

Financial Statements
PAKISTAN KIDNEY INSTITUTE
As at
June 30, 2020



Auditor's Report to the Management

We have audited the annexed balance sheet of PAKISTAN KIDNEY INSTITUTE as at 30 June 2020 and the related Income and expenditure account, and statement of changes in General Funds together with the notes forming part thereof (here in after referred to as the financial statements for the year then ended).

It is the responsibility of the management of the project to establish and maintain a system of internal control and prepare and present the account in conformity with the accounting policies adopted by the project management. Our responsibility is to express an opinion on the Account based on our audit.

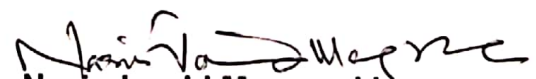
We conducted our audit in accordance with the generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Account is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the account. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall presentation of the Account. We believe that our audit provides a reasonable basis of our opinion.

The accompanying Account was prepared solely to report on the activities of the Project, in accordance with the accounting policies adopted by the project management, and is not a full presentation in conformity with the International Accounting Standards.

In our opinion, the Account present fairly in all material respects the results of its operations for the period then ended in accordance with the accounting policies.

Date: December 18, 2020

Place: Islamabad


Nasir Javid Maqsood Imran
18 Dec 2020
Chartered Accountants

IMRAN UL HAQ, FCA

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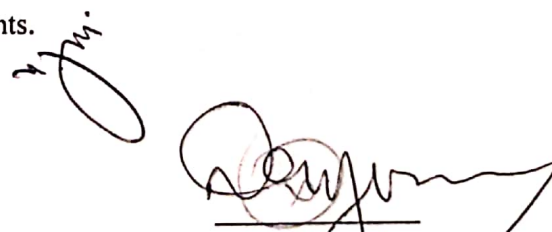
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PAKISTAN KIDNEY INSTITUTE
BALANCE SHEET AS AT 30 JUNE 2020

| | NOTE | 2020 Rupees | 2019 Rupees |
|-----------------------------------|------|-------------------|-------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Operating fixed assets | 3 | 8,966,245 | 9,479,494 |
| Long term investments | 4 | 69,900,000 | 65,019,000 |
| | | 78,866,245 | 74,498,494 |
| CURRENT ASSETS | | | |
| Advances to Staff | 5 | 10,000 | - |
| Withholding tax | 6 | 263,355 | 169,415 |
| Bank balances-deposit accounts | 7 | 7,236,731 | 13,076,892 |
| | | 7,510,086 | 13,246,307 |
| TOTAL ASSETS | | 86,376,332 | 87,744,801 |
| FUND AND LIABILITIES | | | |
| FUND | | | |
| General fund | 8 | 86,264,376 | 87,701,750 |
| CURRENT LIABILITIES | | | |
| Accrued and other liabilities | 9 | 111,956 | 43,051 |
| TOTAL FUND AND LIABILITIES | | 86,376,332 | 87,744,801 |

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

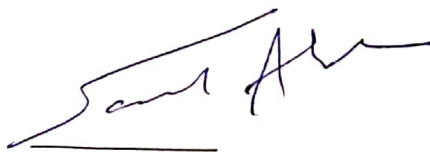

PRESIDENT


TRUSTEE

PAKISTAN KIDNEY INSTITUTE
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2020

| | NOTE | 2020 Rupees | 2019 Rupees |
|---|------|---------------------------|-------------------------|
| INCOME | | | |
| Donations | 10 | 8,644,995 | 7,565,066 |
| Patient income | | 1,057,261 | 970,954 |
| Other income | 11 | <u>1,483,055</u> | <u>1,824,764</u> |
| | | 11,185,311 | 10,360,784 |
| EXPENDITURE | | | |
| Salaries, allowances and other benefits | | 1,847,249 | 300,000 |
| Patient care expenses | | 13,734,894 | 9,530,736 |
| Printing and stationery | | 101,768 | 3,500 |
| Conveyance & Transportation | | 214,562 | 62,393 |
| Postage and communication | | 38,684 | 2,860 |
| Auditors' remuneration | | 40,000 | 15,000 |
| Consultancy charges | | 319,000 | - |
| Depreciation | | 996,249 | 1,075,734 |
| Computer and website expenses | | 71,730 | 90,375 |
| Store rent | | 24,000 | - |
| Transportation | | 13,000 | - |
| Bank charges | | 429 | 800 |
| Miscellaneous | | 9,555 | - |
| | | 17,411,120 | 11,081,398 |
| Profit(Loss)/ Before Taxation | | <u>(6,225,809)</u> | <u>(720,614)</u> |
| Taxation - Current | | (92,565) | (214,637) |
| (Deficit)Surplus/ After Taxation transferred to General Fund | | <u><u>(6,318,374)</u></u> | <u><u>(935,251)</u></u> |

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


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TRUSTEE

PAKISTAN KIDNEY INSTITUTE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2020

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

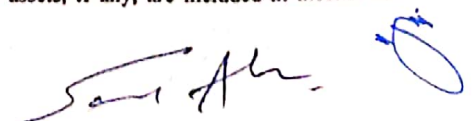
Depreciation is charged to income and expenditure account on reducing balance method. Depreciation on additions to operating fixed assets are charged from the month in which an item is put to use while no depreciation is charged from the month in which the item is derecognized / disposed off.

