



FINANCIAL STATEMENTS
OF
THE KIDNEY FOUNDATION
FOR THE YEAR ENDED
JUNE 30, 2019

BDO Ebrahim & Co. Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE KIDNEY FOUNDATION**Report on the Audit of the Financial Statements****Opinion**

We have audited the annexed financial statements of THE KIDNEY FOUNDATION (the Company), which comprise the statement of financial position as at June 30, 2019, and statement of income and expenditure, statement of comprehensive income, the statement of cash flows, statement of changes in fund account for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us the statement of financial position, statement of income and expenditure, statement of comprehensive income, the statement of cash flows and the statement of changes in fund account together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the income and expenditure, other comprehensive income, cash flows and its changes in accumulated fund for the year then ended.

Basis for Opinion

We conducted our audit in accordance with 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 Company 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.

Emphasis of matter

We draw attention to note 1.2 to the financial statements. As at June 30, 2019, the Foundation has reflected the capital expenditure incurred in respect of National Institute of Kidney and Urological Diseases (NIKUD) as part of its capital work in progress pending ultimate resolution of its right incidental to the ownership thereof among other pending matters related thereto. Our opinion is not modified in respect of this matter.



Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 Company'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 Company'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 Company 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 the board of directors 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.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion,

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

- b) the statement of financial position, statement of income and expenditure, statement of comprehensive income, the statement of cash flows and the statement of changes in fund account together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Raheel Shahnawaz.

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DATED: **05 OCT 2019**

BDO Ebrahim & Co.
BDO EBRAHIM & CO.
bdo CHARTERED ACCOUNTANTS

**THE KIDNEY FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019**

	Note	2019 Rupees	2018 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment	4	7,329,840	10,175,696
Capital work in progress	5	142,147,138	141,411,397
Long term deposits	6	762,231	762,231
		<u>150,239,209</u>	<u>152,349,324</u>
CURRENT ASSETS			
Stock in hand	7	1,133,368	379,222
Advance to supplier		174,749	163,282
Prepaid insurance	8	14,431	21,873
Taxes recoverable	9	92,715	92,715
Cash and bank balances	10	5,950,570	1,604,531
		<u>7,365,833</u>	<u>2,261,623</u>
		<u>157,605,042</u>	<u>154,610,947</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
EQUITY			
Fund account		148,207,918	145,123,263
NON CURRENT LIABILITIES			
Deferred capital grant	11	1,861,470	2,481,510
CURRENT LIABILITIES			
Trade and other payables	12	7,535,654	7,006,174
CONTINGENCIES AND COMMITMENTS			
	13		
TOTAL EQUITY AND LIABILITIES		<u>157,605,042</u>	<u>154,610,947</u>

The annexed notes from 1 to 22 form an integral part of these financial statements.


CHAIRPERSON


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**THE KIDNEY FOUNDATION
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2019**

	Note	2019 Rupees	2018 Rupees
INCOME			
Donations and zakat received	14	27,859,812	24,042,315
Amortization of deferred capital grant	11	620,040	620,040
Membership fee		180,000	241,950
Profit on bank accounts		120,452	186,881
Unrealized exchange gain		78,677	34,392
Other income	15	1,230,000	-
		<u>30,088,981</u>	<u>25,125,578</u>
EXPENDITURE			
Salaries, wages and benefits		11,716,465	8,666,658
Printing, stationery and communication		162,372	218,451
Depreciation	4	4,024,240	4,871,747
Research and patient expense		6,731,266	7,003,975
Utilities		2,086,767	2,555,846
Fee and subscription		65,850	361,727
Repairs and maintenance		369,642	629,419
Bank charges		19,768	27,999
Security charges		503,096	447,979
Auditor's remuneration		64,900	54,000
Laundry expenses		26,130	93,890
Freight and forwarding charges		36,582	41,211
Services charges		653,090	250,751
Insurance expense		29,088	17,149
Entertainment		52,860	30,778
Advertising		203,000	145,300
Transportation		20,909	26,490
Others		238,301	303,214
		<u>27,004,326</u>	<u>25,746,584</u>
Surplus / (deficit) for the year		<u>3,084,655</u>	<u>(621,007)</u>

The annexed notes from 1 to 22 form an integral part of these financial statements.

