

Pakistan Kidney Institute
Audited Financial Statements
For the period ended
June 30, 2018



NASIR JAVAID MAQSOOD IMRAN

Chartered Accountants

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Independent Auditors' Report to the Management

Opinion

We have audited the financial statements of "Pakistan Kidney Institute" for the period from July 01, 2017 to June 30, 2018 which comprises the statement of financial position and income and expenditure account for the year then ended, together with notes including a summary of significant accounting policies (here-in-after referred to as the financial statements).

In our opinion, the accompanying financial statements of the "Pakistan Kidney Institute" is prepared, in all respects, in accordance with note 2 to the financial statements.

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 audit report. We are independent of the entity in accordance with the International Ethic 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 Management is responsible for the preparation of the financial statements in accordance with note 2 to the financial statements, and for such internal control as the Management determines is necessary to enable the preparation of the financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements Management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless Management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity'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 statement.

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NJMI



CPAAI

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statement, 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 of 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 controls.
- 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of Management 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 entity's ability to continue as a going concern. If we conclude that a material misstatement exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statement 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 entity to cease to continue as a going concern.

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:

Place: Islamabad


Nasir Javaid Maqsood Imran

14 Dec 2018
Chartered Accountants


Imran ul Haq FCA

PAKISTAN KIDNEY INSTITUTE
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30,JUNE 2018

	NOTE	2018 Rupees	2017 Rupees
ASSETS			
NON-CURRENT ASSETS			
Operating fixed assets	3	10,555,228	11,761,547
Long term investments	4	61,578,000	99,000,000
		<u>72,133,228</u>	<u>110,761,547</u>
CURRENT ASSETS			
Advances to Staff	5	-	1,906,000
Withholding tax	6	136,887	96,373
Bank balances-deposit accounts	7	12,998,437	3,637,937
		<u>13,135,324</u>	<u>5,640,310</u>
TOTAL ASSETS		<u><u>85,268,552</u></u>	<u><u>116,401,857</u></u>
FUND AND LIABILITIES			
FUND			
General fund	8	85,196,000	116,028,576
CURRENT LIABILITIES			
Accrued and other liabilities	9	72,552	373,281
CONTINGENCIES AND COMMITMENTS			
		-	-
TOTAL FUND AND LIABILITIES		<u><u>85,268,552</u></u>	<u><u>116,401,857</u></u>


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


PRESIDENT


TRUSTEE

PAKISTAN KIDNEY INSTITUTE
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2018

	NOTE	2018 Rupees	2017 Rupees
INCOME			
Donations	10	43,491,044	55,762,087
Patient income		11,622,390	20,691,370
Other income	11	1,905,160	1,187,108
		<u>57,018,594</u>	<u>77,640,565</u>
EXPENDITURE			
Salaries, allowances and other benefits		2,218,451	3,383,340
Patient care expenses		45,897,650	76,871,739
Financial assistance		335,862	
Printing and stationery		66,007	76,538
Conveyance & Transportation		106,350	20,807
Utilities		-	122,547
Entertainment		-	220
Postage and communication		176,681	43,577
Auditors' remuneration		15,000	15,000
Advertisement		-	96,649
Consultancy charges		117,000	20,000
Depreciation		1,206,320	1,356,864
Computer and website expenses		7,490	76,630
Research & Publications		-	215,000
Repair & Maintenance		14,700	25,000
Foreign Exchange loss		-	254
Bank charges		3,300	1,000
Miscellaneous		39,360	4,700
		<u>50,204,170</u>	<u>82,329,865</u>
Profit(Loss)/ Before Taxation		<u>6,814,424</u>	<u>(4,689,300)</u>
Taxation - Current		<u>(225,000)</u>	<u>(112,500)</u>
(Deficit)Surplus/ After Taxation transferred to General Fund		<u><u>6,589,424</u></u>	<u><u>(4,801,800)</u></u>


PRESIDENT


TRUSTEE

PAKISTAN KIDNEY INSTITUTE
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2018

1 THE INSTITUTE AND ITS ACTIVITIES

Pakistan Kidney Institute is registered under the Societies Registration Act 1860. The objectives of the institute are to find, build, aid, assist, set up, manage, maintain, own, administer, and run hospitals, medical centers and institutions, laboratories, centers of learning and other institutions for studies and research in the field of medicine.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Basis of Preparation

(a) 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.

