

**Pakistan Kidney Institute**  
**AUDITED FINANCIAL STATEMENTS**  
**AS AT**  
**JUNE 30, 2019**



# **NASIR JAVAID MAQSOOD IMRAN**

## **Chartered Accountants**

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### **Auditor's Report to the Management**

We have audited the financial statement of **Pakistan Kidney Institute (The Society)**. Which comprise the Statement of Financial Position as at 30 June 2019, Statement of Income and expenditure account 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 Pakistan Kidney Institute as at 30 June 2019, and its financial performance and 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 financial statement section of our report. We are independent of the Society 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 Statement.**

The management of Society 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 management is necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statement, Management is responsible for assessing the 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 management or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the management as financial reporting process.

### **Auditor's Responsibilities for the audit of the financial Statement.**

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 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 management 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 management 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 management to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of 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 the audit.

Date: December 11, 2019

Place: Islamabad

  
Nasir Javaid Maqsood Imran

Chartered Accountants

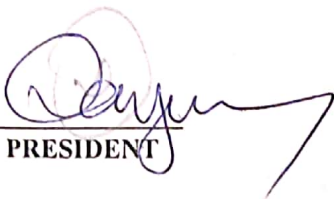
  
Imran Ul Haq (FCA)

**PAKISTAN KIDNEY INSTITUTE**  
**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019**

	NOTE	2019 Rupees	2018 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets	3	9,479,494	10,555,228
Long term investments	4	<u>65,019,000</u>	<u>61,578,000</u>
		74,498,494	72,133,228
<b>CURRENT ASSETS</b>			
Advances to Staff	5	-	-
Withholding tax	6	169,415	136,887
Bank balances-deposit accounts	7	<u>13,076,891</u>	<u>12,998,437</u>
		13,246,306	13,135,324
<b>TOTAL ASSETS</b>		<u><u>87,744,801</u></u>	<u><u>85,268,552</u></u>
<b>FUND AND LIABILITIES</b>			
<b>FUND</b>			
General fund	8	87,701,750	85,196,000
<b>CURRENT LIABILITIES</b>			
Accrued and other liabilities	9	43,051	72,552
<b>CONTINGENCIES AND COMMITMENTS</b>		-	-
<b>TOTAL FUND AND LIABILITIES</b>		<u><u>87,744,801</u></u>	<u><u>85,268,552</u></u>

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



  
**PRESIDENT**

  
**TRUSTEE**



**PAKISTAN KIDNEY INSTITUTE  
STATEMENT OF INCOME AND EXPENDITURE  
FOR THE YEAR ENDED 30 JUNE 2019**

	Note	2019 Rupees	2018 Rupees
<b>INCOME</b>			
Donations	10	7,565,066	43,491,044
Patient income		970,954	11,622,390
Other income	11	<u>1,824,764</u>	<u>1,905,160</u>
		<b>10,360,784</b>	<b>57,018,594</b>

**EXPENDITURE**

Salaries, allowances and other benefits	300,000	2,218,451
Patient care expenses	9,530,736	45,897,650
Financial assistance	-	335,861
Printing and stationery	3,500	66,007
Conveyance & Transportation	62,393	106,350
Postage and communication	2,860	176,681
Auditors' remuneration	15,000	15,000
Consultancy charges	-	117,000
Depreciation	1,075,734	1,206,320
Computer and website expenses	90,375	7,490
Repair & Maintenance	-	14,700
Foreign Exchange loss	-	-
Bank charges	800	3,300
Miscellaneous	-	39,360
	<b>11,081,398</b>	<b>50,204,170</b>
(Deficit)/surplus before taxation	<b>(720,614)</b>	<b>6,814,424</b>
Taxation - current	<b>(214,637)</b>	<b>(225,000)</b>
(Deficit)/surplus after taxation transferred to General Fund	<b>(935,250)</b>	<b>6,589,424</b>

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

  
PRESIDENT

  
TRUSTEE

**PAKISTAN KIDNEY INSTITUTE  
NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2019**

**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. Office of the society is located at Shifa International Hospitals Limited, Sector H-8/4, Islamabad.

