

THE INDUS HOSPITAL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

A. F. FERGUSON & CO.
*Chartered Accountants
a member firm of the PwC network*



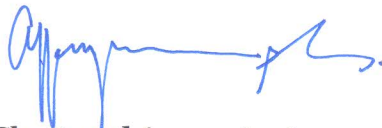
AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of The Indus Hospital (the Hospital) as at June 30, 2013 and the related income and expenditure account and cash flow statement together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Hospital's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of accounts have been kept by the Hospital as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and income and expenditure account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Hospital's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Hospital;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, income and expenditure account and cash flow statement together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Hospital's affairs as at June 30, 2013 and of the surplus and its cash flows for the year then ended; and
- (d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).



**Chartered Accountants
Karachi
Date: March 12, 2014**

Engagement Partner: Waqas A. Sheikh

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**THE INDUS HOSPITAL
BALANCE SHEET
AS AT JUNE 30, 2013**

| | Note | 2013 | 2012 |
|--|------|-----------------------------|-----------------------------|
| <u>Rupees</u> | | | |
| ASSETS | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | 4 | 619,079,160 | 518,849,062 |
| Intangible assets | 5 | 1,227,165 | 480,000 |
| | | <u>620,306,325</u> | <u>519,329,062</u> |
| Current Assets | | | |
| Inventories | 6 | 152,753,822 | 179,428,067 |
| Advances, deposits, prepayments and other receivables | 7 | 46,110,021 | 22,732,843 |
| Short term investments | 8 | 300,189,395 | 259,849,410 |
| Cash and bank balances | 9 | 215,936,127 | 102,614,199 |
| | | <u>714,989,365</u> | <u>564,624,519</u> |
| | | <u>1,335,295,690</u> | <u>1,083,953,581</u> |
| EQUITY | | | |
| Funds | | | |
| Restricted Fund | 10 | 856,279,289 | 655,648,641 |
| Accumulated Fund | 11 | 359,931,722 | 335,537,153 |
| | | <u>1,216,211,011</u> | <u>991,185,794</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | 12 | 119,084,679 | 92,767,787 |
| CONTIGENCIES AND COMMITMENTS | | | |
| | | - | - |
| | | <u>1,335,295,690</u> | <u>1,083,953,581</u> |

The annexed notes 1 to 20 form an integral part of these financial statements.

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Chief Executive Officer


Director

**THE INDUS HOSPITAL
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2013**

| | Note | 2013 | 2012 |
|---|------|--------------------|---------------------|
| | | Rupees | |
| INCOME | | | |
| Value of services rendered to patients financed through: | | | |
| - zakat | 10 | 572,858,900 | 402,905,595 |
| - donations | 10 | 284,939,530 | 296,789,944 |
| | | <u>857,798,430</u> | <u>699,695,539</u> |
| Other income | 13 | 8,340,513 | 7,225,898 |
| | | <u>866,138,943</u> | <u>706,921,437</u> |
| EXPENDITURE | | | |
| Medicines and other supplies consumed | 14 | 295,488,224 | 273,536,532 |
| Salaries, wages and other benefits | | 344,218,115 | 281,350,842 |
| Depreciation | 4.1 | 79,580,289 | 81,756,822 |
| Amortization | 5 | 461,791 | 220,000 |
| Repairs and maintenance | | 8,009,448 | 7,140,658 |
| Insurance/Takaful | | 401,910 | 562,145 |
| Fuel | | 22,992,575 | 17,064,675 |
| License fee | | 5,020 | 51,846 |
| Printing, stationery and courier | | 3,161,125 | 2,226,875 |
| Utilities | | 24,254,839 | 22,154,675 |
| Travelling and transportation | | 2,872,883 | 1,288,611 |
| Technical and professional services | | 2,567,367 | 4,288,104 |
| Auditor's remuneration | | 225,000 | 200,000 |
| Uniform and laundry | | 240 | 695,874 |
| Security services | | 1,820,343 | 2,040,000 |
| Clearing and forwarding | | 2,973,306 | 981,668 |
| Marketing | | 16,280,297 | 4,698,343 |
| Inventories written-off | | 130,408 | 21,302 |
| Other expenses | | 2,471,101 | 1,512,536 |
| Outdoor Projects: | 15 | | |
| - TB MDR Project Round 9 | | 14,474,705 | 4,759,196 |
| - TB Reach Project | | 14,226,889 | 15,977,361 |
| - Clinical Research Program | | 1,295,492 | - |
| - Pehla Qadam Project | | 2,246,347 | 158,000 |
| - Photo Voices Project | | - | 180,000 |
| - DIV Project | | 1,290,889 | - |
| - IDRF Health Worker Program | | 260,771 | - |
| - CCH Project | | 35,000 | - |
| | | <u>33,830,093</u> | <u>21,074,557</u> |
| | | <u>841,744,374</u> | <u>722,866,065</u> |
| Surplus/(Deficit) for the year | 11 | <u>24,394,569</u> | <u>(15,944,628)</u> |

