

Pakistan Children's Heart Foundation

Financial statements for the year ended
30 June 2019



KPMG Taseer Hadi & Co.
Chartered Accountants
351 Shadman-1, Jail Road,
Lahore 54000 Pakistan
+92 (42) 111-KPMGTH (576484), Fax +92 (42) 3742 9907

INDEPENDENT AUDITOR'S REPORT

To the members of Pakistan Children's Heart Foundation

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Pakistan Children's Heart Foundation** (the Company setup under section 42 of the Companies Act, 2017), which comprise the statement of financial position as at 30 June 2019, and the statement of income and expenditure, the statement of comprehensive income, the statement of changes in funds, the statement of cash flows 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 changes in funds and the statement of cash flows 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 Foundation's affairs as at 30 June 2019 and of the loss and other comprehensive loss, the changes in equity and its cash flows 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 Foundation 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.

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.

KPMG



KPMG Taseer Hadi & Co.

In preparing the financial statements, management is responsible for assessing the Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Foundation'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 Foundation'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 Foundation'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 Foundation 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.

KPMG



KPMG Taseer Hadi & Co.

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 Foundation 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 changes in funds and the statement of cash flows together with the notes forming part 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 Foundation's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Lahore

Date: 30 December 2019

KPMG Taseer Hadi & Co
KPMG Taseer Hadi & Co.
Chartered Accountants

Pakistan Children's Heart Foundation

(A Company setup under section 42 of the repealed Companies Ordinance, 1984)

Statement of Financial Position

As at 30 June 2019

ASSETS	Note	2019 Rupees	2018 Rupees
<u>Non-current assets</u>			
Property and equipment	5	58,290,332	55,428,140
Capital work-in-progress	6	-	1,000,000
		58,290,332	56,428,140
<u>Current assets</u>			
Deposit and other receivable	7	1,084,403	1,251,583
Investment in term deposit receipts - net	8	12,800,000	11,600,000
Income tax receivable		185,015	83,367
Cash and bank balances	9	29,770,396	27,253,200
		43,839,814	40,188,150
		102,130,146	96,616,290
EQUITY AND LIABILITIES			
<u>Equity</u>			
Capital fund		1,200,000	1,200,000
General fund		5,525,285	9,728,861
Restricted fund		7,438,045	15,773,196
Fund against non depreciable assets	10	50,000,000	50,000,000
Total equity		64,163,330	76,702,057
<u>Non current liabilities</u>			
Capital donations and grants	11	8,049,075	7,768,634
Long term musharaka - secured	12	2,576,083	3,381,544
Staff retirement benefits - Gratuity		785,900	1,093,540
		11,411,058	12,243,718
<u>Current liabilities</u>			
Current portion of long term musharaka	12	805,461	749,861
Short term borrowings - unsecured		-	250,000
Other payables	13	25,720,518	6,645,398
Accrued markup		29,779	25,256
		26,555,758	7,670,515
Contingencies and commitments	14	102,130,146	96,616,290

The annexed notes 1 to 25 form an integral part of these financial statements.

KCPH/14

Lahore


Chief Executive Officer


Director

Pakistan Children's Heart Foundation

(A Company setup under section 42 of the repealed Companies Ordinance, 1984)

Statement of Income and Expenditure

For the year ended 30 June 2019

	Note	2019			2018
		General fund	Restricted funds	Total	Total
-----Rupees-----					
Donation		5,300,981	66,970,154	72,271,135	18,039,791
Zakat		-	80,415,752	80,415,752	56,512,036
Other income		1,655,694	-	1,655,694	241,516
Amortization of capital grants	11	119,559	-	119,559	70,950
		<u>7,076,234</u>	<u>147,385,906</u>	<u>154,462,140</u>	<u>74,864,293</u>
<u>Less: Expenses</u>					
Heart surgeries expenses	15	-	(151,280,859)	(151,280,859)	(62,074,020)
OPD expenses	16	-	(1,997,135)	(1,997,135)	-
General and administrative expenses	17	(10,890,718)	-	(10,890,718)	(7,717,969)
Finance cost	18	(389,092)	-	(389,092)	(142,292)
Fund raising expense		-	(2,443,063)	(2,443,063)	-
		<u>(11,279,810)</u>	<u>(155,721,057)</u>	<u>(167,000,867)</u>	<u>(69,934,281)</u>
(Deficit)/ surplus before taxation		<u>(4,203,576)</u>	<u>(8,335,151)</u>	<u>(12,538,727)</u>	<u>4,930,012</u>
Taxation	19	-	-	-	-
(Deficit)/ surplus for the year		<u><u>(4,203,576)</u></u>	<u><u>(8,335,151)</u></u>	<u><u>(12,538,727)</u></u>	<u><u>4,930,012</u></u>

The annexed notes 1 to 25 form an integral part of these financial statements.

