

THE INDUS HOSPITAL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

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, 2014 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, 2014 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: February 18, 2015**

Engagement Partner: Waqas A. Sheikh

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THE INDUS HOSPITAL
BALANCE SHEET
AS AT JUNE 30, 2014

	Note	2014	(Restated) 2013 Rupees	(Restated) 2012
ASSETS				
Non-Current Assets				
Property, plant and equipment	4	810,200,857	619,079,160	518,849,062
Intangible assets	5	765,374	1,227,165	480,000
		<u>810,966,231</u>	<u>620,306,325</u>	<u>519,329,062</u>
Current Assets				
Inventories	6	194,551,687	166,093,693	186,821,199
Advances, deposits, prepayments and other receivables	7	82,956,109	46,110,021	22,732,843
Short term investments	8	429,758,873	300,189,395	259,849,410
Cash and bank balances	9	400,545,141	215,936,127	102,614,199
		<u>1,107,811,810</u>	<u>728,329,236</u>	<u>572,017,651</u>
		<u>1,918,778,041</u>	<u>1,348,635,561</u>	<u>1,091,346,713</u>
EQUITY				
Funds				
Restricted Fund	10	1,382,828,570	854,704,400	654,073,752
Accumulated Fund	11	367,219,584	374,846,482	344,505,174
		<u>1,750,048,154</u>	<u>1,229,550,882</u>	<u>998,578,926</u>
LIABILITIES				
Current Liabilities				
Trade and other payables	12	168,729,887	119,084,679	92,767,787
CONTIGENCIES AND COMMITMENTS				
		<u>-</u>	<u>-</u>	<u>-</u>
		<u>1,918,778,041</u>	<u>1,348,635,561</u>	<u>1,091,346,713</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, 2014

	Note	2014	(Restated) 2013
		Rupees	
INCOME			
Value of services rendered to patients			
financed through :			
- zakat	10	676,566,987	572,858,900
- donations	10	348,773,270	284,939,530
		<u>1,025,340,257</u>	<u>857,798,430</u>
Other income	13	16,029,449	8,340,513
		<u>1,041,369,706</u>	<u>866,138,943</u>
EXPENDITURE			
Medicines and other supplies consumed	14	379,473,136	289,541,485
Salaries, wages and other benefits		439,431,029	344,218,115
Depreciation	4.1	71,138,716	79,580,289
Amortization	5	461,791	461,791
Repairs and maintenance		10,757,764	8,009,448
Insurance/Takaful		820,723	401,910
Fuel		33,218,795	22,992,575
License fee		210,709	5,020
Printing, stationery and courier		4,343,567	3,161,125
Utilities		32,347,574	24,254,839
Travelling and transportation		603,023	2,872,883
Technical and professional services		2,704,724	2,567,367
Auditor's remuneration		230,850	225,000
Security services		3,360,692	1,820,343
Clearing and forwarding		1,975,578	2,973,306
Marketing		34,326,348	16,280,297
Communication charges		1,794,793	-
Out-sourced diagnostics charges		1,289,295	-
Inventories written-off		220,849	130,408
Outdoor Projects cost:	15		
- Clinical Research Program		-	1,295,492
- IMNCI Child Survival Program		1,202,828	-
- Malaria Project		75,887	-
- DIV Project		293,823	1,290,889
- IDRF Health Worker Program		-	260,771
- Children Cancer Hospital Project		114,423	35,000
- Pehla Qadam Project		2,761,989	2,246,347
- Club Foot Disability Project		3,256,059	-
- KAPS - Knee Arthritis Project		24,008	-
- KNCV Tuberculosis Project		1,046,009	-
- TB Treatment Project		73,551	-
- TB Reach Project		732,590	14,226,889
- TB MDR Project Round 9		13,579,631	14,474,705
		<u>23,160,798</u>	<u>33,830,093</u>
Other expenses		7,125,850	2,471,341
		<u>1,048,996,604</u>	<u>835,797,635</u>
Surplus / (Deficit) for the year	11	<u>(7,626,898)</u>	<u>30,341,308</u>