The annexed notes 1 to 20 form an integral part of these financial statements.

Mrs.


Chief Executive Officer


Director

**THE INDUS HOSPITAL
CASH FLOW STATEMENT
FOR THE YEAR JUNE 30, 2013**

| | 2013 | 2012 |
|--|---------------|---------------|
| Note | Rupees | |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Surplus/(Deficit) for the year | 24,394,569 | (15,944,628) |
| Adjustments for non-cash charges and other items: | | |
| Depreciation | 79,580,289 | 81,756,822 |
| Amortization | 461,791 | 220,000 |
| Inventories written-off | 130,408 | 21,302 |
| Value of services rendered to patients | (857,798,430) | (699,695,539) |
| | (777,625,942) | (617,697,415) |
| Working capital changes | | |
| (Increase)/Decrease in current assets: | | |
| Inventories | 26,543,837 | (41,722,078) |
| Advances, deposits, prepayments and other receivables | (23,377,178) | 963,114 |
| | 3,166,659 | (40,758,964) |
| Increase in current liabilities: | | |
| Trade and other payables | 26,316,892 | 27,634,168 |
| | 29,483,551 | (13,124,796) |
| Net cash utilized in operating activities | (723,747,822) | (646,766,839) |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (179,810,387) | (75,116,724) |
| Purchase of intangible assets | (1,208,956) | (100,000.00) |
| Investment made during the year - net | (39,093,810) | (119,656,190) |
| Profit received on short term investments | 31,458,685 | 17,181,286 |
| Net cash utilized in investing activities | (188,654,467) | (177,691,628) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Donations received during the year | 483,216,106 | 479,918,983 |
| Zakat received during the year | 542,508,112 | 299,477,758 |
| Net cash generated from financing activities | 1,025,724,218 | 779,396,741 |
| Net increase / (decrease) in cash and cash equivalents | 113,321,928 | (45,061,726) |
| Cash and cash equivalents at beginning of the year | 102,614,199 | 147,675,925 |
| Cash and cash equivalents at end of the year | 9 215,936,127 | 102,614,199 |

The annexed notes 1 to 20 form an integral part of these financial statements.

M.B.

Chief Executive Officer

Director

**THE INDUS HOSPITAL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

1. LEGAL STATUS AND OPERATIONS

The Indus Hospital (the Hospital) is a not for profit organisation incorporated in Pakistan on June 23, 2008 as a company limited by guarantee, not having share capital, under section 42 of the Companies Ordinance, 1984. The principal objective of the Hospital is to provide medical, housing, educational and other facilities to the under privileged people and to apply its funds to achieve its objectives.

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 the years presented, unless otherwise stated.

2.1 Basis of preparation

2.1.1 Statement of compliance

These financial statements have been prepared under the historical cost convention, except for remeasurement of certain financial assets and financial liabilities at fair value or amortized cost.

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 Standard for Medium-Sized Entities (MSEs) issued by the Institute of Chartered Accountants of Pakistan and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.1.2 Critical accounting estimates and judgements

The preparation of financial statements in conformity with the above requirements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Hospital's accounting policies. The areas involving higher degree of judgement or complexity, or areas where assumption and estimates are significant to the financial statements are disclosed in note 3.

2.2 Property, plant and equipment

These are stated at historical cost less accumulated depreciation and impairment, if any except capital work-in-progress.