(b) Accounting Convention

These financial statements have been prepared under the historical cost convention.

2.2 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the Accounting and Financial Reporting Standards for Medium-Sized Entities issued by the Institute of Chartered Accountants of Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets. However, assumptions and judgments made by the management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

2.3 Foreign exchange

Foreign currency transactions are recorded at the exchange rate applicable at the transaction date. Monetary assets and liabilities are translated into Pak rupees using exchange rates applicable at the balance sheet date. All gains and losses on settlement and translation at year end are recognised in the income and expenditure account.

2.4 Operating fixed assets

Cost

Operating fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost comprises acquisition and other directly attributable cost of bringing the asset to working condition. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Project and the cost of the item can be measured reliably.

Depreciation

Depreciation is charged to income and expenditure account on reducing balance method. Depreciation on additions to operating fixed assets are charged from the month in which an item is put to use while no depreciation is charged from the month in which the item is derecognized / disposed off.

Derecognition

An item of operating fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the income and expenditure account in the year the asset is

The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant. Gains and losses on disposal of fixed assets are included in income and expenditure account currently.

Maintenance and repairs are charged to income and expenditure account as and when incurred. Major renewals and improvements are capitalized and the asset so replaced, if any, are written off. Gains and losses on disposal of assets, if any, are included in income and expenditure account currently.



2.5 Investments

Classification of investment is made on the basis of intended purpose for holding such investment.

Management determines the appropriate classification of its investments at the time of purchase and re-evaluates such designation on regular basis.

Investments are initially measured at fair value plus transaction costs directly attributable to acquisition, except for "investment at fair value through profit and loss" which is initially measured at fair value.

a) Available-for-sale

Investments intended to be held for an indefinite period of time, which may be sold in response to need for liquidity, or changes to interest rates or equity prices are classified as available-for-sale. After initial recognition, investments which are classified as available-for-sale are measured at fair value. Gains or losses on available-for-sale investments are recognized directly in statement of changes in general fund until the investment is sold, de-recognized or is determined to be impaired, at which time the cumulative gain or loss previously reported in statement of changes in general fund is included in income and expenditure account.

2.6 Impairment of assets

An assessment is made at each balance sheet date to determine whether there is any indication of impairment or reversal of previous impairment, including items of operating fixed assets, long term investments. In the event that an asset's carrying amount exceeds its recoverable amount and an impairment loss is recognised in the income and expenditure account. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of depreciation), had no impairment losses been recognised for the asset in the prior years. Reversal of impairment loss is restricted to the original cost of the asset.

2.7 Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transactions will flow to the project and the amount of revenue and the associated cost incurred or to be incurred can be measured reliably.

- (i) Donations and patient income are recognized on actual receipt basis;
- (ii) Return on long term investment and return on bank deposits are recognized on accrual basis.

2.8 Other receivables

Other receivables are stated at estimated realisable value after each debt has been considered individually. Where the payment of debt becomes doubtful a provision is made and charged to the income and expenditure account.

2.9 Accrued and other liabilities

Accrued and other liabilities are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

2.10 Provisions

Provisions are recognized when the Project has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made of the amount of obligation.

2.11 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at book value which approximates to its fair value. For the purpose of cash flow statement, cash and cash equivalents comprise cash with banks on current and deposit accounts.

2.12 Taxation

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits available, if any. Deferred tax where applicable is accounted for using the liability method.