KAMUN

Lahore


Chief Executive Officer


Director

Pakistan Children's Heart Foundation

(A Company setup under section 42 of the repealed Companies Ordinance, 1984)

Statement of Comprehensive Income


For the year ended 30 June 2019

	2019 Rupees	2018 Rupees
(Deficit)/ surplus for the year	(12,538,727)	4,930,012
Other comprehensive income	-	-
Total comprehensive (loss)/ income for the year	(12,538,727)	4,930,012


The annexed notes 1 to 25 form an integral part of these financial statements.

KPMG

Lahore



Chief Executive Officer



Director

Pakistan Children's Heart Foundation

(A Company setup under section 42 of the repealed Companies Ordinance, 1984)

Statement of Changes in Funds

For the year ended 30 June 2019

	Capital Reserve	Revenue Reserves			Total
	Capital fund	General fund	Restricted funds	Fund against non depreciable assets	
	-----Rupees-----				
Balance as at 30 June 2017	1,200,000	6,273,883	14,298,162	50,000,000	71,772,045
Total comprehensive income for the year	-	3,454,978	1,475,034	-	4,930,012
Balance as at 30 June 2018	1,200,000	9,728,861	15,773,196	50,000,000	76,702,057
Total comprehensive loss for the year	-	(4,203,576)	(8,335,151)	-	(12,538,727)
Balance as at 30 June 2019	1,200,000	5,525,285	7,438,045	50,000,000	64,163,330

The annexed notes 1 to 25 form an integral part of these financial statements.

KPMG

Pakistan Children's Heart Foundation

(A Company setup under section 42 of the repealed Companies Ordinance, 1984)

Statement of Cash Flows

For the year ended 30 June 2019

	Note	2019 Rupees	2018 Rupees
<u>Cash flows from operating activities</u>			
(Deficit)/ surplus before taxation		(12,538,727)	4,930,012
<i>Adjustment for non-cash Items:</i>			
Deferred contribution charge on fixed assets		(119,559)	(70,250)
Depreciation on property and equipment		2,005,142	464,055
Finance cost		389,092	142,292
Provision for gratuity expense-net off reversal		(307,640)	1,093,540
Other income		(1,655,694)	(241,516)
(Deficit)/ surplus before working capital changes		(12,227,386)	6,317,433
<i>Effect on cash flow due to working capital changes:</i>			
Decrease/ (increase) in deposit and other receivables		30,757	(991,937)
Increase in other payables		19,075,120	3,584,632
		19,105,877	2,592,695
Cash generated from operations		6,878,491	8,910,128
Income tax paid		(101,648)	(47,056)
Finance cost paid		(384,569)	(85,166)
Net cash generated from operating activities		6,392,274	8,777,906
<u>Cash flows from investing activities</u>			
Fixed capital expenditures		(3,467,334)	(1,840,280)
Interest income received		1,792,117	-
Net cash used in investing activities		(1,675,217)	(1,840,280)
<u>Cash flows from financing activities</u>			
Donations for purchase of depreciable asset - restricted		-	7,672,022
Payment of diminishing musharaka		(749,861)	(386,220)
Short term borrowings		(250,000)	250,000
Net cash (used in)/ generated from financing activities		(999,861)	7,535,802
Net increase in cash and cash equivalents		3,717,196	14,473,428
Cash and cash equivalents at the beginning of the year	20	38,834,450	24,361,022
Cash and cash equivalents at the end of the year	20	42,551,646	38,834,450

The annexed notes 1 to 25 form an integral part of these financial statements.