Depreciation on property, plant and equipment is charged to income using the straight-line method at the rates stated in note 4.1. Depreciation on additions during the year is charged for the whole year and no depreciation is charged on assets in the year of disposal.

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Assets received as donation in kind are initially recognized at fair value and subsequently carried at valuation less accumulated depreciation and impairment, if any.

Assets residual values and useful lives are reviewed, and adjusted, if appropriate at each balance sheet date.

The carrying values of operating assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. The recoverable amount of operating assets is the greater of net selling price and value in use.

Subsequent costs are included in the assets' 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 Hospital and the cost of the item can be measured reliably. Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gains and losses on disposal or retirement of assets are recognized in income currently.

Capital work-in-progress is stated at cost less impairment, if any. Capital work-in-progress consists of expenditure incurred and advances made in respect of tangible and intangible assets in the course of their construction and installation. Transfers are made to relevant operating asset category as and when assets are available for use.

2.3 Intangible assets - Computer software

An intangible asset is recognized if it is probable that the future economic benefits attributable to the asset will flow to the Hospital and the cost of the asset can also be measured reliably.

Generally, costs associated with maintaining computer software programmes are recognized as an expense as incurred. However, costs that are directly associated with identifiable software and have probable economic benefits exceeding the cost beyond one year, are recognized as an intangible asset. Direct costs include the purchase cost of software and related employee and other overhead costs.

Expenditure which enhances or extends the performance of computer software beyond its original specification and useful life is recognized as a capital improvement and added to the original cost of the software.

Computer software cost treated as intangible assets are amortized from the date the software is put to use on straight-line basis over a period of 5 years. The carrying amount of the intangible assets is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount.

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2.4 Financial instruments

2.4.1 Financial assets

The Hospital classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held to maturity and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are classified as current assets.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. The Hospital's loans and receivables comprise 'other receivables' and 'cash and bank balances' in the balance sheet.

c) Held to maturity financial assets

Held to maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity with a positive intention to hold to maturity.

d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. These are included in non-current assets unless management intends to dispose of the investment within twelve months of the balance sheet date.

All financial assets are recognized at the time when the Hospital becomes a party to the contractual position of the instrument. Regular purchases and sales of financial assets are recognized on the trade date – the date on which the Hospital commits to purchase or sell the asset.

Financial assets are initially recognized at fair value plus transaction costs for all financial assets other than those carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the income statement.

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Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Hospital has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.

Loans and receivables and held to maturity investments are carried at amortized cost using the effective interest method.

Any gain or loss on investments which are acquired from restricted funds is recognized in the Restricted Fund Account.

2.4.2 **Financial liabilities**

All financial liabilities are recognized at the time when the Hospital becomes a party to the contractual provisions of the instrument. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the income and expenditure.

2.4.3 **Offsetting of financial assets and liabilities**

A financial asset and a financial liability are offset and the net amount is reported in the balance sheet if the Hospital has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize asset and settle the liability simultaneously.

2.4.4 **Impairment of financial assets**

For financial assets the Hospital assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The impairment loss is recognized by reducing the carrying amount of the asset and the amount of loss is recognized in income in case of financial assets carried at amortized cost. If in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of previously recognized impairment loss is also recognized in the income.



2.5 Inventories

Inventories comprise medicines, consumables and general supplies such as surgical supplies, stationery, grocery items, etc. These are valued at lower of cost and net realizable value. Cost is determined on first in first out (FIFO) basis. Cost comprises the purchase cost and other related costs incurred in bringing the inventories to their present location and condition. Donated inventories are carried at a valuation equivalent to the cost, which would have been incurred in bringing such inventories to their present location and condition had these inventories been purchased. Net realizable value signifies the estimated selling price in the ordinary course of the business, less the estimated cost necessarily to be incurred to make the sale.

2.6 Stores and spares

These are valued at cost determined using the first in first out (FIFO) method. Stores and spares are regularly reviewed for impairment and adequate provision is made for obsolete and slow moving items.

2.7 Cash and cash equivalents

Cash and cash equivalent for the purpose of cash flow statement comprises of cash in hand, balances with banks in current, deposit and saving accounts.