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THE KIDNEY FOUNDATION
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	2019 Rupees	2018 Rupees
Net surplus / (deficit) for the year	3,084,655	(621,007)
Other comprehensive income	-	-
Total comprehensive income / (loss) for the year	<u>3,084,655</u>	<u>(621,007)</u>

The annexed notes from 1 to 22 form an integral part of these financial statements.


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**THE KIDNEY FOUNDATION
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2019**

	2019 Rupees	2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus / (deficit) for the year	3,084,655	(621,007)
Adjustments for non-cash items:		
Depreciation	4,024,240	4,871,747
Amortization of deferred capital grant	(620,040)	(620,040)
Surplus before working capital changes	<u>6,488,855</u>	<u>3,630,700</u>
Changes in working capital:		
(Increase) / decrease in current assets		
Advance to suppliers	(11,467)	(163,282)
Stock in hand	(754,145)	(379,222)
Prepayments	7,442	(21,873)
	<u>(758,170)</u>	<u>(564,377)</u>
Increase in current liabilities		
Trade and other payables	529,480	345,164
Net cash generated from operating activities	<u>6,260,165</u>	<u>3,411,487</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(1,178,385)	(3,477,186)
Additions to capital work in progress	(735,741)	(5,993,136)
Net cash used in investing activities	<u>(1,914,126)</u>	<u>(9,470,321)</u>
Net increase / (decrease) in cash and cash equivalents	4,346,039	(6,058,834)
Cash and cash equivalents at beginning of the year	<u>1,604,531</u>	<u>7,663,365</u>
Cash and cash equivalents at end of the year	<u><u>5,950,570</u></u>	<u><u>1,604,531</u></u>

The annexed notes from 1 to 22 form an integral part of these financial statements.


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**THE KIDNEY FOUNDATION
STATEMENT OF CHANGES IN FUND ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2019**

	2019 Rupees	2018 Rupees
Balance at beginning of the year	145,123,263	145,744,270
Suplus / (deficit) for the year	3,084,655	(621,007)
Balance at end of the year	<u>148,207,918</u>	<u>145,123,263</u>

The annexed notes from 1 to 22 form an integral part of these financial statements.


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**THE KIDNEY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

1 NATURE AND STATUS OF BUSINESS

- 1.1 The Kidney Foundation ("the Foundation") was incorporated in Pakistan on January 15, 1996 as a public company limited by guarantee. The Foundation has been granted license under section 42 of the repealed Companies Ordinance, 1984, as a not-for-profit-company. The Foundation's registered office is located at National Institute of Kidney and Urological Diseases (NIKUD), University of Karachi - Gate No. 04, Haque Nawaz Jhangvi Road, Karachi.

The Foundation's principal objective is to conduct experiments, and to provide funds for research work and for scholarships, stipends and other related expenses for research, so as to provide medical relief to public especially kidney patients, and to assist deserving doctors in training and acquiring advanced knowledge in the field of kidney transplantation, dialysis and kidney/renal diseases. Further, the Foundation assists in procurement of equipments and surgical instruments to various institutions dealing with treatment of kidney patients. The Foundation's objectives to establish, provide, maintain and conduct or otherwise subsidize, educational institution with the permission board of competent authority, hospital, research laboratory and experimental work shop.

- 1.2 The Foundation and the University of Karachi (the University) agreed to jointly establish NIKUD. In this regard, the University's Syndicates in its meeting of July 20, 2002 resolved to sub-lease a portion of its land for the establishment of NIKUD. Pursuant to the said resolution, the Foundation, through its own generated resources, commenced construction of the building and installation of necessary machinery and equipment etc. on the allotted land, as disclosed in note 5 to the financial statements.