Signature

Lahore

Signature
Chief Executive Officer

Signature
Director

Pakistan Children's Heart Foundation

(A Company setup under section 42 of the repealed Companies Ordinance, 1984)

Notes to The Financial Statements

For the year ended 30 June 2019

1 Legal status and nature of business

- 1.1 Pakistan Children's Heart Foundation ("the Foundation") is a company limited by guarantee not having share capital, incorporated on 31 August 2012 and licensed as a non-profit organization under section 42 of Companies Ordinance, 1984 (now the Companies Act, 2017). The Foundation is principally engaged in raising funds in Pakistan and abroad and expending them on heart surgeries of children of poor and needy families. The objective of the Foundation is to build and administer a hospital and research centre for children's heart diseases. The registered office of the Foundation is situated at 565-A, Faisal Town, Lahore.
- 1.2 On 17 July 2012, the Securities and Exchange Commission of Pakistan ("Commission") accorded approval of license for not for profit organization ("License") under section 42 of the Companies Ordinance, 1984 (now Companies Act, 2017) to the Foundation. The License was valid for five years and due for renewal on or before 16 July 2017. On 20 May 2017, the Foundation applied to the Commission for renewal of the license which is being granted by the Commission on 15 February 2019, valid till 14 February 2022.

2 Basis of accounting

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 Standards 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 Institute of Chartered Accountant 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 Standards 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 historical cost convention. All transaction reflected in these financial statements are on accrual basis except for those reflected in cash flow statements.

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Foundation operates ('the functional currency'). The financial statements are presented in Pak Rupees, which is the Foundation's functional and presentation currency. All the financial information presented in Rupees has been rounded off to the nearest rupee, unless otherwise agreed.

12/11/19

12/11/19

3 Use of estimates and judgements

The preparation of financial statement in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

	<i>Note</i>
- Useful lives and residual values of depreciable assets	4.1
- Impairment of financial instrument	4.3
- Provisions and contingencies	4.8

4 Significant Accounting Policies

The significant accounting policies adopted in the preparation of these financial statements are set out below which have been consistently applied to all the years presented.

4.1 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any identified impairment loss, except for freehold land which is stated at cost. Cost comprises of acquisition and other directly attributable costs.

Depreciation on all property and equipment is charged to statement of income and expenditure on reducing balance method so as to write off the historical cost of an asset over its estimated useful life at the rates referred to in note 5 to the financial statements.

Depreciation on additions to property and equipment is charged from the month in which the asset is acquired or capitalized, while no depreciation is charged for the month in which the asset is disposed off.

Depreciation methods, residual values and the useful lives of the assets are reviewed at least at each financial year end and adjusted prospectively, if impact on depreciation is significant.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Foundation and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to statement of income and expenditure during the period in which they are incurred.

An item of equipment is derecognized upon disposal when no future economic benefits are expected from its use or disposal. Gain or loss on sale of an item of property and equipment are determined by comparing the proceeds from sale with the carrying amount of property and equipment and is recognised in statement of income and expenditure.

4.2 Financial instruments

Financial instruments comprises deposits, other receivables, investments, cash and bank balances, other payables, borrowing and mark-up on these borrowings.

All financial assets and liabilities are recognized at the time when the Foundation becomes a party to the contractual provisions of the instrument. Financial assets are de-recognized when the Foundation loses control of the contractual right that comprise the financial assets. Financial liabilities are de-recognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognizing of the financial assets and financial liabilities is taken to statement of income and expenditure currently. The particular measurement methods, if any, adopted are disclosed in the individual policy statements associated with each item.

4.3 Impairment

Financial Assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flow of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Non- financial Assets

The carrying amounts of the Foundation's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets.

Impairment losses are recognized in statement of income and expenditure.

4.4 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Foundation intends either to settle on net basis, or to realize the assets and to settle the liabilities simultaneously.

4.5 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents comprise cash in hand, cash with banks in current and saving accounts and other short term financial assets with original term of upto one month and are valued at specific nominal values.

4.6 Mark- up bearing borrowings

Mark-up bearing borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost, while the difference between the cost (reduced for periodic payments) and redemption value is recognized in the statement of income and expenditure over the period of the borrowings using the effective interest method

rephrased

les J

4.7 Other payables

Other payables are non derivative financial liabilities and are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest rate method if applicable. The Foundation derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

4.8 Provisions and contingencies

Provisions are recognized when the Foundation has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. However provisions are reviewed at each statement of financial position date and are adjusted to reflect the current best estimate. Where outflow of resources embodying economic benefits is not probable, a contingent liability is disclosed, unless the possibility of outflow is remote.