**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 Small-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 recognized 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 recognized 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 derecognized.

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

Investments are initially measured at fair value plus transaction costs directly attributable to acquisition, except for "investment at fair value through income and expenditure" 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 recognized in the income and expenditure account. A previously recognized 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 recognized 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 recognized 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 realizable 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

## 2.10 Provisions

Provisions are recognized when the society 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.

3      **FIXED ASSETS**

	Medical Equipment	Furniture and fixture	Computer Equipment	Total
	-----Rupees-----			
<b>Year ended 30 June 2017</b>				
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
<b>At 30 June 2017</b>				
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
<b>Year ended 30 June 2018</b>				
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
<b>At 30 June 2018</b>				
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
<b>Year ended 30 June 2019</b>				
Opening net book value	10,457,049	10,307	87,872	10,555,228
Addition	-	-	-	-
Total	10,457,049	10,307	87,872	10,555,228
Depreciation charge	1,045,705	1,031	28,998	1,075,734
Closing net book value	9,411,344	9,276	58,874	9,479,494
<b>At 30 June 2019</b>				
Cost	14,297,301	42,500	270,000	14,609,801
Accumulated depreciation	(4,885,957)	(33,224)	(211,126)	(5,130,307)
Net book value	9,411,344	9,276	58,874	9,479,494
<b>Annual rate of depreciation (%)</b>	10	10	33	



**PAKISTAN KIDNEY INSTITUTE  
NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2019**

	Note	2019 Rupees	2018 Rupees
<b>4 LONG TERM INVESTMENT</b>			
Available for sale			
Cost		43,455,000	43,455,000
Unrealized Gain	4.1	21,564,000	18,123,000
Fair value as at 30 June		<u>65,019,000</u>	<u>61,578,000</u>
4.1. It represent 300,000 ordinary shares of Shifa International Hospitals Ltd. received as a donation. Fair value of these shares is Rs. 216.73 (2018: Rs. 205.26).			
<b>5 ADVANCES</b>			
Advance against salaries		-	-
Advance against expenses		-	-
		<u>-</u>	<u>-</u>
<b>6 TAX REFUNDABLE</b>			
Withholding tax opening balance		136,887	96,373
With held during the year		247,165	265,514
Refundable income tax asset			
Taxation			
-Current		(214,637)	(225,000)
-Write off		-	-
		<u>(214,637)</u>	<u>(225,000)</u>
		<u>169,415</u>	<u>136,887</u>
<b>7 BANK BALANCES</b>			
Foreign currency accounts		78,056	49,679
Local currency accounts		12,998,835	12,948,758
		<u>13,076,891</u>	<u>12,998,437</u>
<b>8 GENERAL FUND</b>			
Opening Balance		85,196,000	116,028,576
Surplus/(Deficit) for the year		(935,250)	6,589,424
Surplus arising on remeasurement of investment to fair value		3,441,000	(37,422,000)
Closing Balance		<u>87,701,750</u>	<u>85,196,000</u>
<b>9 ACCRUED AND OTHER LIABILITIES</b>			
Audit fee payable		15,000	15,000
Income tax payable		28,051	56,549
GST payable		-	1,003
		<u>43,051</u>	<u>72,552</u>
<b>10. DONATIONS</b>			
Patient care		7,565,066	43,491,044
		<u>7,565,066</u>	<u>43,491,044</u>

11 OTHER INCOME

Profit on deposit accounts

446,387

405,160

Dividend

1,350,000

1,500,000

Exchange Gain

28,377

-

1,824,764

1,905,160

12 DATE OF AUTHORIZATION FOR ISSUE

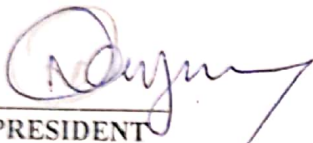
These financial statements were authorized for issue on Dec 11, 2019 by the Board of Trustees of the Foundation.

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