In 2009, the Statute for NIKUD, made under the University of Karachi Act, 1972, was signed by the Vice-Chancellor of the University and the Chief Executive & Secretary of the Foundation. As per the Statute, the NIKUD shall be educational, scientific research based medical institution of international standards entrusted with the responsibilities of conducting basic, applied and clinical research and imparting education in medical sciences. Further, it shall function as a Constituent Institution of the University to be governed by a separate Governing Council.

Due to the pending approval of the Statute for NIKUD by the University's Senate, finalization of sub-lease of land with the University, constitution of the Governing Council, completion of the construction of NIKUD facilities and the ultimate resolution of the Foundation's right incidental to the ownership of NIKUD, thereof, the capital expenditure incurred to the date for NIKUD has been reflected as part of the Foundation's capital work in progress in the statement of financial position.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017, Accounting Standard for Not for Profit Organizations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS for SMEs or the Accounting Standard for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention without any adjustment for the effect of inflation or current value.

These financial statements have been prepared following accrual basis of accounting except for cash flow information.

The preparation of these financial statements in conformity with approved accounting standards requires the management to exercise its judgment in the process of applying the Company's accounting policies and use of certain critical accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and factors, including expectations of future events that are believed to be reasonable under the circumstances.

2.3 Functional and presentation currency

These financial statements have been presented in Pak Rupees, which is the functional and presentation currency of the Foundation.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property and equipment

These are stated at cost less accumulated depreciation less accumulated impairment (if any), except for capital work in progress, which is stated at cost less impairment, if any.

Depreciation / amortization is charged to statement of income and expenditure applying the straight line method. The rates used are stated in note 4 to the financial statements. In respect of additions during the year depreciation is charged for full year, however, no depreciation is charged in the year of disposal.

Normal repairs and maintenance are charged to income as and when incurred.

Subsequent costs are included in the asset's carrying amount or recognized as a separate assets, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Foundation and the cost of the item can be measured reliably.

Gains and losses on disposal of property, plant and equipment are included in the statement of income and expenditure.

3.2 Stock in hand

Stock-in-hand comprise of medicine for the consumption in OPD and are valued at lower of cost and current replacement cost. Cost of medicine is determined on first in first out (FIFO) basis.

3.3 Advances

These are stated at cost less estimates made for doubtful balances based on a review of all outstanding amounts at the balance sheet date. Balances considered bad and irrecoverable are written off when identified.

3.4 Cash and bank balances

Cash in hand and at bank are carried at nominal amount.

3.5 Financial assets

3.5.1 Classification

a) Loans and receivables

Investment classified as loan and receivables are carried at amortised cost using the effective yield method, less impairment loss, if any.

b) Held to maturity

Held to maturity investments are financial assets with fixed or determinable payments and fixed maturity that the Foundation has a positive intent and ability to hold to maturity.

c) **Available for sale**

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables, (b) held to maturity investments or financial assets at fair value through profit or loss.

3.5.2 Initial recognition and measurement

Investments in securities are initially recognized at cost, being the fair value of the consideration given, including the transaction cost associated with the investment, except in case of investments at fair value through profit or loss, in which case these transaction cost are charged to the profit or loss account. All regular way of purchases and sale of investments are recognized / derecognized on the trade date.

3.5.3 Subsequent measurement

Subsequent to initial recognition, financial assets designated by the management as loans and receivables, held to maturity and available for sale are valued as follows:

a) **Loans and receivables**

Loans and receivables are carried at amortised cost.

b) **Held to maturity**

Subsequent to initial measurement, held to maturity investments are carried at amortised cost.

c) **Available for sale**

Subsequent to initial measurement, available for sale investments are revalued and are remeasured to fair value.

Surplus or deficit arising on changes in fair value of available for sale financial assets are taken to equity through other comprehensive income until these are derecognised or impaired at which time, the cumulative surplus or deficit previously recognised in equity is transferred to the statement of income and expenditure.