4.9 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Foundation at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences arising on translation are generally recognized in statement of income and expenditure.

4.10 Income recognition

Charity, donation and zakat

Charity and donations are recognized in statement of income and expenditure when received either in cash or in bank account. Charity and donations are used for running expenses of the Foundation.

Zakat and donations explicitly received for heart surgeries are recognised in statement of income and expenditure as internally restricted fund.

Grant and donations related to assets

Grant and donations related to non-current assets, including non-monetary grants at fair value are presented in statement of financial position under "Capital grants and donations - restricted". An amount equivalent to the depreciation for each year on such asset is charged to "capital grants and donations - restricted" and credited to statement of income and expenditure in the same year in which depreciation is charged.

In case of donation or purchase of non depreciable assets from restricted capital grants and donations, an amount equivalent to market value or cost of the asset respectively is transferred directly to the net assets of the Foundation.

4.11 Taxation

Income tax expense represents tax expense for current and prior years. Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates, if any.

Subject to certain conditions, the Foundation is entitled to 100% tax credit of the income tax payable, including minimum and final taxes payable, under section 100C of the Income Tax Ordinance, 2001. Therefore, no provision of current income tax has been accounted for in these financial statements.

KRM/IN

Let X

5 Property and equipment

	30 June 2019						
	Cost			Depreciation			Net book value as at 30 June 2019
	At 01 July 2018	Additions during the year	Disposals during the year	At 30 June 2019	Charge for the year	Disposals during the year	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
					Rate %		
<u>Owned assets</u>							
Land	50,000,000	-	-	50,000,000	-	-	50,000,000
Medical equipments	-	4,000,000	-	4,000,000	20%	-	3,400,000
Furniture and fixtures	348,650	66,350	-	415,000	20%	-	253,067
Computers and accessories	343,165	540,634	-	883,799	33%	-	553,272
Office equipments	412,010	234,700	-	646,710	20%	-	274,933
Surgical equipment	450,000	25,650	-	475,650	50%	-	384,600
Vehicles-Motor bike	67,500	-	-	67,500	20%	-	51,300
<u>Diminishing musharaka asset</u>							
Vehicle-Toyota Hiace	4,517,625	-	-	4,517,625	20%	-	3,373,160
2019	56,138,950	4,867,334	-	61,006,284		2,005,142	58,290,332

	30 June 2018						
	Cost			Depreciation			Net book value as at 30 June 2018
	At 01 July 2017	Additions during the year	Disposals during the year	At 30 June 2018	Charge for the year	Disposals during the year	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
					Rate %		
<u>Owned assets</u>							
Land	50,000,000	-	-	50,000,000	-	-	50,000,000
Furniture and fixtures	195,100	153,550	-	348,650	20%	-	238,302
Computers and accessories	249,925	93,240	-	343,165	33%	-	212,086
Office equipments	336,020	75,990	-	412,010	20%	-	265,927
Surgical equipment	-	450,000	-	450,000	50%	-	431,250
Vehicles-Motor bike	-	67,500	-	67,500	20%	-	64,125
<u>Diminishing musharaka asset</u>							
Vehicle-Toyota Hiace	-	4,517,625	-	4,517,625	20%	-	4,216,450
2018	50,781,045	5,357,905	-	56,138,950		482,805	55,428,140

