

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF TRUSTEES OF HAJI MUHAMMAD ASGHAR GHURKI TRUST

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Haji Muhammad Asghar Ghurki Trust** ("the Trust"), which comprise of the statement of financial position as at December 31, 2024, and the statement of income and expenditure, the statement of comprehensive income, the statement of changes in funds, and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of Haji Muhammad Asghar Ghurki Trust as at December 31 2024, and of its financial performance and its cash flows and changes in fund's balance for the year then ended in accordance with the approved accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the trust in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management are responsible for the preparation and fair presentation of the financial statements in accordance with the approved accounting and reporting standards as applicable in Pakistan, and for such internal control as Trustees determine 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, the Trustees are responsible for assessing the Trusts's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Board of Trustees are responsible for overseeing the Trust'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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust 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 trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is Sajjad Hussain Gill.

LAHORE

DATED: June 27, 2025

UDIN: AR202410087rKW05tn8B


BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

HAJI MUHAMMAD ASGHAR GHURKI TRUST
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024

	Note	2024 (Rupees)	2023 (Rupees)
FUND BALANCE		<u>751,663,574</u>	<u>577,761,595</u>
REPRESENTED BY:			
NON - CURRENT ASSETS			
Property and equipments	7	1,009,070,338	1,016,784,664
Capital work in progress	8	1,267,901,375	871,629,667
Intangible assets	9	-	3,502,500
		<u>2,276,971,713</u>	<u>1,891,916,831</u>
CURRENT ASSETS			
Inventory	10	69,288,120	75,968,587
Stores and spares	11	24,668,944	15,939,643
Debtors - considered good	12	27,657,715	19,222,116
Advances, deposits, prepayments and other receivables	13	38,676,293	45,760,033
Cash and bank balances	14	249,820,077	205,901,547
		<u>410,111,149</u>	<u>362,791,926</u>
TOTAL ASSETS		<u>2,687,082,862</u>	<u>2,254,708,757</u>
LESS: NON - CURRENT LIABILITIES			
Deferred grant	15	1,503,244,640	1,284,928,287
LESS: CURRENT LIABILITIES			
Contract liabilities	16	14,484,763	19,093,423
Creditors, accrued and other liabilities	17	417,689,885	372,925,452
		<u>432,174,648</u>	<u>392,018,875</u>
NET ASSETS		<u>751,663,574</u>	<u>577,761,595</u>
CONTINGENCIES AND COMMITMENTS	18		

The annexed notes from 1 to 33 form an integral part of these financial statements.

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CHAIRMAN


FINANCE SECRETARY

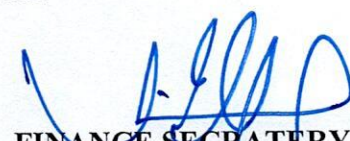
HAJI MUHAMMAD ASGHAR GHURKI TRUST
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31, 2024

	Note	2024 (Rupees)	2023 (Rupees)
INCOME			
Unrestricted:			
Income from medical services	19	2,040,883,410	1,658,526,644
Donations and contributions	20	569,595,296	424,044,548
Deferred income recognized - donations	15	56,241,945	116,905,231
Income from nursing school		5,460,000	3,517,000
Other income	21	138,445,688	105,428,942
Restricted:			
Income recognized against government grant	15	3,000,000	106,831,014
		<u>2,813,626,339</u>	<u>2,415,253,379</u>
LESS: EXPENDITURES			
Medical expenses	22	(2,348,625,916)	(2,056,341,258)
Administrative expenses	23	(368,369,691)	(323,797,590)
Other operating expenses	24	-	(39,377,133)
Finance costs	25	(228,753)	(99,535)
		<u>(2,717,224,360)</u>	<u>(2,419,615,516)</u>
Excess / (deficit) of income over expenditure before taxation		96,401,979	(4,362,137)
Taxation	26	-	-
Excess / (deficit) of income over expenditure after taxation		<u>96,401,979</u>	<u>(4,362,137)</u>

The annexed notes from 1 to 33 form an integral part of these financial statements.