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




Chief Executive Officer



Director


THE INDUS HOSPITAL
CASH FLOW STATEMENT
FOR THE YEAR JUNE 30, 2014

	2014	(Restated) 2013
Note	Rupees	
CASH FLOW FROM OPERATING ACTIVITIES		
Surplus/(Deficit) for the year	(7,626,898)	30,341,308
Adjustments for non-cash charges and other items:		
Depreciation	71,138,716	79,580,289
Amortization	461,791	461,791
Inventories written-off	220,849	130,408
Value of services rendered to patients	(1,025,340,257)	(857,798,430)
	(953,518,901)	(777,625,942)
Working capital changes		
(Increase)/Decrease in current assets:		
Inventories	(28,678,843)	20,597,098
Advances, deposits, prepayments and other receivables	(36,846,088)	(23,377,178)
	(65,524,931)	(2,780,080)
Increase in current liabilities:		
Trade and other payables	49,645,208	26,316,892
	(15,879,723)	23,536,812
Net cash utilized in operating activities	(977,025,522)	(723,747,822)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(262,260,413)	(179,810,387)
Purchase of intangible assets	-	(1,208,956)
Investment made during the year - net	(129,723,000)	(39,093,810)
Profit received on short term investments	52,065,047	31,458,686
Net cash utilized in investing activities	(339,918,366)	(188,654,467)
CASH FLOW FROM FINANCING ACTIVITIES		
Donations received during the year	780,845,826	483,216,106
Zakat received during the year	720,707,076	542,508,112
Net cash generated from financing activities	1,501,552,902	1,025,724,218
Net increase in cash and cash equivalents	184,609,014	113,321,929
Cash and cash equivalents at beginning of the year	215,936,127	102,614,199
Cash and cash equivalents at end of the year	9 400,545,141	215,936,127

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
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

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 free of cost 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.

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.

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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.

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.

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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.

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 and 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.

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.

4. PROPERTY, PLANT AND EQUIPMENT

	2014	2013
	Rupees	
Operating assets - note 4.1	556,882,687	486,989,448
Capital work-in-progress - note 4.2	253,318,170	132,089,712
	<u>810,200,857</u>	<u>619,079,160</u>

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4.1 Operating assets

	Lease hold land	Building and Civil Work on lease hold land	Plant, Machinery & Equipment (note 4.2.2)	Computers, Printers and Network Cabling	Furniture and Fixture	Vehicles	Total
	Rupees						
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 July 1, 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>
Year ended June 30, 2014							
Opening net book value	291,000,000	111,583,651	74,288,143	4,217,723	5,460,250	439,681	486,989,448
Additions including transfers - note 4.2	-	11,770,526	108,057,013	12,087,909	5,642,198	3,474,309	141,031,955
Depreciation charge	(3,000,000)	(7,840,296)	(49,307,911)	(7,044,390)	(3,055,773)	(890,346)	(71,138,716)
Closing net book value	<u>288,000,000</u>	<u>115,513,881</u>	<u>133,037,245</u>	<u>9,261,242</u>	<u>8,046,675</u>	<u>3,023,644</u>	<u>556,882,687</u>
As at June 30, 2014							
Cost	300,000,000	156,805,925	456,885,486	28,623,170	38,326,959	5,330,769	985,972,309
Accumulated depreciation	(12,000,000)	(41,292,044)	(323,848,241)	(19,361,928)	(30,280,284)	(2,307,125)	(429,089,622)
Net book value	<u>288,000,000</u>	<u>115,513,881</u>	<u>133,037,245</u>	<u>9,261,242</u>	<u>8,046,675</u>	<u>3,023,644</u>	<u>556,882,687</u>
Annual rate of depreciation (%)	<u>1</u>	<u>5</u>	<u>20</u>	<u>33</u>	<u>20</u>	<u>20</u>	