REPURIN

Handwritten signature

Handwritten mark

5.1 Depreciation charge for the year has been allocated as follows:

	Note	2019 Rupees	2018 Rupees
Heart surgeries expenses paid to hospitals		225,694	18,750
OPD-expenses		600,000	-
General and administrative expenses		1,179,448	464,055
		<u>2,005,142</u>	<u>482,805</u>
6 Capital work-in-progress			
Advances to suppliers		-	1,000,000
		<u>-</u>	<u>1,000,000</u>
7 Deposit and other receivable			
Advances to employees against expenses		45,680	4,320
Security deposit		965,500	965,500
Prepayment		-	72,117
Interest income receivable		73,223	209,646
		<u>1,084,403</u>	<u>1,251,583</u>
8 Investments in term deposits-net	8.1	<u>12,800,000</u>	<u>11,600,000</u>
8.1	This represents investment in term deposit receipts for period of one year having maturity date of 12 June 2020 and carries mark-up at the rate of 11.60% (2018: 5.90%).		
9 Cash and bank balances		2019 Rupees	2018 Rupees
Cash in hand		859	5,614
<i>Cash at bank, local currency</i>			
- Saving account		-	5,000
- Current accounts		29,769,537	27,242,586
		<u>29,770,396</u>	<u>27,253,200</u>
10 Fund against non depreciable assets			
This represents fund created against donation of a piece of land measuring 9 Kanal, situated at 'Mouza Jhulke, Model Housing, Tehsil Model Town, off Ferozepur Road, Lahore' to the Foundation for building Children Heart Hospital and Research Institute ("CHHRI") during financial year ended on 30 June 2017. The land was capitalised based on valuation report of an external valuer 'Jays Associate' wherein the most significant input is market value.			
11 Capital donations and grants	Note	2019 Rupees	2018 Rupees
Donations for purchase of depreciable asset - restricted		7,672,022	7,672,022
Capital grants - general	11.1	377,053	96,612
		<u>8,049,075</u>	<u>7,768,634</u>

Wahid

105

X

11.1	Details of capital grants-general are as follows	Note	2019 Rupees	2018 Rupees
	Capital grants as at 01 July		96,612	167,562
	Capital grants received during the year		400,000	-
	Amortization charged during the year		(119,559)	(70,950)
	Capital grants as at 30 June	11.1.1	<u>377,053</u>	<u>96,612</u>

11.1.1 This represents sixteen laptops donated by Mr. Farhan Ahmad, Chief Executive Officer of the Foundation.

12	Long term musharaka - secured		2019 Rupees	2018 Rupees
	Long term musharaka		3,381,544	4,131,405
	Current portion of long term musharaka		(805,461)	(749,861)
			<u>2,576,083</u>	<u>3,381,544</u>

Salient features of the musharaka financing are as follows:

Discounting factor - %	13.94%	9.28%
Musharaka term - Months	48 months	48 months
Security deposits - %	20%	20%

The Foundation has entered into diminishing musharaka agreement with Faysal Bank Limited for purchase of vehicle as shown in note 5. The liability under this arrangement is payable in monthly installments. Interest rates implicit in the diminishing musharaka are used as discounting factor to determine the present value of long term musharaka.

Residual value of the musharaka asset has already been paid, at the inception, in the form of security deposit. There are no financial restrictions imposed by Faysal Bank Limited. Taxes, repairs, replacements and insurance costs are borne by the Foundation.

13	Other payables	Note	2019 Rupees	2018 Rupees
	Payable to Hospitals	13.1	15,969,542	499
	Accrued expenses		5,617,783	2,044,191
	Withholding tax payable		879,634	1,325,024
	Other Payable		3,253,559	3,275,684
			<u>25,720,518</u>	<u>6,645,398</u>

13.1 This mainly includes payable to Ittefaq Hospital Trust and Hameed Latif Hospital amounting to Rs. 10,377,078 (2018: Rs. 499) and Rs. 3,360,871 (2018: Nil) respectively against hospital fee for heart surgeries.

14 Contingencies and commitments

There are no significant contingencies and commitment as at 30 June 2019 (2018: Nil).

10/20/19

[Handwritten signatures]

15	Heart surgeries expenses paid to hospitals	Note	2019 Rupees	2018 Rupees
	<u>University of Lahore Teaching Hospital</u>			
	Surgeon and surgical team fees		15,160,500	4,978,000
	Medicines		11,752,236	4,513,988
	Staff salaries	15.1	8,988,452	4,054,795
	Hospital charges		5,112,820	-
	Travel and entertainment		1,135,890	2,520,502
	Staff uniform		-	24,000
	Depreciation on surgical equipments	5.1	225,694	18,750
			<u>42,375,592</u>	<u>16,110,035</u>
	<u>Children heart surgeries from other hospitals</u>			
		15.2	108,905,267	45,963,985
			<u>151,280,859</u>	<u>62,074,020</u>

15.1 This includes charge in respect of staff retirement benefits amounting to Rs. 100,000 (2018: Rs. 121,710) on account of gratuity scheme.

15.2 This represents expenses against children's heart surgeries, operated from the Foundation's approved panel of hospitals. This mainly include 96,215,961 (2018: Rs. 44,468,500) incurred at Ittefaq Hospital Lahore against 472 (2018: 286) children's heart surgeries.