2.8 Donations

Donations are accounted for on receipt basis. Donations in kind are recognized at fair value determined at the time when the donations are received. Donations restricted in its use by the donors are utilized for the purpose specified and are classified as donations under the Restricted Fund Account. Any income from investments made from such restricted donations is also credited directly in the Restricted Fund Account.

2.9 Restricted fund

Zakat and donations contributed by the donors for general purposes/operations are recognized under the Restricted Fund Account upon receipt. Subsequently, the Restricted Fund Account is adjusted for the value of services provided to the needy/deserving patients free of cost during the year, at pre-determined rates for each service rendered.

2.10 Trade and other payables

Trade and other payables are recognized initially at fair value of the consideration to be paid in the future for goods and services received, and are subsequently measured at amortized cost using the effective interest method.

These are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, these are presented as non-current liabilities.

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2.11 Provident fund

The Hospital has constituted, pending approval of the Income Tax Authorities, a contributory provident fund for all its permanent employees. Equal monthly contributions are made both by the Hospital and the employees to the Fund at the rate of 10 percent of basic salary.

2.12 Revenue recognition

Donations and Zakat received for the day to day operations of the Hospital are recognized as income as and when services are provided to needy/deserving patients. Such Zakat/donations are credited to income on pre-determined service rates which are reviewed by the Hospital annually.

Income on bank deposits and short term investment is recognized on accrual basis.

2.13 Taxation

The Hospital is exempt from income tax under clause 58 Part I of the Second Schedule of the Income Tax Ordinance, 2001. Consequently no provision for taxation is made in these financial statements.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Hospital makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

3.1 Property, plant and equipment and intangible assets

The Hospital reviews appropriateness of the rate of depreciation, useful life and residual values used for recording the depreciation on an annual basis. Further where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis. Further, the valuation of assets received as donations in kind is based on estimates.

3.2 Inventories

The Company's management reviews the net realizable value (NRV) and impairment of stocks and stores and spares to assess any diminution in the respective carrying values and wherever required provision for NRV / impairment is made.