3.5.4 Impairment

The carrying value of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of income and expenditure.

3.5.5 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Foundation has transferred substantially all risks and rewards of ownership attached to such financial assets. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised in the statement of income and expenditure.

3.6 Taxation

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits, rebates and exemptions available, if any. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

The Foundation intends to claim tax credit equal to one hundred per cent of the tax payable under section 100C of Income Tax Ordinance, 2001, including minimum tax and final taxes payable. Therefore, no provision for taxation has been recorded in these financial statements.

3.7 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

3.8 Provisions

A provision is recognized when the Company has a legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

3.9 Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Foundation and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable. The Foundation uses 'Deferral Method' in accounting for its restricted capital contributions whereby the restricted contributions for the purchase of capital assets that are depreciated are deferred and recognized as revenue in the statement of income and expenditure on the same basis as depreciation expense related to the acquired capital assets is charged to the income and expenditure account.

General contributions which comprise of donation, zakat and membership fee are accounted for on receipt basis.

Net investment income which is not externally restricted and comprises of income on bank deposits and rent income is recognized in the statement of income and expenditure on accrual basis.

3.10 Funds

(a) Restricted funds

Funds received as granted for specific purposes are classified as restricted fund. For this purpose:

-when grants received are in excess of their outlay, these are recognized as income to the extent of related / budgeted expenses incurred. The excess balance is carried forward as restricted fund balance.

-when grants received are less than related expenditure incurred, the balance to the extent of commitment is recognized as receivable, if there is a strong probability of recovery of the contractual receivable from the respective donors.

(b) Unrestricted funds

Funds received for ongoing operations without any restriction on utilization are classified as unrestricted funds. These funds are recognized as income when received. The expenses incurred against such funds are recognized in the statement of income and expenditure as and when incurred.

3.11 Foreign currency translation

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees using the exchange rate at the statement of financial position date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are taken to income currently.

3.12 Significant accounting judgments and estimates

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Foundation accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the process of applying the Foundation's accounting policies, management has made significant estimates and judgments that are disclosed in respective notes to the financial statements.

4 PROPERTY AND EQUIPMENT

Description	Rupees					Total
	Computer	Vehicle	Machines and equipments	Electrical equipments	Furniture & fixtures	
Net carrying value basis year ended June 30, 2019						
Opening net book value	1,901,911	83,100	5,872,299	1,511,372	807,014	10,175,696
Addition (at cost)	-	-	808,500	137,100	232,785	1,178,385
Disposal (NBV)	-	-	-	-	-	-
Depreciation charged	649,949	24,400	2,576,566	558,571	214,755	4,024,241
Closing net book value	1,251,962	58,700	4,104,233	1,089,901	825,044	7,329,840
Gross carrying value basis year ended June 30, 2019						
Cost	3,336,057	857,000	34,679,808	5,946,705	2,155,319	46,974,889
Accumulated depreciation	(2,084,095)	(798,300)	(30,575,575)	(4,856,804)	(1,330,275)	(39,645,049)
Closing net book value	1,251,962	58,700	4,104,233	1,089,901	825,044	7,329,840
Depreciation rate (% per annum)	20%	20%	20%	10%	10%	10%
Net carrying value basis year ended June 30, 2018						
Opening net book value	1,678,940	205,000	6,509,106	1,511,492	700,190	10,604,728
Addition (at cost)	875,220	49,500	2,674,955	544,741	298,300	4,442,716
Disposal (NBV)	-	-	-	-	-	-
Depreciation charged	(652,249)	(171,400)	(3,311,762)	(544,861)	(191,476)	(4,871,747)
Closing net book value	1,901,911	83,100	5,872,299	1,511,372	807,013	10,175,696
Gross carrying value basis year ended June 30, 2018						
Cost	3,336,055	857,000	33,871,307	5,809,607	1,922,535	45,796,504
Accumulated depreciation	(1,434,144)	(773,900)	(27,999,008)	(4,298,235)	(1,115,521)	(35,620,808)
Net book value	1,901,911	83,100	5,872,299	1,511,372	807,013	10,175,696
Depreciation rate (% per annum)	20%	20%	20%	10%	10%	10%

