

**PAKISTAN KIDNEY INSTITUTE**

**Audited Financial Statements**

**For the year ended**

**30<sup>th</sup> JUNE 2022**



## Independent Auditor's Report to the Trustees

### Opinion

We have audited the financial statements of **PAKISTAN KIDNEY INSTITUTE (the project)** which comprise the statement of financial position as at 30<sup>th</sup> June 2022, and the Statement of income and expenditure for the year then ended, 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, and or give a true and fair view of the financial position as at 30<sup>th</sup> June 2022 and its financial performance 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 Trust 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.

### Management's Responsibilities

The Management 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 determine(s) 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, Management is responsible for assessing the Trust'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 Trust or to cease operations, or has no realistic alternative but to do so.

Boards of Trustees are responsible for overseeing the Trust financial reporting process

### Auditor's Responsibilities

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.

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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:

- 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 Trust'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 Trust'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 Trust's 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 Board of Trustees 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: 27<sup>th</sup> Dec, 2022

Place: Lahore

UDIN# AR202210122QKm8YCGtW

  
Nasir Javaid Maqsood Imran

Chartered Accountants

Muhammad Maqsood, FCA

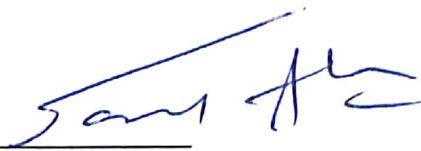




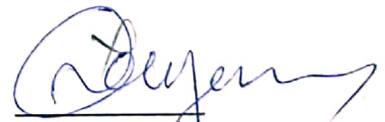
**PAKISTAN KIDNEY INSTITUTE**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2022**

	NOTE	2022 (Rupees)	2021 (Rupees) Restated
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Operating fixed assets	3	15,182,540	10,688,593
Long term investments	4	54,816,840	65,745,000
		69,999,380	76,433,593
<b>CURRENT ASSETS</b>			
Advances	5	30,000	10,000
Withholding tax	6	863,044	88,282
Stock	7	9,260,816	5,785,178
Recievables		1,966,884	-
Bank balances-deposit accounts	8	8,758,960	7,016,525
		20,879,704	12,899,985
<b>TOTAL ASSETS</b>		<b>90,879,084</b>	<b>89,333,578</b>
<b>FUND AND LIABILITIES</b>			
<b>FUND</b>			
General fund	9	83,523,981	88,929,526
<b>CURRENT LIABILITIES</b>			
Accrued and other liabilities	10	6,868,661	119,373
Provision for taxation		486,443	284,679
<b>TOTAL FUND AND LIABILITIES</b>		<b>90,879,084</b>	<b>89,333,578</b>

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 2022**

	NOTE	2022 Rupees	2021 Rupees Restated
<b>INCOME</b>			
Donations	11	30,284,887	14,547,820
Patient income		3,008,467	2,046,751
Other income	12	210,475	215,910
Gross profit from sale of Medical Surgical Supplies	13	5,622,366	1,792,394
		<b>39,126,195</b>	<b>18,602,875</b>

**EXPENDITURE**

Salaries, allowances and other benefits	8,647,380	6,634,042
Patient care expenses	21,272,498	5,272,150
Printing and stationery	323,234	147,852
Conveyance & Transportation	123,651	76,042
Telephone charges	33,000	-
Postage and communication	13,376	44,226
Registration charges	303,000	-
Auditors' remuneration	60,000	40,000
Consultancy charges	-	665,000
Depreciation	1,842,419	1,184,257
Amortization	30,430	26,850
Computer and website expenses	52,699	39,589
Store rent	-	(4,000)
Internet Expenses	43,612	91,091
Bank charges	800	1,774
Entertainment	13,970	2,950
Repair and maintenance	99,124	29,000
EOBI Expense	108,282	72,569
Miscellaneous	104,114	138,508
	<b>33,071,589</b>	<b>14,461,900</b>
<b>Profit(Loss)/ Before Taxation</b>	<b>6,054,606</b>	<b>4,140,975</b>
<b>Taxation - Current</b>	<b>(486,443)</b>	<b>(284,679)</b>
<b>- Prior</b>	<b>(45,549)</b>	<b>(38,044)</b>
<b>(Deficit)Surplus/ After Taxation transferred to General Fund</b>	<b>5,522,614</b>	<b>3,818,252</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 2022**

**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 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 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, derecognized 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 Stock

All stocks are stated at lower of cost and net realizable value. Cost is determined on FIFO basis.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. If the net realizable value is lower than the carrying amount, a write-down is recognized for the amount by which the carrying amount exceeds its net realizable value.

Provision is made in the financial statements for obsolete and slow moving stock in trade based on management estimate.

## 2.13 Taxation

Income of trust is subject to tax credit under section 100(c) of income tax ordinance 2001, since it is an approved non-profit organization under section 2(36) of income tax ordinance, 2001. Tax provision is made after taking into consideration the tax credits and rebates, if any.

## 2.14 Correction of prior period error

During the year 2020 and 2021, the medical supplies purchased and sold have not been accounted as stock in accordance with chapter 7 of AFRS for small-sized entities.