4.2 Capital work-in-progress

	Expansion Project (note 4.2.1)	Building and Civil Works (note 4.2.2)	Plant, Machinery & Equipment	Furniture and Fixture	Total
	Rupees				
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	<u>123,917,366</u>	<u>959,983</u>	<u>7,203,363</u>	<u>9,000</u>	<u>132,089,712</u>
Year ended June 30, 2014					
Balance at beginning of the year	123,917,366	959,983	7,203,363	9,000	132,089,712
Add: Additions during the year	75,592,765	30,507,268	40,761,219	-	146,861,252
Less: Transfers - note 4.1	-	-	(25,632,794)	-	(25,632,794)
Balance at end of the year	<u>199,510,131</u>	<u>31,467,251</u>	<u>22,331,788</u>	<u>9,000</u>	<u>253,318,170</u>

- 4.2.1 Last 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.
- 4.2.2 During the year, Al-Faqeer Trust transferred a dialysis center in PIB Colony, Karachi (Dialysis Center) to the Hospital. The Hospital has transferred dialysis machines and other medical equipments, received as donation, valued at Rs. 38,674,189 to the Dialysis Center, which is included in additions to Operating Assets – plant, machinery and equipment. The Hospital has also incurred capital expenditure amounting to Rs. 24,104,308 in relation to civil and electrical works at the Dialysis Center, which is included in Capital work-in-progress.

	2014	2013
	Rupees	
5. INTANGIBLE ASSETS		
- Computer software		
Net carrying value		
Balance at beginning of the year	1,227,165	480,000
Add: Additions at cost	-	1,208,956
Less: Amortization charge for the year	(461,791)	(461,791)
Balance at end of the year	<u>765,374</u>	<u>1,227,165</u>
Gross carrying value		
Cost	2,308,956	2,308,956
Less: Accumulated amortization	(1,543,582)	(1,081,791)
Net book value	<u>765,374</u>	<u>1,227,165</u>

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

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	2014	(Restated) 2013
	Rupees	
6. INVENTORIES		
Medicines	71,470,414	44,350,891
Consumables - note 6.1	103,713,056	109,468,319
General	<u>8,038,707</u>	<u>6,326,410</u>
	<u>183,222,177</u>	<u>160,145,620</u>
Stores and spares	<u>11,329,510</u>	<u>5,948,073</u>
	<u>194,551,687</u>	<u>166,093,693</u>

- 6.1 During the year, the Hospital discovered that some lab kits were held at Interactive Research Development (IRD) in 2012 and 2013, which were not included in the closing stock reported in the financial statements for the year ended June 30, 2012 and 2013, and these were erroneously charged to the Income and Expenditure Account as medicine and other supplies consumed. Further, in prior years the impact of actual consumption of lab kits was not accounted for in Value of Services Rendered (VoSR) due to which VoSR was understated. Following adjustments have been made to rectify the aforementioned prior period errors:

	Inventories	Restricted Fund Rupees	Accumulated Fund
Balance as at June 30, 2012, as previously reported	179,428,067	655,648,641	335,537,153
Restatement - Correction of error			
- For the year 2011			
- Inventory/Consumption	-	-	-
- VoSR	-	(351,332)	351,332
- For the year 2012			
- Inventory/Consumption	7,393,132	-	7,393,132
- VoSR		(1,223,557)	1,223,557
Restated balance as at June 30, 2012	<u>186,821,199</u>	<u>654,073,752</u>	<u>344,505,174</u>

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	Inventories	Restricted Fund Rupees	Accumulated Fund
Balance as at June 30, 2013 as previously reported	152,753,822	856,279,289	359,931,722
Restatement - Correction of error			
- For the year 2011			
- Inventory/Consumption	-	-	-
- VoSR	-	(351,332)	351,332
- For the year 2012			
- Inventory/Consumption	7,393,132	-	7,393,132
- VoSR	-	(1,223,557)	1,223,557
- For the year 2013			
- Inventory/Consumption	5,946,739	-	5,946,739
- VoSR	-	-	-
Restated balance as at June 30, 2013	<u>166,093,693</u>	<u>854,704,400</u>	<u>374,846,482</u>