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| | 2013 | | 2012 | | | | |
|--|--------------------|--|------------------------------------|--|--------------------------|----------------|--------------------|
| | Rupees | | | | | | |
| 4. PROPERTY, PLANT AND EQUIPMENT | | | | | | | |
| Operating assets - note 4.1 | 486,989,448 | 512,578,161 | | | | | |
| Capital work-in-progress - note 4.2 | 132,089,712 | 6,270,901 | | | | | |
| | <u>619,079,160</u> | <u>518,849,062</u> | | | | | |
| 4.1 Operating assets | | | | | | | |
| | Lease hold land | Building and Civil Work on lease hold land | Plant, Machinery & Equipment | Computers, Printers and Network Cabling | Furniture and Fixture | Vehicles | Total |
| | Rupees | | | | | | |
| As at July 1, 2011 | | | | | | | |
| Cost | 300,000,000 | 126,275,526 | 258,922,018 | 7,671,733 | 26,979,741 | 1,449,460 | 721,298,478 |
| Accumulated depreciation | (3,000,000) | (19,664,942) | (150,555,508) | (5,881,421) | (16,668,425) | (843,499) | (196,613,795) |
| Net book value | <u>297,000,000</u> | <u>106,610,584</u> | <u>108,366,510</u> | <u>1,790,312</u> | <u>10,311,316</u> | <u>605,961</u> | <u>524,684,683</u> |
| Year ended June 30, 2012 | | | | | | | |
| Opening net book value | 297,000,000 | 106,610,584 | 108,366,510 | 1,790,312 | 10,311,316 | 605,961 | 524,684,683 |
| Additions including transfers - note 4.2 | - | 4,625,225 | 58,827,947 | 5,077,469 | 1,119,659 | - | 69,650,300 |
| Depreciation charge | (3,000,000) | (6,545,037) | (63,549,995) | (2,752,018) | (5,619,880) | (289,892) | (81,756,822) |
| Closing net book value | <u>294,000,000</u> | <u>104,690,772</u> | <u>103,644,462</u> | <u>4,115,763</u> | <u>5,811,095</u> | <u>316,069</u> | <u>512,578,161</u> |
| As at July 1, 2012 | | | | | | | |
| Cost | 300,000,000 | 130,900,751 | 317,749,965 | 12,749,202 | 28,099,400 | 1,449,460 | 790,948,778 |
| Accumulated depreciation | (6,000,000) | (26,209,979) | (214,105,503) | (8,633,439) | (22,288,305) | (1,133,391) | (278,370,617) |
| Net book value | <u>294,000,000</u> | <u>104,690,772</u> | <u>103,644,462</u> | <u>4,115,763</u> | <u>5,811,095</u> | <u>316,069</u> | <u>512,578,161</u> |
| Year ended June 30, 2013 | | | | | | | |
| Opening net book value | 294,000,000 | 104,690,772 | 103,644,462 | 4,115,763 | 5,811,095 | 316,069 | 512,578,161 |
| Additions including transfers - note 4.2 | - | 14,134,648 | 31,078,508 | 3,786,059 | 4,585,361 | 407,000 | 53,991,576 |
| Depreciation charge | (3,000,000) | (7,241,769) | (60,434,827) | (3,684,099) | (4,936,206) | (283,388) | (79,580,289) |
| Closing net book value | <u>291,000,000</u> | <u>111,583,651</u> | <u>74,288,143</u> | <u>4,217,723</u> | <u>5,460,250</u> | <u>439,681</u> | <u>486,989,448</u> |
| As at June 30, 2013 | | | | | | | |
| Cost | 300,000,000 | 145,035,399 | 348,828,473 | 16,535,261 | 32,684,761 | 1,856,460 | 844,940,354 |
| Accumulated depreciation | (9,000,000) | (33,451,748) | (274,540,330) | (12,317,538) | (27,224,511) | (1,416,779) | (357,950,906) |
| Net book value | <u>291,000,000</u> | <u>111,583,651</u> | <u>74,288,143</u> | <u>4,217,723</u> | <u>5,460,250</u> | <u>439,681</u> | <u>486,989,448</u> |
| Annual rate of depreciation (%) | <u>1</u> | <u>5</u> | <u>20</u> | <u>33</u> | <u>20</u> | <u>20</u> | |

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4.2 Capital work-in-progress

| | Expansion Project (note 4.2.1) | Building and Civil Works | Plant, Machinery & Equipment | Furniture and Fixture | Total |
|----------------------------------|-----------------------------------|--------------------------|------------------------------|-----------------------|--------------|
| | Rupees | | | | |
| Year ended June 30, 2012 | | | | | |
| Balance at beginning of the year | - | 804,477 | - | - | 804,477 |
| Add: Additions during the year | - | 9,901,690 | 16,076,991 | 9,000 | 25,987,681 |
| Less: Transfers - note 4.1 | - | (4,625,225) | (15,896,032) | - | (20,521,257) |
| Balance at end of the year | - | 6,080,942 | 180,959 | 9,000 | 6,270,901 |
| Year ended June 30, 2013 | | | | | |
| Balance at beginning of the year | - | 6,080,942 | 180,959 | 9,000 | 6,270,901 |
| Add: Additions during the year | 123,917,366 | 3,527,937 | 7,022,404 | - | 134,467,707 |
| Less: Transfers - note 4.1 | - | (8,648,896) | - | - | (8,648,896) |
| Balance at end of the year | 123,917,366 | 959,983 | 7,203,363 | 9,000 | 132,089,712 |

- 4.2.1 During the year, the Hospital entered into a Consultancy Service Agreement (the Agreement) with CPG Consultants PTE Limited (the Consultants) in respect of the expansion project of the Hospital. The Consultants have been engaged for design development and site / infrastructure planning and analysis for the successful conceptualization and implementation of the expansion project. The total cost of the services is US\$ 1,498,000, payable in five equal installments in accordance with the payment schedule as defined in the Agreement. As at June 30, 2013, US\$ 599,200 (Pak Rupee equivalent: Rs. 59,336,818) has been paid and US\$ 599,200 (Pak Rupee equivalent: Rs. 60,509,612) is due but not yet paid (note 12).