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HAJI MUHAMMAD ASGHAR GHURKI TRUST
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2024

	2024 (Rupees)	2023 (Rupees)
Excess / (deficit) of income over expenditure after taxation	96,401,979	(4,362,137)
Other comprehensive income:		
Items that will be reclassified to statement of income and expenditure in subsequent periods	-	-
Items that will not be reclassified to statement of income and expenditure in subsequent periods	-	-
Total other comprehensive income	-	-
Total comprehensive income / (loss) for the year	<u>96,401,979</u>	<u>(4,362,137)</u>

The annexed notes from 1 to 33 form an integral part of these financial statements.

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CHAIRMAN

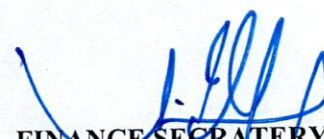

FINANCE SECRETARY

Haji Muhammad Asghar Ghurki Trust
Statement of Changes in Funds
For the Year Ended December 31, 2024

	General fund	Endowment fund	Total
	-----Rupees-----		
Balance as on January 01, 2023	100,695,375	321,028,357	421,723,732
Funds received during the year	-	160,400,000	160,400,000
Excess of income over expenditure after taxation	(4,362,137)	-	(4,362,137)
Other comprehensive income	-	-	-
	(4,362,137)	-	(4,362,137)
Balance as at December 31, 2023	96,333,238	481,428,357	577,761,595
Funds received during the year	-	77,500,000	77,500,000
Excess / (deficit) of income over expenditure after taxation	96,401,979	-	96,401,979
Other comprehensive income	-	-	-
	96,401,979	-	96,401,979
Balance as at December 31, 2024	192,735,217	558,928,357	751,663,574

The annexed notes from 1 to 33 form an integral part of these financial statements.
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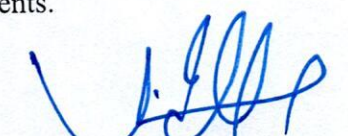
HAJI MUHAMMAD ASGHAR GHURKI TRUST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Note	2024 (Rupees)	2023 (Rupees)
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess / (deficit) of income over expenditure before taxation		96,401,979	(4,362,137)
Adjustments for non cash items:			
Depreciation of property and equipment	7.1	112,769,317	167,208,899
Amortization of intangible assets	23	3,502,500	3,450,000
Amortization of deferred income	15	(59,241,945)	(223,736,245)
Gain on disposal of property and equipment		(2,167,003)	-
Loans and advances written off - net	21	-	800
Unrealized exchange loss		-	39,377,133
		54,862,869	(13,699,413)
Cash flows before working capital changes		151,264,848	(18,061,550)
Changes in working capital:			
(Increase)/decrease in inventory		6,680,468	(12,107,069)
(Increase)/decrease in stores and spares		(8,729,301)	(1,844,416)
(Increase)/decrease in debtors - considered good		(8,435,599)	11,971,794
(Increase)/decrease in advances, deposits, prepayments and other receivables		7,083,739	3,826,386
Increase/(decrease) in contract liabilities		(4,608,660)	7,641,841
Increase/(decrease) in creditors, accrued and other liabilities		44,764,433	95,072,732
		36,755,080	104,561,268
Cash generated from operations		188,019,928	86,499,718
Taxes		-	711,439
Net cash from operating activities		188,019,928	87,211,157
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to capital work in progress	8	(428,687,144)	(822,126,556)
Purchase of property and equipment		(73,767,052)	(24,424,439)
Proceeds from sale of property and equipment		3,294,500	-
Net cash used in investing activities		(499,159,696)	(846,550,995)
CASH FLOWS FROM FINANCING ACTIVITIES			
Endowment funds received during the year		77,500,000	160,400,000
Government grant received during the year	15	1,500,000	208,000,000
Donations received for assets	15	276,058,298	375,906,615
Net cash generated from financing activities		355,058,298	744,306,615
Net increase / (decrease) in cash and cash equivalents		43,918,530	(15,033,223)
Cash and cash equivalents at the beginning of the year		205,901,547	220,934,770
Cash and cash equivalents at the end of the year	14	249,820,077	205,901,547

The annexed notes from 1 to 33 form an integral part of these financial statements.