16	OPD-expenses	Note	2019 Rupees	2018 Rupees
	Staff salaries on shift basis	16.1	1,397,135	-
	Depreciation on echocardiogram machine	5.1	600,000	-
			<u>1,997,135</u>	<u>-</u>

16.1 This includes shift based wages paid to doctors for echo cardiography of patients. During the year, 663 (2018: Nil) cardiographies were done to investigate the action of patients' heart.

17	General and administrative expenses	Note	2019 Rupees	2018 Rupees
	Staff salaries and benefits	17.1	4,301,666	3,292,079
	Printing and stationery		107,545	94,351
	Fee and subscription		368,500	97,545
	Repair and maintenance		509,570	272,880
	Office rent		381,000	258,422
	Entertainment		175,844	173,079
	Advertisement		1,448,932	256,426
	Legal and professional charges		71,535	73,300
	Utilities		540,664	178,074
	Travelling and conveyance		1,456,706	2,217,436
	Audit fee		200,000	210,000
	Depreciation	5.1	1,179,448	464,055
	Insurance expense		102,117	36,058
	Other expenses		47,191	94,264
			<u>10,890,718</u>	<u>7,717,969</u>

نہیں

←

17.1 This includes charge in respect of staff retirement benefits amounting to Rs. 418,400 (2018: Rs. 322,500) on account of gratuity scheme.

18	Finance cost	Note	2019 Rupees	2018 Rupees
	Bank charges		81,803	27,889
	Profit on diminishing musharaka		307,289	114,403
			<u>389,092</u>	<u>142,292</u>

19 Taxation

	Current tax	19.1	-	-
--	-------------	------	---	---

19.1 As referred in note 4.11, subject to certain conditions, the Foundation is eligible for 100% tax credit for income tax payable, including minimum and final taxes payable under section 100C of the Ordinance. Therefore, the Foundation has not recognized any provision in respect of current tax for the year.

19.2 Since the Foundation is eligible for 100% tax credit as disclosed in note 19.1, comparison of last three years of income tax provisions with the assessments has not been disclosed.

20	Cash and cash equivalents	Note	2019 Rupees	2018 Rupees
	Term deposit receipts	8	12,800,000	11,600,000
	Cash and bank balances	9	29,770,396	27,253,200
			<u>42,570,396</u>	<u>38,853,200</u>

21 Related Party transactions

The related parties and associated undertakings comprise associated company, company in which directors are interested, directors and key management personnel. Amounts due from and to related parties, directors and key management personnel if any, are shown under receivables and payables. Other significant transactions with related parties are as follows:

Related party	Relationship	Nature of transaction	2019 Rupees	2018 Rupees
Mr. Farhan Ahmad	Chief Executive Officer	Zakat and donations	440,000	237,316
Mr. Muhammad Haris Bin Naseer	Director	Zakat and donations	-	140,000
Mr. Mujtaba Mehmood Bhatti	Director	Zakat and donations	50,000	83,825
Misbah ul Haq Khan	Director	Zakat and donations	1,525,730	-
Maj. Gen. (Rtd.) Syed Shahid Mukhtar Shah	Director	Zakat	150,000	-
Mr. Hasan Ali Bukhari	Director	Zakat and donations	41,820	570,584

KPMG

LS

X

22 Remuneration of Chief Executive Officer, Directors and Executives

22.1 Total number of directors of the Foundation as at 30 June 2019 were 11 (2018: 11). The Directors and Chief Executive Officer of the Foundation does not withdraw any remuneration or related benefits.

22.2 The Foundation has not employed any Executive as at 30 June, 2019 (2018: Nil).

23 Number of employees

The Foundation has employed following number of persons including permanent staff:

	2019 (Number of persons)	2018
- As at 30 June	<u>36</u>	<u>26</u>
- Average number of employees	<u>31</u>	<u>17</u>

24 Date of authorization

The financial statements were authorized for issue on _____ by Board of Directors of the Foundation.

25 Corresponding figures

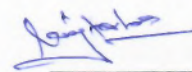
Corresponding figures have been rearranged, whenever necessary, for the purpose of comparison. However, no significant rearrangements have been made.

ڪمپني

Lahore



Chief Executive Officer



Director