| | 2013 | 2012 |
|--|-------------|-----------|
| | Rupees | |
| 5. INTANGIBLE ASSETS | | |
| - Computer Software | | |
| Net carrying value | | |
| Balance at beginning of the year | 480,000 | 600,000 |
| Add: Additions at cost | 1,208,956 | 100,000 |
| Less: Amortization charge for the year | (461,791) | (220,000) |
| Balance at end of the year | 1,227,165 | 480,000 |
| Gross carrying value | | |
| Cost | 2,308,956 | 1,100,000 |
| Less: Accumulated amortization | (1,081,791) | (620,000) |
| Net book value | 1,227,165 | 480,000 |

- 5.1 The cost is being amortized over a period of 5 years.

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| | 2013 | 2012 |
|--|---|--------------------|
| | Rupees | |
| 6. INVENTORIES | | |
| Medicines | 44,350,891 | 86,580,712 |
| Consumables | 96,128,448 | 84,065,508 |
| General | 6,326,410 | 4,902,425 |
| | <u>146,805,749</u> | <u>175,548,645</u> |
| Stores and spares | 5,948,073 | 3,879,422 |
| | <u>152,753,822</u> | <u>179,428,067</u> |
| 7. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES | | |
| Advances to: | | |
| - suppliers and others | 43,743,242 | 21,761,065 |
| - employees | 14,492 | 6,492 |
| Deposits | 135,730 | 188,073 |
| Prepayments | 1,559,119 | 398,983 |
| Other receivables | 657,438 | 378,230 |
| | <u>46,110,021</u> | <u>22,732,843</u> |
| 8. SHORT TERM INVESTMENTS | | |
| - Held to maturity | | |
| Term deposits - Burj Bank Limited | 33,248,186 | 41,313,892 |
| Profit and Loss sharing Certificate of Deposit - Al - Baraka Bank (Pakistan) Limited | - | 13,261,190 |
| Habib Metropolitan Islamic Investment Certificates | 266,941,209 | 205,274,328 |
| | <u>300,189,395</u> | <u>259,849,410</u> |
| 8.1 | These represent investments having maturity upto one year and carrying profit at a rates ranging from 8.13% to 12% (2012: 10.50% to 12%) per annum. | |
| | 2013 | 2012 |
| | Rupees | |
| 9. CASH AND BANK BALANCES | | |
| Cash in hand | 186,763 | 210,684 |
| Balances with banks on: | | |
| - current accounts | 86,275,821 | 57,652,726 |
| - savings accounts | 129,473,543 | 44,750,789 |
| | <u>215,749,364</u> | <u>102,403,515</u> |
| | <u>215,936,127</u> | <u>102,614,199</u> |

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10. RESTRICTED FUND

| | 2013 | | | 2012 | | |
|---|----------------------|----------------------|--------------------|----------------------|--------------------|--------------------|
| | Zakat | Donations | Total | Zakat | Donations | Total |
| | Rupees | | | | | |
| Balance at beginning of the year | (115,608,495) | 771,257,136 | 655,648,641 | (13,868,069) | 567,370,486 | 553,502,417 |
| Zakat / Donations received during the year for operations | 542,508,112 | 314,224,315 | 856,732,427 | 299,477,758 | 356,748,223 | 656,225,981 |
| Donation for construction of Peads ward | - | 34,276,442 | 34,276,442 | - | 59,092,568 | 59,092,568 |
| Donation for Ayesha blood bank | - | 23,931,000 | 23,931,000 | - | 10,290,000 | 10,290,000 |
| Donation for construction of Dialysis Unit | - | - | - | - | 41,140,000 | 41,140,000 |
| Donation for other construction | - | 110,784,349 | 110,784,349 | - | 12,648,192 | 12,648,192 |
| Profit on short term investments | 2,127,311 | 30,577,549 | 32,704,860 | 1,687,411 | 20,757,611 | 22,445,022 |
| Value of services rendered to patients | (572,858,900) | (284,939,530) | (857,798,430) | (402,905,595) | (296,789,944) | (699,695,539) |
| Balance at end of the year | <u>(143,831,972)</u> | <u>1,000,111,261</u> | <u>856,279,289</u> | <u>(115,608,495)</u> | <u>771,257,136</u> | <u>655,648,641</u> |

- 10.1** Zakat funds are required to be utilized only for patients who are entitled to receive zakat under the Islamic shariah, whereas all others patients are treated through funds received as donations.