	Note	2019 Rupees	2018 Rupees
5 CAPITAL WORK IN PROGRESS			
Capital work in progress	5.1	<u>142,147,138</u>	<u>141,411,397</u>
5.1 The movement in carrying amount of capital work in progress is as follows:			
Balance as at July 01,		141,411,397	135,418,261
Additions during the year		<u>735,741</u>	<u>5,993,136</u>
		142,147,138	141,411,397
Transferred during the year		-	-
Balance as at June 30,	5.2	<u>142,147,138</u>	<u>141,411,397</u>
5.2 This include expenditure incurred for the construction of NIKUD, includes civil, electrical, air conditioning works etc.			
6 LONG TERM DEPOSITS			
Gas deposit		10,000	10,000
Electricity deposit		<u>752,231</u>	<u>752,231</u>
		<u>762,231</u>	<u>762,231</u>
7 STOCK IN HAND			
Finished goods		<u>1,133,368</u>	<u>379,222</u>
7.1 The amount of finished goods includes Pharmacy stock and medicines.			
8 PREPAID INSURANCE			
Prepaid expense		<u>14,431</u>	<u>21,873</u>
9 TAXES RECOVERABLE			
Taxes recoverable		<u>92,715</u>	<u>92,715</u>

	Note	2019 Rupees	2018 Rupees
10 BANK BALANCES			
Cash in hand		45,007	357,649
Cash at bank			
Foreign Currency Savings A/c	10.1	329,368	250,691
Local Currency Saving A/c		5,576,195	996,190
		<u>5,950,570</u>	<u>1,604,531</u>

10.1 Profit rate on saving accounts ranges from 0.10% to 0.20% (2018: 0.10% to 0.20%) per annum for foreign currency saving account and 3.55% to 4.83% (2018: 2.93% to 4.53%) per annum for local currency saving accounts.

11 DEFERRED CAPITAL GRANT

Balance at beginning of the year		2,481,510	2,136,020
Add: Grant received during the year	11.1	-	965,530
Less: Amortization for the year		(620,040)	(620,040)
		<u>1,861,470</u>	<u>2,481,510</u>

11.1 This represents fixed operating assets including IT Equipments , Machines and Electrical Equipments received as donation during the year.

12 TRADE AND OTHER PAYABLES

Creditors		1,899,533	884,511
Payable to contractors for construction of NIKUD		3,276,890	3,000,000
Retention money	15.1	1,005,279	2,235,279
Other liabilities		1,353,952	886,384
		<u>7,535,654</u>	<u>7,006,174</u>

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

There were no contingencies as at the date of statement of financial position.

13.2 Commitments

There were no commitments as at the date of statement of financial position.

	Note	2019 Rupees	2018 Rupees
14 DONATIONS AND ZAKAT			
Donations		24,347,462	22,532,315
Zakat		3,512,350	1,510,000
		<u>27,859,812</u>	<u>24,042,315</u>
15 OTHER INCOME			
Other income	15.1	<u>1,230,000</u>	<u>-</u>

15.1 This represents monthly rental income earned from the premises that was given on lease by the Foundation to the Total Construction from 1st July, 2018. As per the verbal agreement between the companies, Total Construction is allowed to utilize the Foundation premises for storage purpose on monthly rental basis that is adjusted from the retention money balance payable by the Foundation to the Total Construction against the construction work being carried out by the company. Furthermore, the duration of this agreement will extend till the retention money liability is fully adjusted or the date when the Total Construction moves to another place whichever is earlier.