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CHAIRMAN


FINANCE SECRETARY

HAJI MUHAMMAD ASGHAR GHURKI TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

1 LEGAL STATUS AND NATURE OF BUSINESS

Haji Muhammad Asghar Ghurki Trust ("the Trust"), having its registered office at Jallo More, Lahore, Pakistan, was registered in Pakistan as a non-profit organization in August 1991 under the Societies Registration Act, 1860. The objective of the Trust is to provide medical and healthcare facilities to the general public on a charitable basis by running a state-of-the-art, 650-bedded Ghurki Trust Teaching Hospital (GTTH) which is affiliated with a medical institution and is also registered in the United Kingdom with the Charity Commission and in the United States of America with the Internal Revenue Service as a charitable institute.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting standards as applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified by Securities and Exchange Commission of Pakistan; and
- accounting standards for Non-for-Profit Organizations (NPOs) issued by the Institute of Chartered Accountants of Pakistan (ICAP).

3 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention, except for certain items as disclosed in the relevant accounting policies below.

3.1 Functional and presentation currency

These financial statements are presented in Pakistan Rupees (Pak Rupee), which is also the Trust's functional currency. All financial information presented in Pak Rupees has been rounded off to the nearest Rupee.

4 USE OF JUDGMENTS AND ESTIMATES

The preparation of these financial statements 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 and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result 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. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision effects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to Company's financial statements are:

4.1 Significant accounting judgments and critical accounting estimates / assumptions

The preparation of financial statements in conformity with approved accounting standards requires the management to:-

- exercise its judgment in process of applying the Company's accounting policies, and
- use of certain critical accounting estimates and assumptions concerning the future.

The areas involving critical accounting estimates and significant assumptions concerning the future are disclosed in respective accounting policies.

5 MATERIAL ACCOUNTING POLICIES

The Material accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

5.1 Property and equipment

i) Owned

These are stated at cost less accumulated depreciation and any identified accumulated impairment loss except freehold land, which is stated at cost.

Depreciation is charged to income and expenditure account by applying reducing balance method so as to write-off the depreciable amount of an asset over its remaining useful life at the rates stated in note 7. The residual values and useful lives of assets are reviewed at each financial year-end and adjusted, if impact on depreciation is significant.

Depreciation on additions to operating fixed assets is charged from the month in which asset is capitalized and no depreciation is charged for the month in which the asset is disposed-off.

Normal repairs and replacements are charged to statement of income and expenditure. Major improvements and modifications are capitalized and assets replaced, if any, other than those kept as stand-by, are retired.

ii) Donated

Medical equipment received during the year as donations are recognized at fair value which is considered as the cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss, if any. Depreciation is charged to income and expenditure account by applying reducing balance method so as to write-off the depreciable amount of an asset over its remaining useful life at the rates stated in note 7.

iii) Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to property and equipment as and when these are available for use.

iv) Judgement and estimates

Residual value, depreciation rates and the useful life of assets are reviewed at each financial year end and if expectations differ from previous estimates the change is accounted for as change in accounting estimate in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

v) De-recognition

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in income and expenditure account in the year the asset is derecognized.

5.2 Impairment of non-financial asset

The Trust assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Trust estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Trust bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Trust's CGUs to which the individual assets are allocated. Impairment losses of continuing operations are recognized in the income and expenditure account consistent with the function of the impaired asset.

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For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Trust estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset neither exceeds its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of income and expenditure unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

5.3 Intangible assets

Expenditure incurred to acquire accounting software is capitalized as intangible asset and stated at cost less accumulated amortization and any identified impairment loss. Intangible assets are amortized using the straight line method so as to write off the cost of an asset over its estimated useful life as mentioned in note 9. Amortization on additions to computer software is charged from the month in which the asset is available for use while no amortization is charged for the month in which the asset is disposed off.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of an intangible's fair value less costs to sell and its value in use. The value in use is based on the expected discounted future net cash flows resulting from the intangible. The carrying amounts of assets are reviewed regularly for signs of possible impairment. If any such indication exists, the recoverable amount of the intangible is estimated. An impairment loss is recognized immediately in the income and expenditure account.

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 items will flow to the Trust and the cost of the items can be measured reliably. All other repair and maintenance costs are charged to income and expenditure account during the year in which they are incurred.

5.4 Stores and spares

These are valued at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon till reporting date.