11. ACCUMULATED FUND

| | 2013 | 2012 |
|----------------------------------|--------------------|--------------------|
| | Rupees | |
| Balance at beginning of the year | 335,537,153 | 351,481,781 |
| Surplus / (Deficit) for the year | 24,394,569 | (15,944,628) |
| Balance at end of the year | <u>359,931,722</u> | <u>335,537,153</u> |

- 11.1** Accumulated Fund represents capital assets donated by the Rufaydah Foundation and other donors for the establishment and initial operations of the Hospital, net of the Accumulated surplus / deficit from the operations to date.

12. TRADE AND OTHER PAYABLES

| | 2013 | 2012 |
|---|--------------------|-------------------|
| | Rupees | |
| Creditors | 42,356,286 | 75,101,322 |
| Accrued liabilities | 6,678,789 | 6,077,912 |
| Other liabilities: | | |
| - Payable to Provident Fund | 11,856 | 3,374 |
| - Payable to Interactive Research & Development | 1,542,678 | 4,080,938 |
| - Retention money | 96,425 | 2,088,191 |
| - Payable to CPG Consultants PTE Limited - note 4.2.1 | 60,509,612 | - |
| - Miscellaneous | 7,889,033 | 5,416,050 |
| | <u>119,084,679</u> | <u>92,767,787</u> |

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| | 2013 | 2012 |
|--|--------------------|--------------------|
| | Rupees | |
| 13. OTHER INCOME | | |
| Proceeds from sales of waste materials | 343,600 | 453,170 |
| Revenue from cafeteria | 6,608,633 | 4,339,168 |
| Others | 1,388,280 | 2,433,560 |
| | <u>8,340,513</u> | <u>7,225,898</u> |
| 14. MEDICINES AND OTHER SUPPLIES CONSUMED | | |
| Opening inventory | 179,428,067 | 137,727,291 |
| Add: Purchases | 268,944,387 | 315,258,610 |
| Less: | | |
| - Inventories written-off | (130,408) | (21,302) |
| - Closing inventory - note 6 | (152,753,822) | (179,428,067) |
| | <u>295,488,224</u> | <u>273,536,532</u> |
| 15. OUTDOOR PROJECTS | | |

Outdoor Projects represent projects undertaken by the Hospital either within or outside its premises and funded by specific donors. The details of grant / funds received for these projects during the year and the related expenditure incurred on these projects are as follows:

| | Projects | | | | | | | |
|---------------------------------|------------------------------|---------------------|---------------------------------|------------------------|----------------------------|------------------|----------------------------------|------------------|
| | TB MDR Project Round 9 | TB Reach Project | Clinical Research Project | Pehla Qadam Project | Photo Voices Project | DIV Project | IDRF Health Worker Program | CCH Project |
| | Rupees | | | | | | | |
| Year ended June 30, 2013 | | | | | | | | |
| Donations / Grant | 26,118,304 | 22,160,767 | 1,895,000 | - | - | 8,099,473 | 1,062,223 | - |
| Less: | | | | | | | | |
| Salaries, wages and benefits | 24,834,632 | 11,453,702 | 2,717,650 | 1,259,292 | - | 5,029,380 | - | 504,000 |
| Medicines consumed | 32,606,362 | - | - | - | - | - | - | - |
| Other costs | 14,474,705 | 14,226,889 | 1,295,492 | 2,246,347 | - | 1,290,889 | 260,771 | 35,000 |
| | 71,915,699 | 25,680,591 | 4,013,142 | 3,505,639 | - | 6,320,269 | 260,771 | 539,000 |
| Surplus / (deficit) | <u>(45,797,395)</u> | <u>(3,519,824)</u> | <u>(2,118,142)</u> | <u>(3,505,639)</u> | <u>-</u> | <u>1,779,204</u> | <u>801,452</u> | <u>(539,000)</u> |
| Year ended June 30, 2012 | | | | | | | | |
| Donations / Grant | 43,876,088 | 21,830,797 | 1,895,000 | 1,140,100 | - | - | - | - |
| Less: | | | | | | | | |
| Salaries, wages and benefits | 23,389,109 | 23,189,899 | 378,003 | 544,000 | - | - | - | - |
| Medicines consumed | 17,835,223 | - | - | - | - | - | - | - |
| Other costs | 4,759,196 | 15,977,361 | - | 158,000 | 180,000 | - | - | - |
| | 45,983,528 | 39,167,260 | 378,003 | 702,000 | 180,000 | - | - | - |
| Surplus / (deficit) | <u>(2,107,440)</u> | <u>(17,336,463)</u> | <u>1,516,997</u> | <u>438,100</u> | <u>(180,000)</u> | <u>-</u> | <u>-</u> | <u>-</u> |