2014	2013
Rupees	

7. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances to:		
- suppliers and others	64,144,597	43,743,242
- employees	39,492	14,492
Deposits	246,008	135,730
Prepayments	616,195	1,559,119
Receivable from:		
- Indus Development & Enabling Alliances Hospital Trust - note 7.1	4,089,559	-
- Other hospitals - note 7.2	5,204,241	-
Other receivables - note 7.3	8,616,017	657,438
	<u>82,956,109</u>	<u>46,110,021</u>

- 7.1 During the year, AI - Ghazi (Association) Trust (the Trust) entered into a management agreement with the Hospital whereby the management of the Trust and its associated hospital in Bhong, Sadiqabad, Rahim Yar Khan was transferred to the Hospital. Following such agreement, the name of the Trust was changed to the Indus Development and Enabling Alliances Hospital Trust (IDEAHT).

As at June 30, 2014, expenses amounting to Rs. 4,089,554 have been incurred by the Hospital to run the operations of the IDEAHT and accordingly receivable from IDEAHT has been recorded in this respect.

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- 7.2 This represents the services provided by the Hospital's blood center to various hospitals.
- 7.3 During the year, the Hospital received medicines as donation from CJ CheilJedang Corporation and Binder GMBH amounting to US\$ 50,025 and US\$ 15,200, respectively. These donated medicines were kept in a cold storage at Quaid-e-Azam International Airport, Karachi, where these were destroyed due to a fire incident.

The Hospital filed an insurance claim in this respect amounting to Rs. 6,422,480 with Pak Qatar General Takaful and has recorded the same as receivable as at June 30, 2014. The Takaful company has appointed surveyor, M/s Joseph Lobo (Pvt.) Ltd. to determine the loss incurred to the Hospital, and the management of the Hospital, based on their discussions with the Takaful Company, are virtually certain of the settlement of the entire insurance claim in the ensuing year upon submission of loss survey report by the appointed surveyor.

	2014	2013
	Rupees	
8. SHORT TERM INVESTMENTS		
- Held to maturity		
Term deposits - Burj Bank Limited	-	33,248,186
Monthly Modarbah Certificates - Meezan Bank	55,062,606	-
Habib Metropolitan Islamic Investment Certificates	374,696,267	266,941,209
	<u>429,758,873</u>	<u>300,189,395</u>

- 8.1 These represent investments having maturity upto one year and carrying profit at rates ranging from 11.50% to 12% (2013: 8.13% to 12%) per annum.

	2014	2013
	Rupees	
9. CASH AND BANK BALANCES		
Cash in hand	245,210	186,763
Balances with banks on:		
- current accounts	63,676,335	86,275,821
- savings accounts	336,623,596	129,473,543
	<u>400,299,931</u>	<u>215,749,364</u>
	<u>400,545,141</u>	<u>215,936,127</u>

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10. RESTRICTED FUND

	2014			2013		
	Zakat	Donations	Total	Zakat	Donations	Total
	Rupees					
Balance at beginning of the year	(143,831,972)	998,536,372	854,704,400	(115,608,495)	771,257,136	655,648,641
Restatement - correction of error (Note 5.1)	-	-	-	-	(1,574,889)	(1,574,889)
	(143,831,972)	998,536,372	854,704,400	(115,608,495)	769,682,247	654,073,752
Balance at beginning of the year - restated						
Add:						
- Zakat / Donations received during the year for operations	720,707,076	550,698,933	1,271,406,009	542,508,112	314,224,315	856,732,427
- Donation for construction of Peads ward	-	45,974,765	45,974,765	-	34,276,442	34,276,442
- Donation for Ayesha blood bank	-	16,044,940	16,044,940	-	23,931,000	23,931,000
- Donation for other construction	-	168,127,188	168,127,188	-	110,784,349	110,784,349
- Profit on short term investments	9,499,873	42,411,652	51,911,525	2,127,311	30,577,549	32,704,860
	586,374,977	1,821,793,850	2,408,168,827	429,026,928	1,283,475,902	1,712,502,830
Less:						
Value of services rendered to patients	(676,566,987)	(348,773,270)	(1,025,340,257)	(572,858,900)	(284,939,530)	(857,798,430)
Balance at end of the year	(90,192,010)	1,473,020,580	1,382,828,570	(143,831,972)	998,536,372	854,704,400