These errors have been corrected by restating each of the affected financial statement line items for the prior periods, as follows:

	As at 01 July, 2020 (Previously stated)	Dr	Cr	As at 01 July, 2020 (Restated)
<b>Statement of financial position</b>				
Increase in Stock	-	3,171,314	-	3,171,314
General Fund	86,264,376	-	3,171,314	89,435,690

	As at 30 June, 2021 (Previously stated)	Dr	Cr	As at 30 June, 2021 (Restated)
<b>Statement of financial position</b>				
Decrease in medical expense	13,595,486	-	2,613,864	10,981,622
Increase in Stock	3,171,314	2,613,864	-	5,785,178
General Fund	83,144,348		5,785,178	88,929,526



## OPERATING FIXED ASSETS

	Medical Equipment	Furniture and fixture	Computer Equipment	Software	Total
	-----Rupees-----				
<b>At 30 June 2020</b>					
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	<u>8,904,909</u>	<u>8,348</u>	<u>52,987</u>	<u>-</u>	<u>8,966,245</u>
<b>Year ended 30 June 2021</b>					
Opening net book value	8,904,909	8,348	52,987	-	8,966,245
Addition	2,589,455	165,000	-	179,000	2,933,455
Depreciation charge	(1,149,436)	(17,335)	(17,486)	(26,850)	(1,211,107)
Closing net book value	<u>10,344,928</u>	<u>156,014</u>	<u>35,501</u>	<u>152,150</u>	<u>10,688,593</u>
<b>At 30 June 2021</b>					
Cost	17,369,756	207,500	270,000	179,000	18,026,256
Accumulated depreciation	(7,024,828)	(51,486)	(234,499)	(26,850)	(7,337,663)
Net book value	<u>10,344,928</u>	<u>156,014</u>	<u>35,501</u>	<u>152,150</u>	<u>10,688,593</u>
<b>Year ended 30 June 2022</b>					
Opening net book value	10,344,928	156,014	35,501	152,150	10,688,593
Addition	5,421,600	319,414	625,782	-	6,366,796
Depreciation charge	(1,576,653)	(47,543)	(218,223)	(30,430)	(1,872,849)
Closing net book value	<u>14,189,875</u>	<u>427,885</u>	<u>443,060</u>	<u>121,720</u>	<u>15,182,540</u>
<b>At 30 June 2022</b>					
Cost	22,791,356	526,914	895,782	-	24,393,052
Accumulated depreciation	(8,601,481)	(99,029)	(452,722)	(26,850)	(9,210,512)
Net book value	<u>14,189,875</u>	<u>427,885</u>	<u>443,060</u>	<u>(26,850)</u>	<u>15,182,540</u>
<b>Annual rate of depreciation</b>	10	10	33	20	

**PAKISTAN KIDNEY INSTITUTE**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

	Notes	2022 Rupees	2021 Rupees
<b>4 LONG TERM INVESTMENT</b>			
Available for sale			
Cost/Carrying value		65,745,000	69,900,000
Unrealised Gain/(Loss)	4.1	(10,928,160)	(4,155,000)
		<u>54,816,840</u>	<u>65,745,000</u>
<b>4.1</b>			
It represent 306,000 ordinary shares of Shifa International Hospitals Ltd. 300,000 were received as a donation previously and 6,000 ordinary shares as a bonus shares during the year. Fair value of these shares is Rs. 179.14 (2021: Rs.219.15 ).			
<b>5 Advances</b>			
Advance against expenses		30,000	10,000
		<u>30,000</u>	<u>10,000</u>
<b>6 Withholding tax</b>			
Withholding tax opening balance		88,282	355,920
With held during the year		807,148	32,386
-Prior		-	130,609
-Adjustment		32,386	169,415
		<u>32,386</u>	<u>300,024</u>
		<u>863,044</u>	<u>88,282</u>
<b>7 Cost of Goods sold</b>			<b>Restated</b>
Opening		5,785,178	3,171,314
Purchases		28,875,777	13,595,486
less:Closing		9,260,816	5,785,178
		<u>25,400,139</u>	<u>10,981,622</u>
<b>Bank Balances</b>			
Foreign currency accounts	7.1	98,646	78,640
Local currency accounts		8,660,314	6,937,885
		<u>8,758,960</u>	<u>7,016,525</u>
USD 483.57 converted at the exchange rate of 204.25 rupees			
<b>9 General Fund</b>			<b>Restated</b>
Opening Balance		88,929,526	89,435,689
Surplus/(Deficit) for the year		5,522,614	3,818,252
Adjustment		-	169,415
(Loss)/Surplus arising on remeasurement of investment to fair value		(10,928,160)	(4,155,000)
Closing Balance		<u>83,523,981</u>	<u>88,929,526</u>
<b>10 Accrued and other Liabilities</b>			
Audit Fee Payable		60,000	40,000
EOBI Payable		1,830	1,411
Others		6,716,761	-
Income Tax Payable		90,070	77,963
		<u>6,868,661</u>	<u>119,373</u>

<b>11 Donations</b>		
Patient care	30,284,887	14,547,820
	<u>30,284,887</u>	<u>14,547,820</u>
<b>12 OTHER INCOME</b>		
Profit on deposit accounts	190,469	215,809
Exchange Gain	20,006	101
	<u>210,475</u>	<u>215,910</u>
<b>13 Medical Surgical Supplies Income</b>		
Income from Medical Surgical supplies	31,022,505	12,774,016
Less: Cost of sales	(25,400,139)	(10,981,622)
Gross profit	<u>5,622,366</u>	<u>1,792,394</u>
	<b>2022</b>	<b>2021</b>
<b>14 Number of employees</b>		
Average during the period	12	9
As at 30 June 2022	14	10

**15 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on \_\_\_\_\_ by the Board of Trustees of the Foundation.

**16 CORRESPONDING FIGURES**

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

**17 GENERAL**

Figures have been rounded off to the nearest Rupee.

  
PRESIDENT

  
TRUSTEE