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16. PROVIDENT FUND

The following information is based upon un-audited financial statements of the provident fund as at June 30, 2013 and June 30, 2012:

| | June 30, 2013 | June 30, 2012 |
|---------------------------------|-------------------|-------------------|
| Size of the fund - Total assets | <u>75,584,416</u> | <u>53,545,576</u> |
| Fair value of investments | <u>66,287,759</u> | <u>45,343,333</u> |
| Cost of investments made | <u>63,038,100</u> | <u>44,138,100</u> |
| Percentage of investments made | <u>88%</u> | <u>85%</u> |

16.1 The break-up of fair value of investments is as follows:

| | 2013 | | 2012 | |
|---------------|-------------------|-------------|-------------------|-------------|
| | Rupees | % | Rupees | % |
| Bank deposits | 57,150,000 | 86% | 27,150,000 | 60% |
| Securities | 9,137,759 | 14% | 18,193,333 | 40% |
| | <u>66,287,759</u> | <u>100%</u> | <u>45,343,333</u> | <u>100%</u> |

16.2 The investments out of the fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for the purpose.

16.3 An amount of Rs. 24,517,271 (2012: Rs. 19,662,056) has been charged during the year in respect of contribution to the fund.

17. RELATED PARTY TRANSACTIONS

Related parties represent members of the Board of Directors (BoD) of the Hospital, trustees of the Islamic Mission Hospital Trust and the Rufaydah Foundation, the key management personnel of the Hospital and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of transactions with related parties are approved by the BoD of the Hospital.

17.1 Transactions with related parties, other than those disclosed elsewhere in these financial statements, are as follows:

| | 2013 | 2012 |
|---|------------|------------|
| | Rupees | |
| Donations received from the Rufaydah Foundation | - | 23,361,674 |
| Contribution to Provident Fund | 12,259,805 | 9,827,529 |

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- 17.2 The aggregate amounts charged in the financial statements for remuneration to the Chief Executive and other key management personnel are as follows:

| | June, 30 2013 | | | June, 30 2012 | | |
|--|------------------|-------------------|--------------------------------|------------------|-------------------|--------------------------------|
| | Chief Executive | Faculty | Other Key Management Personnel | Chief Executive | Faculty | Other Key Management Personnel |
| | Rupees | | | | | |
| Managerial remuneration | 4,725,384 | 41,638,244 | 17,633,764 | 4,295,808 | 42,055,435 | 24,497,948 |
| Retirement benefits funds | - | 2,060,538 | 864,529 | - | 2,405,459 | 1,284,769 |
| Total | <u>4,725,384</u> | <u>43,698,782</u> | <u>18,498,293</u> | <u>4,295,808</u> | <u>44,460,894</u> | <u>25,782,717</u> |
| Number of persons, including those who worked part of the period | <u>1</u> | <u>25</u> | <u>10</u> | <u>1</u> | <u>25</u> | <u>10</u> |

18. NUMBER OF EMPLOYEES

As at June 30, 2013, 791 (2012: 744) employees were in Hospital's service and the average number of employees employed during the year was 761 (2012: 678).

19. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purposes of better presentation and comparison, the impact of which is not material.

20. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved and authorized for issue on - 4 FEB 2014 by the Board of Directors of the Hospital.

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CHIEF EXECUTIVE OFFICER

DIRECTOR