- 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.

	2014	(Restated) 2013
	Rupees	

11. ACCUMULATED FUND

Balance at beginning of the year	374,846,482	344,505,174
Surplus / (Deficit) for the year	(7,626,898)	30,341,308
Balance at end of the year	367,219,584	374,846,482

- 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.

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	2014	2013
	Rupees	
12. TRADE AND OTHER PAYABLES		
Creditors	77,280,264	42,356,286
Accrued liabilities	4,786,776	6,678,789
Payable to Provident Fund	11,253	11,856
Payable to Interactive Research & Development	5,463,577	1,542,678
Retention money	-	96,425
Payable to Tayyip Erdogan Trust - note 12.1	65,497,381	-
Payable to CPG Consultants PTE Limited - note 4.2.1	-	60,509,612
Withholding tax payable	5,161,085	-
Payable to various consultants for expansion project	1,810,166	-
Miscellaneous	8,719,386	7,889,033
	<u>168,729,887</u>	<u>119,084,679</u>

- 12.1 During the year, the management of Hospital was approached by the Government of Punjab with a proposal that the Hospital should take management control and run operations of a hospital in Muzaffargarh, Punjab, which has been constructed by Tayeb Erdogan Trust.

Such proposal was accepted by the management of the Hospital and an amount of Rs. 217,000,000 was transferred in the Hospital's bank account by Tayeb Erdogan Trust to cover the operational and capital expenditure of the Muzaffargarh Hospital. The Hospital has recorded such funds as "Payable to Tayeb Erdogan Trust" and has incurred expenses amounting to Rs. 151,502,619 against it as at June 30, 2014.

	2014	2013
	Rupees	
13. OTHER INCOME		
Proceeds from sales of waste materials	546,278	343,600
Income from cafeteria	7,446,748	6,608,633
Recovery of blood test cost - note 7.2	5,204,241	-
Others	2,832,182	1,388,280
	<u>16,029,449</u>	<u>8,340,513</u>

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(Restated)
2014 2013
Rupees

14. MEDICINES AND OTHER SUPPLIES CONSUMED

Opening inventory	166,093,693	186,821,199
Add: Purchases	408,151,979	268,944,387
Less:		
- Inventories written-off	(220,849)	(130,408)
- Closing inventory - note 6	(194,551,687)	(166,093,693)
	379,473,136	289,541,485

