year		(19,924,319)	4,399,734
Adjustment for non - cash charges and other items:			
Depreciation and amortization		10,210,509	9,762,433
<b>Operating surplus before working capital changes</b>		(9,713,810)	14,162,167
<b>Increase in current assets :</b>			
(Increase) / Decrease in stock		(1,321,541)	2,575,211
(Increase) in advances, deposits and prepayments		(449,710)	(161,611)
Increase / (Decrease) in creditors and accrued expenses		7,811,474	(4,734,121)
		6,040,223	(2,320,521)
Net cash generated in operating activities		(3,673,587)	11,841,646
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of fixed and intangible assets		(11,151,447)	(10,539,162)
Long term deposits		(6,000)	109,020
Net cash (used in) / generated from investing activities		(11,157,447)	(10,430,142)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Net (decrease) / increase in cash and cash equivalents		(14,831,034)	1,411,504
Cash and cash equivalents at the beginning of the year		37,676,924	36,265,420
Cash and cash equivalents at the end of the year		<u>22,845,890</u>	<u>37,676,924</u>
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>			
Cash and bank balance	9	<u>22,845,890</u>	<u>37,676,924</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 FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**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. SUMMARY OF 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. Donations in kind, if any, are recorded at estimated value, on the basis of prevailing market prices.

**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, 2020	Additions	As at June 30, 2021	As at July 1, 2020	For the year	As at June 30, 2021	As at June 30, 2021	
	(Rupees)							%
Computer equipment	4,744,008	773,428	5,517,436	4,096,279	327,935	4,424,214	1,093,222	33
Building	32,105,116	2,532,605	34,637,721	17,981,110	3,331,322	21,312,432	13,325,289	20
Equipment	54,657,580	5,028,169	59,685,749	34,589,186	4,590,269	39,179,455	20,506,294	20
Air-Conditioners	3,332,044	855,000	4,187,044	2,174,706	306,841	2,481,547	1,705,497	20
Library books	50,020	-	50,020	45,571	667	46,238	3,782	15
Furniture and fittings	2,982,535	1,833,745	4,816,280	1,856,034	432,027	2,288,061	2,528,219	20
Generators	3,052,060	-	3,052,060	1,321,965	381,953	1,703,918	1,348,142	20
Vehicle	7,263,366	68,500	7,331,866	3,318,545	800,827	4,119,372	3,212,494	20
2021	108,186,729	11,091,447	119,278,176	65,383,396	10,171,841	75,555,237	43,722,939	
2020	97,647,567	10,539,162	108,186,729	55,663,873	9,719,523	65,383,396	42,803,333	

Hospital equipment and building depreciation 7,921,591  
 Depreciation other than hospital equipment and building 2,250,250  
10,171,841

**7. INTANGIBLE ASSET**

	Cost			Accumulated Amortization			WDV	Rate
	As at July 1, 2020	Additions	As at June 30, 2021	As at July 1, 2020	For the year	As at June 30, 2021	As at June 30, 2021	
	(Rupees)							%
Computer software	791,200	60,000	851,200	405,006	38,668	443,674	407,526	10
2021	791,200	60,000	851,200	405,006	38,668	443,674	407,526	
2020	791,200	-	791,200	362,096	42,910	405,006	386,194	

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	Note	2021 Rupees	2020 Rupees
<b>8. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>			
Advance to employees		1,668,300	1,012,650
Advance to suppliers		55,433	273,373
Prepayments		199,820	187,820
		<u>1,923,553</u>	<u>1,473,843</u>
<b>9. CASH AND BANK BALANCES</b>			
Cash in bank		22,835,060	37,646,142
Cash in hand		10,830	30,782
		<u>22,845,890</u>	<u>37,676,924</u>
<b>10. CREDITORS AND ACCRUED EXPENSES</b>			
Creditors		13,986,587	11,711,801
Accrued expenses		8,009,420	2,818,460
Audit fee payable		81,000	70,200
Withholding tax		334,928	-
		<u>22,411,935</u>	<u>14,600,461</u>
<b>11. OPERATING EXPENSES</b>			
Pharmaceutical supplies consumed	11.1	15,933,520	16,236,566
Medical, Para Medical and Lab. staff salary		36,298,678	47,594,740
Hospital treatment	11.2	1,171,016	2,147,496
Laboratory	11.3	36,471,169	36,877,074
Utilities		9,926,653	10,006,068
Rent, rate and taxes		6,518,672	6,311,179
Repair and maintenance		2,797,791	2,257,317
Marketing expense		2,954,374	2,280,819
Insurance		2,208,983	1,578,693
Food for patient		2,394,282	2,087,013
Patient conveyance		2,739,841	2,202,952
Patient welfare and educational activities		995,374	878,610
Patient consumable store		2,299,700	1,832,763
Hospital wastage		347,163	307,516
Uniform / laundry		373,460	82,663
Hospital equipment and building depreciation	5	7,921,591	7,728,280
		<u>131,352,267</u>	<u>140,409,749</u>
<b>11.1 Pharmaceutical supplies consumed</b>			
Opening stock		2,605,801	5,181,012
Purchase		17,255,061	13,661,355
		19,860,862	18,842,367
Closing stock		3,927,342	2,605,801
Consumption		<u>15,933,520</u>	<u>16,236,566</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	2021 Rupees	2020 Rupees
<b>12. ADMINISTRATIVE EXPENSES</b>			
Staff salaries		25,725,652	9,432,776
Audit fee		81,000	70,200
Postage, printing and stationery		378,915	210,798
Utilities		2,219,372	1,765,776
Rent		1,629,668	1,113,737
Repairs and maintenance		699,448	398,350
Computer expense		1,176,615	1,144,038
Travelling		432,298	181,600
Conveyance		684,960	550,738
Advertisement and marketing expenses		993,191	1,259,084
Depreciation	5	2,250,250	1,991,243
Amortization	6	38,668	42,910
Security guards		1,421,272	1,365,757
Fees and subscription		822,706	229,381
Educational activities		-	219,652
Drinking water		682,423	737,783
Consumable store		574,926	457,891
Insurance expense		552,246	278,593
Bank charges		76,486	48,443
Software charges		189,280	596,332
		<u>40,629,376</u>	<u>22,095,082</u>

### 13. TAXATION

Being welfare organization under section 2(36), the Foundation's income is subject to 100% tax credit under section 100C of the income Tax Ordinance, 2001. Approval for being a "Non Profit Organization" was granted by the Commissioner Inland Revenue on June 29, 2020 which is valid till June 30, 2021.

### 14. DATE OF AUTHORIZATION

These financial statements were authorized for issue by the Executive Committee on 17 DEC 2021.

### 15. GENERAL

Figures have been rounded off to the nearest rupee. *AAB 20*

  
PRESIDENT

  
CHIEF EXECUTIVE

  
SECRETARY

  
TREASURER