

AFZAAL MEMORIAL THALASSEMIA FOUNDATION

AUDITED FINANCIAL STATEMENTS FOR THE
YEAR ENDED JUNE 30, 2022



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, 2022 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, 2022 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: 28 DEC 2022

Karachi

UDIN: AR2022106689ZIFb1xwE

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

Name of engagement partner: Urooj Ahmed

AFZAAL MEMORIAL THALASSEMIA FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

ASSETS	Note	2022 Rupees	2021 Rupees
NON-CURRENT ASSETS			
Property and equipment	5	59,272,600	43,722,939
Intangible asset - computer software	6	502,193	407,526
Long term deposit		3,065,480	3,065,480
		62,840,273	47,195,945
CURRENT ASSETS			
Stock - in - trade	10.1	2,259,120	3,927,342
Advances, deposits, prepayments and other receivables	7	2,826,067	1,923,553
Cash and bank balances	8	51,893,368	22,845,890
		56,978,555	28,696,785
		119,818,828	75,892,730
FUND AND LIABILITIES			
General Fund		97,723,886	53,480,795
CURRENT LIABILITIES			
Creditors and accrued expenses	9	22,094,942	22,411,935
		119,818,828	75,892,730

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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, 2022

INCOME	Note	2022 Rupees	2021 Rupees
Donation / Zakat / Others			
In cash / cheque		227,973,226	141,743,342
Donation in kind		6,327,966	10,313,982
		234,301,192	152,057,324
EXPENDITURE			
Operating expenses	10	146,833,275	131,352,267
Administrative expenses	11	43,224,826	40,629,376
		190,058,101	171,981,643
SURPLUS / (DEFECIT) FOR THE YEAR BEFORE TAXATION		44,243,091	(19,924,319)
SURPLUS BROUGHT FORWARD		53,480,795	73,405,114
ACCUMULATED SURPLUS CARRIED FORWARD		<u>97,723,886</u>	<u>53,480,795</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, 2022

	2022 Rupees	2021 Rupees
<u>General Fund</u>		
Balances at the beginning for the year	53,480,795	73,405,114
Surplus / (Defecit) for the year	44,243,091	(19,924,319)
Balance at the end of the year	<u>97,723,886</u>	<u>53,480,795</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
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022


	Note	2022 Rupees	2021 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Surplus / (Defecit) for the year		44,243,091	(19,924,319)
Adjustment for non - cash charges and other items:			
Depreciation and amortization		10,030,299	10,210,509
Operating surplus / (defecit) before working capital changes		54,273,390	(9,713,810)
Increase in current assets :			
Decrease / (Increase) in stock		1,668,222	(1,321,541)
(Increase) / Decrease in advance prepayments and other receivables		(902,514)	(449,710)
Increase in creditors and accrued expenses		(316,993)	7,811,474
		448,715	6,040,223
Net cash generated from / (used in) operating activities		54,722,105	(3,673,587)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed and intangible assets		(25,674,627)	(11,151,447)
Sales proceeds on disposal of fixed assets		-	-
Long term deposits		-	-
Net cash used in investing activities		(25,674,627)	(11,151,447)
CASH FLOW FROM FINANCING ACTIVITIES			
Net increase / (decrease) in cash and cash equivalents		29,047,478	(14,831,034)
Cash and cash equivalents at the beginning of the year		22,845,890	37,676,924
Cash and cash equivalents at the end of the year		51,893,368	22,845,890
CASH AND CASH EQUIVALENTS COMPRISE:			
Cash and bank balance	8	51,893,368	22,845,890

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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, 2022

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.

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/derecognition of the financial liabilities is taken to income and expenditure account currently.

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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			Rate	Accumulated Depreciation			WDV
	As at July 1, 2021	Additions	As at June 30, 2022		As at July 1, 2021	For the year	As at June 30, 2022	As at June 30, 2022
	(Rupees)							
Computer equipment	5,517,436	445,516	5,962,952	33%	4,424,214	458,046	4,882,260	1,080,692
Building	34,637,721	10,454,817	45,092,538	20%	21,312,432	3,186,863	24,499,295	20,593,243
Equipment	59,685,749	11,068,740	70,754,489	20%	39,179,455	4,471,168	43,650,623	27,103,866
Air-Conditioners	4,187,044	121,700	4,308,744	20%	2,481,547	352,556	2,834,103	1,474,641
Library books	50,020	-	50,020	15%	46,238	567	46,805	3,215
Furniture and fittings	4,816,280	3,308,104	8,124,384	20%	2,288,061	589,042	2,877,103	5,247,281
Generators	3,052,060	-	3,052,060	20%	1,703,918	269,628	1,973,546	1,078,514
Vehicle	7,331,866	135,750	7,467,616	20%	4,119,372	657,096	4,776,468	2,691,148
2022	119,278,176	25,534,627	144,812,803		75,555,237	9,984,966	85,540,203	59,272,600
2021	108,186,729	11,091,447	119,278,176		65,383,396	10,171,841	75,555,237	43,722,939