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

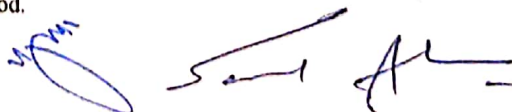
Provisions are recognized when the Project has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made of the amount of obligation.

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 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 |
| Year ended 30 June 2019 | | | | |
| 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 |
| At 30 June 2019 | | | | |
| 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 |
| Year ended 30 June 2020 | | | | |
| Opening net book value | 9,411,344 | 9,276 | 58,874 | 9,479,494 |
| Addition | 483,000 | - | - | 483,000 |
| Total | 9,894,344 | 9,276 | 58,874 | 9,962,494 |
| Depreciation charge | 989,434 | 928 | 5,887 | 996,249 |
| Closing net book value | 8,904,909 | 8,348 | 52,987 | 8,966,245 |
| At 30 June 2020 | | | | |
| Cost | 14,780,301 | 42,500 | 270,000 | 15,092,801 |
| Accumulated depreciation | (5,875,392) | (34,152) | (217,013) | (6,126,556) |
| Net book value | 8,904,909 | 8,348 | 52,987 | 8,966,245 |

(0)

Annual rate of depreciation (%)

10

10

33

**PAKISTAN KIDNEY INSTITUTE
NOTES TO THE ACCOUNTS**

| | Notes | 2020 Rupees | 2019 Rupees |
|--|---|-------------------|-------------------|
| 4 LONG TERM INVESTMENT | | | |
| Available for sale | | | |
| Cost/Carrying value | | 65,019,000 | 61,578,000 |
| Unrealised Gain | 4.1 | 4,881,000 | 3,441,000 |
| | | <u>69,900,000</u> | <u>65,019,000</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. 233.00 (2019: Rs.216.73). | | |
| 5 Advances | | | |
| Advance against expenses | | 10,000 | - |
| | | <u>10,000</u> | <u>-</u> |
| 6 Withholding tax | | | |
| Withholding tax opening balance | | 169,415 | 136,887 |
| With held during the year | | 186,505 | 247,165 |
| Taxation | | | |
| -Current | | 92,565 | (214,637) |
| -Write off | | - | - |
| | | <u>92,565</u> | <u>(214,637)</u> |
| | | <u>263,355</u> | <u>169,415</u> |
| 7 Bank Balances | | | |
| Foreign currency accounts | | 78,539 | 78,056 |
| Local currency accounts | | 7,158,192 | 12,998,835 |
| | | <u>7,236,731</u> | <u>13,076,891</u> |
| 8 General Fund | | | |
| Opening Balance | | 87,701,750 | 85,196,000 |
| Surplus/(Deficit) for the year | | (6,318,374) | (935,250) |
| Surplus arising on remeasurement of investment to fair value | | 4,881,000 | 3,441,000 |
| Closing Balance | | <u>86,264,376</u> | <u>87,701,750</u> |
| 9 Accrued and other Liabilities | | | |
| Audit Fee Payable | | 40,000 | 15,000 |
| EOBI Payable | | 1,050 | - |
| Income Tax Payable | | 70,906 | 28,051 |
| | | <u>111,956</u> | <u>43,051</u> |
| 10 Donations | | | |
| Patient care | | 8,644,995 | 7,565,066 |
| | | <u>8,644,995</u> | <u>7,565,066</u> |

**PAKISTAN KIDNEY INSTITUTE
NOTES TO THE ACCOUNTS**

| | 2020 Rupees | 2019 Rupees |
|----------------------------|------------------|------------------|
| 11 OTHER INCOME | | |
| Profit on deposit accounts | 718,055 | 446,387 |
| Dividend | 765,000 | 1,350,000 |
| Exchange Gain | - | 28,377 |
| | <u>1,483,055</u> | <u>1,824,764</u> |

12 IMPACT OF COVID-19

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but also has adversely impacted the global economy. In March, 2020, the Government of Pakistan announced a Temporary lock down as a measure to reduce the spread of the COVID-19. Complying with the lockdown, the Company Reduced its operational activities from March 23, 2020. The Lockdown was subsequently relaxed from end of May, 2020. After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company henceforth resumed its operations at full from June 1, 2020 and has taken all necessary steps to ensure smooth and adequate continuation of its business in order to maintain business performance despite slowed down economic activity. Due to this, management has assessed the accounting implications of these developments on these financial statements, including but not limited to the following areas:

-going concern assumption used for the preparation of these financial statements.

According to management's assessment, there is no significant accounting impact of the effects of COVID-19 in these financial statements.

13 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on Dec 18, 2020 by the Board of Trustees of the Foundation.

14 CORRESPONDING FIGURES


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

15 GENERAL

Figures have been rounded off to the nearest Rupee.



PRESIDENT



TRUSTEE