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													Total
	TB MDR Project Round 5	TB Reach Project	Clinical Research Project	Petia Qadam Project	DIV Project	Malign Project	Outfoot Foot Disability Project	MNCI Child Survival Program	KAPS - Free Arthritis Project	KVCY Tuberculosis Project	TB Treatment Project	IDAF Health Worker Program	OCH Project	
Rupees														
Year ended June 30, 2014														
Cash Donations / Grants	51,825,851	8,298,213	-	5,158,125	1,496,043	1,700,000	18,079,400	-	3,000,000	4,918,057	-	-	1,286,356	93,834,845
Donations in-kind	50,625,449	-	-	-	-	-	-	-	-	-	-	-	-	50,625,449
	102,532,100	8,298,213	-	5,158,125	1,496,043	1,700,000	18,079,400	-	3,000,000	4,918,057	-	-	1,286,356	144,460,291
Less:														
Salaries, wages and benefits	29,600,978	-	-	1,388,244	134,696	373,620	181,658	2,859,427	331,532	1,373,812	332,768	-	1,002,918	39,462,845
Medicines consumed	41,887,112	-	-	-	-	-	-	71,327	-	-	-	-	-	41,958,439
Other costs	13,579,631	732,590	-	2,791,585	283,823	75,867	3,256,959	1,202,828	24,008	1,048,000	73,551	-	154,423	23,180,798
	85,067,721	732,590	-	4,062,233	428,519	449,507	3,437,709	4,082,255	428,867	4,419,821	406,319	-	1,157,341	104,812,382
Surplus / (Deficit)	17,464,379	7,565,623	-	1,095,892	1,067,524	1,250,493	12,641,694	(4,082,255)	2,571,133	498,236	(406,319)	-	148,015	39,628,215
Year ended June 30, 2013														
Cash Donations / Grants	26,118,364	22,140,767	1,895,000	-	8,099,473	-	-	5,000,000	-	-	442,921	1,062,223	134,000	64,912,388
Donations in-kind	23,891,845	-	-	-	-	-	-	-	-	-	-	-	-	23,891,845
	49,210,249	22,140,767	1,895,000	-	8,099,473	-	-	5,000,000	-	-	442,921	1,062,223	134,000	88,804,233
Less:														
Salaries, wages and benefits	24,834,832	11,453,702	2,717,650	1,259,292	5,025,380	-	-	-	-	-	-	-	504,000	45,798,656
Medicines consumed	32,406,362	-	-	-	-	-	-	-	-	-	-	286,771	35,000	32,692,133
Other costs	14,474,795	14,226,889	1,295,452	2,246,347	1,290,889	-	-	-	-	-	-	260,771	520,000	112,236,111
	71,915,989	25,680,591	4,013,142	3,505,639	6,326,269	-	-	-	-	-	-	260,771	520,000	112,236,111
Surplus / (Deficit)	(22,705,640)	(3,539,824)	(2,118,142)	(3,008,639)	1,779,204	-	-	5,000,000	-	-	442,921	801,452	(486,000)	(24,236,778)

16. PROVIDENT FUND

The following information is based upon un-audited financial statements of the provident fund as at June 30, 2014 and June 30, 2013.

	<u>2014</u>	<u>2013</u>
	Rupees	
Size of the fund - Total assets	<u>105,164,336</u>	<u>75,584,416</u>
Fair value of investments	<u>81,445,801</u>	<u>66,287,759</u>
Cost of investments made	<u>74,947,225</u>	<u>63,038,100</u>
	%	
Percentage of investments made	<u>77</u>	<u>88</u>

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

	<u>2014</u>		<u>2013</u>	
	Rupees	%	Rupees	%
Bank deposits	81,445,801	100%	57,150,000	86%
Securities	-	-	9,137,759	14%
	<u>81,445,801</u>	<u>100%</u>	<u>66,287,759</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. 33,283,940 (2013: Rs. 24,517,271) 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:

	<u>2014</u>	<u>2013</u>
	Rupees	
Contribution to Provident Fund	16,527,788	12,259,805



- 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 2014			June, 30 2013		
	Chief Executive	Faculty	Other Key Management Personnel	Chief Executive	Faculty	Other Key Management Personnel
	Rupees					
Managerial remuneration	6,600,000	61,480,337	42,119,664	4,725,384	48,030,940	29,378,021
Retirement benefits funds	-	3,220,338	1,688,663	-	2,294,772	1,331,286
Total	6,600,000	64,700,675	43,808,327	4,725,384	50,325,712	30,709,307
Number of persons, including those who worked part of the period	1	27	12	1	26	10

18. NUMBER OF EMPLOYEES

As at June 30, 2014, 657 (2013: 620) employees were in Hospital's service and the average number of employees employed during the year was 621 (2013: 603).

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 26 JAN 2015 by the Board of Directors of the Hospital.

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CHIEF EXECUTIVE OFFICER



DIRECTOR