6. INTANGIBLE ASSET

	Cost			Rate	Accumulated Amortization			WDV
	As at July 1, 2021	Additions	As at June 30, 2022		As at July 1, 2021	For the year	As at June 30, 2022	As at June 30, 2022
	(Rupees)							
Computer software	851,200	140,000	991,200	10%	443,674	45,333	489,007	502,193
	-	-	-		-	-	-	-
2022	851,200	140,000	991,200		443,674	45,333	489,007	502,193
2021	791,200	60,000	851,200		405,006	38,668	443,674	407,526

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	Note	2022 Rupees	2021 Rupees
7. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advance to employees		1,366,950	1,668,300
Prepayments		1,459,117	255,253
		2,826,067	1,923,553
8. CASH AND BANK BALANCES			
Cash at bank - local currency current account		51,833,864	22,807,856
Cash at bank - foreign currency account		27,204	27,204
Cash in hand		32,300	10,830
		51,893,368	22,845,890
9. CREDITORS AND ACCRUED EXPENSES			
Creditors		17,851,131	13,986,587
Accrued expenses		4,022,532	8,009,420
Audit fee payable		81,000	81,000
Withholding tax		140,279	334,928
		22,094,942	22,411,935
10. OPERATING EXPENSES			
Pharmaceutical supplies consumed	10.1	18,184,307	15,933,520
Medical, para medical and lab. staff salary		42,434,288	36,298,678
Hospital treatment	10.2	2,323,602	1,171,016
Laboratory	10.3	40,001,111	36,471,169
Utilities		11,289,072	9,926,653
Rent, rate & taxes		7,341,050	6,518,672
Repair & maintenance		2,514,278	2,797,791
Marketing exp.		3,387,081	2,954,374
Insurance		2,045,738	2,208,983
Food for patient		3,546,512	2,394,282
Patient conveyance		3,366,466	2,739,841
Patient welfare and educational activities		338,792	995,374
Patient consumable store		2,074,921	2,299,700
Hospital wastage		216,004	347,163
Uniform / laundry		112,022	373,460
Hospital equipment building depreciation	5	7,658,031	7,921,591
		146,833,275	131,352,267
10.1 Pharmaceutical supplies consumed			
Opening stock		3,927,342	2,605,801
Purchase		16,516,085	17,255,061
		20,443,427	19,860,862
Closing stock		2,259,120	3,927,342
Consumption		18,184,307	15,933,520

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10.2 Hospital treatment

These represent expenses incurred for treatment of patients admitted in hospitals approved by the Foundation

10.3 Laboratory

These represent expenses incurred on laboratory test and ultrasounds of the patients.

	Note	2022 Rupees	2021 Rupees
11. ADMINISTRATIVE EXPENSES			
Staff salaries		28,248,498	25,725,652
Audit fee		81,000	81,000
Postage, printing and stationery		478,230	378,915
Utilities		1,535,144	2,219,372
Rent		1,296,334	1,629,668
Repairs and maintenance		550,148	699,448
Computer expense		918,643	1,176,615
Travelling		1,153,891	432,298
Conveyance		764,167	684,960
Advertisement and marketing expenses		802,006	993,191
Depreciation	5	2,326,935	2,250,250
Amortization	6	45,333	38,668
Security guards		1,697,949	1,421,272
Fees and subscription		1,094,863	822,706
Drinking water		1,163,690	682,423
Consumable store		472,413	574,926
Insurance expense		449,064	552,246
Bank charges		79,518	76,486
Software charges		-	189,280
Miscellaneous expense		67,000	-
		<u>43,224,826</u>	<u>40,629,376</u>

12. 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.

13. DATE OF AUTHORIZATION

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

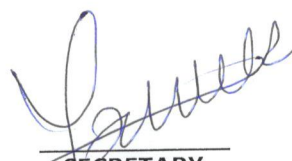
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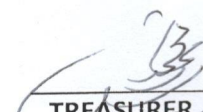
14. GENERAL

Figures have been rounded off to the nearest rupee. *AAB 360.*


PRESIDENT


CHIEF EXECUTIVE


SECRETARY


TREASURER