OPERATING FIXED ASSETS

Medical Equipment	Furniture and fixture	Computer Equipment	Total
-----Rupees-----			

Year ended 30 June 2015

Opening net book value	181,497	15,709	-	197,206
Addition	2,769,079	-	-	2,769,079
Total	2,950,576	15,709	-	2,966,285
Depreciation charge	224,027	1,571	-	225,598
Closing net book value	2,726,549	14,138	-	2,740,687

At 30 June 2015

Cost	3,152,769	42,500	-	3,195,269
Accumulated depreciation	(426,220)	(28,362)	-	(454,582)
Net book value	2,726,549	14,138	-	2,740,687

Year ended 30 June 2016

Opening net book value	2,726,549	14,138	-	2,740,687
Addition	11,144,532	-	270,000	11,414,532
Total	13,871,081	14,138	270,000	14,155,219
Depreciation charge	961,145	1,414	74,250	1,036,809
Closing net book value	12,909,936	12,724	195,750	13,118,410

At 30 June 2016

Cost	14,297,301	42,500	270,000	14,609,801
Accumulated depreciation	(1,387,365)	(29,776)	(74,250)	(1,491,391)
Net book value	12,909,936	12,724	195,750	13,118,410

Year ended 30 June 2017

Opening net book value	12,909,936	12,724	195,750	12,922,660
Addition	-	-	-	-
Total	12,909,936	12,724	195,750	12,922,660
Depreciation charge	1,290,994	1,272	64,598	1,356,864
Closing net book value	11,618,942	11,452	131,153	11,565,796

At 30 June 2017

Cost	14,297,301	42,500	270,000	14,609,801
Accumulated depreciation	(2,678,358)	(31,048)	(138,848)	(2,848,254)
Net book value	11,618,943	11,452	131,153	11,761,547

Year ended 30 June 2018

Opening net book value	11,618,943	11,452	131,153	11,761,547
Addition	-	-	-	-
Total	11,618,943	11,452	131,153	11,761,547
Depreciation charge	1,161,894	1,145	43,280	1,206,320
Closing net book value	10,457,049	10,307	87,872	10,555,228

At 30 June 2018

Cost	14,297,301	42,500	270,000	14,609,801
Accumulated depreciation	(3,840,252)	(32,193)	(182,128)	(4,054,573)
Net book value	10,457,049	10,307	87,872	10,555,228

Annual rate of depreciation (%)

10

10

33

	Notes	2018 Rupees	2017 Rupees
4	LONG TERM INVESTMENT		
	Available for sale		
	Cost/Carrying value	43,455,000	43,455,000
	Unrealised Gain	18,123,000	55,545,000
	4.1	61,578,000	99,000,000
4.1	It represent 300,000 ordinary shares of Shifa International Hospitals Ltd. received as a donation. Fair value of these shares is Rs. 205.26 (2017: Rs. 330).		
5	Advances		
	Advance against salaries	-	101,000
	Advance against expenses	-	1,805,000
		-	1,906,000
6	Withholding tax		
	Withholding tax opening balance	96,373	67,070
	With held during the year	265,514	141,803
	Taxation		
	-Current	(225,000)	(112,500)
	-Write off	(225,000)	(112,500)
		136,887	96,373
7	Bank Balances		
	Foreign currency accounts	49,679	49,679
	Local currency accounts	12,948,758	3,588,257
		12,998,437	3,637,936
8	General Fund		
	Opening Balance	116,028,576	111,830,376
	Surplus/(Deficit) for the year	6,589,424	(4,801,800)
	Surplus arising on remeasurement of investment to fair value	(37,422,000)	9,000,000
	Closing Balance	85,196,000	116,028,576
9	Accrued and other Liabilities		
	Audit Fee Payable	15,000	15,000
	Loan Payable	-	40,000
	EOBI Payable	-	650
	Income Tax Payable	56,549	316,628
	GST Payable	1,003	1,003
		72,552	373,281
10	Donations		
	Patient care	43,491,044	55,762,087
		43,491,044	55,762,087

	2018 Rupees	2017 Rupees
11 OTHER INCOME		
Profit on deposit accounts	405,160	287,108
Return on investment	-	-
FC Gain on translation		
Dividend	1,500,000	900,000
	<u>1,905,160</u>	<u>1,187,108</u>

12 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 14-12-2018 by the Board of Trustees of the Foundation.

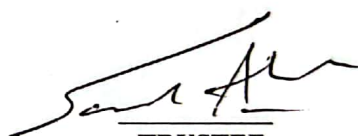
13 CORRESPONDING FIGURES

No significant reclassification / rearrangement of corresponding figures has been made.

14 GENERAL

Figures have been rounded off to the nearest Rupee.


PRESIDENT


TRUSTEE