16 FINANCIAL INSTRUMENTS RELATED DISCLOSURES

16.1 Financial risk factor

The Foundation's activities exposes it to currency risk, interest rate risk, credit risk and liquidity risk. The Foundation's overall risk management programme focuses on having cost efficient funding available to sustain its operations.

a) Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies. As of date of statement of financial position, the Foundation is exposed to currency risk on bank balances denominated in US dollars. The Foundation's exposure to foreign currency risk on bank balances is as follows:

Faysal Bank Limited-Saving plus US\$ account	<u>329,368</u>	<u>250,691</u>
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b) Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulties in raising funds to meet commitments associated with financial instruments. The management believes that the Foundation is not exposed to any significant level of liquidity risk.

c) **Concentration of credit risk**

Credit risk represents the risk of financial loss being caused if counter party fails to discharge an obligation. Credit risk arises from deposits with banks and financial institutions. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

The Foundation monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The credit quality of Foundation's bank balances can be assessed with reference to external credit ratings as follows:

Bank	Rating Agency	Rating			
		Short Term		Long Term	
		2019	2018	2019	2018
Faysal bank limited	PACRA	A1+	AA	AA	A1+

d) **Interest rate risk**

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in the interest rates. The Foundation manages this risk through risk management strategies. As of reporting date the interest rate profile of the Foundation's significant fixed interest bearing financial instruments was as follows:

	2019		2018	
	Effective interest rate (in percentage)	carrying amount (Rupees)	Effective interest rate (in percentage)	carrying amount (Rupees)
Saving accounts-Daily				
progress account				
Local Currency	3.55% to 4.83%	5,576,195	2.93% to 4.53%	996,190
Foreign Currency	0.10% to 0.20%	329,368	0.10% to 0.20%	250,691

e) **Fair value of financial instruments**

The carrying value of all the financial assets and financial liabilities are estimated to approximate their fair values.

	2019 Rupees	2018 Rupees
Financial assets as per statement of financial position		
Loans and receivables at amortized cost		
-Long term deposits	762,231	762,231
-Cash and bank	5,950,570	1,604,531
	<u>6,712,801</u>	<u>2,366,762</u>

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	2019 Rupees	2018 Rupees
Financial liabilities as per statement of financial position		
Financial liabilities measured at amortized cost		
- Trade and other payables	<u>7,535,654</u>	<u>7,006,174</u>
	<u>7,535,654</u>	<u>7,006,174</u>

17 REMUNERATION OF EXECUTIVE

The aggregate amounts charged in the financial statements for remuneration, including all benefits to Chief Executive and Executives of the Foundation were as follows:

	2019			2018		
	Chief Executive	Executive	Total	Chief Executive	Executive	Total
	-----Rupees-----			-----Rupees-----		
Remuneration	-	3,670,000	3,670,000	-	3,560,000	3,560,000
	-	3,670,000	3,670,000	-	3,560,000	3,560,000
Number of persons	1	2	3	1	2	3

No remuneration has been paid or is payable to the Chief Executive of the Foundation for the year ended June 30, 2019 (2018:Nil).

18 TRANSACTIONS WITH RELATED PARTIES

The details of transaction with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Name of party	Basis of relationship	Nature of transaction	2019 Rupees	2018 Rupees
M/S. R.G Pharma	Member	Donation	105,000	241,950
Afroz Alam Lari	Directors	Donation	3,000,000	-
Umer Ali Shah	Directors	Donation	86,900	

The above transaction are measured at fair value.

19 NUMBER OF EMPLOYEES

Number of employees	29	26
Average number of employees during the year	29	22

20 DATE OF AUTHORIZATION FOR ISSUE

The Board of Directors of the Foundation authorized these financial statements for issue on
05 OCT 2019

21 CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified wherever necessary for the purpose of comparison. However, no significant rearrangement or reclassification has been made during the year.

22 GENERAL

Figures have been rounded off to the nearest rupee unless otherwise stated.



CHAIRPERSON



CHIEF EXECUTIVE

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