Management has made estimates for realizable amount of slow moving and obsolete stores and spares items to determine provision for slow moving and obsolete items. Any future change in the estimated realizable amounts might affect carrying amount of stores and spares with corresponding affect on amounts recognized in profit and loss account as provision / reversal.

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5.5 Inventory

These are valued at the lower of moving average cost and net realizable value. Cost is arrived at on a moving average basis. Inventories in transit are stated at cost comprising invoice value plus other charges incurred thereon till reporting date. Net realizable value signifies the estimated selling price in the ordinary course of operations less costs necessary to be incurred in order to make the sale.

The Trust review the carrying amount of stock in trade on regular basis. Carrying amount of stock in trade is adjusted where the net realizable value below the cost.

5.6 Debtors

Debtor is recognized if an amount of consideration, that is unconditional, is due from the counter-party (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in note 5.15 - Financial instruments – initial recognition and subsequent measurement.

The Trust applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debts and contract assets.

The expected loss rates are based on the payment profiles of sales over a period of time before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

5.7 Advances, deposits, prepayments and other receivables

Debtors, advances, deposits, prepayments and other receivables are stated initially at fair value and subsequently measured at amortized cost using the effective interest rate method. Impairment is made on the basis of lifetime Expected Credit Losses (ECLs) that result from all possible default events over the expected life of the respective financial asset. Bad debts are written off when considered irrecoverable.

5.8 Cash and cash equivalents

Cash and cash equivalents are carried in statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and balances in banks, which are subject to an insignificant risk of change in value.

5.9 Deferred grant

5.9.1 Government grant

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Trust will comply with attached conditions.

Government grants relating to costs are deferred and recognized in the income and expenditure account over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to equipment are included in non-current liabilities as deferred income and are charged to the statement of income and expenditure using reducing balance method over the expected lives of the related assets.

5.9.2 Restricted grant

Restricted funds are received from Trustees and general public with a specific condition or purpose attached to its use. Such funds are initially recognized as deferred income and subsequently upon fulfilment of the specific condition or purpose these are charged to income and expenditure account.

5.9.3 Unrestricted grant

Unrestricted funds are received from donors with no specific condition or purpose attached for its use. Such funds are directly charged to income and expenditure account.

5.10 Creditors, accrued and other liabilities

Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year. If not, they are presented as non-current liabilities.

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company and subsequently measured at amortised cost. Exchange gains and losses arising on transaction in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

5.11 Provisions

Provisions are recognized when the Trust has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

The amount recognized as provision is the best estimate of consideration required to settle the present obligation at the end of reporting period, taking into account the risk and uncertainties surrounding the obligation.

5.12 Contingencies and commitments

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The management based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future events not wholly within the control of the management.

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

5.13 Revenue recognition

Income from medical services

Revenue consists of inpatient revenue, outpatient revenue and pharmacy. The management has assessed that the performance obligations are satisfied at point in time basis when the services are provided to patients in case of inpatient, outpatient and goods are delivered to customer in case of pharmacy. Revenue is measured based on the consideration specified in respective contract with the customer.

Receivable is recognized when the services are provided or goods are delivered to customers as the performance obligation is satisfied on point in time basis and the consideration is unconditional considering that only a passage of time is required before the payment is received. The Trust recognizes contract liabilities for consideration received in respect of unsatisfied performance obligations.

Contract liabilities

Contract liabilities are the obligations of the Trust to provide services to the patients for which the consideration has been received in advance. If a patient pays consideration before the Trust provides services (normally in case of indoor patients), a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Trust performs its performance obligations by providing the services to the patient.

Donations, contributions and deferred income

Donations are recognized when received, however, contributions are recognized on accrual basis. Deferred income is recognized on provision of related medical services against which that income was received and as per the pattern of depreciation charged on the related assets.

5.14 Funds

Endowment fund

Endowment fund include funds received from the trustees. The main objective of the fund is to provide for capital expenditures, as and when needed.

5.15 Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

i) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

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The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Trust's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Trust has applied the practical expedient, the Trust initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Trust has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Trust's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e. the date that the Trust commits to purchase or sell the asset.

ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); or
- Financial assets at fair value through income and expenditure account and other comprehensive income.

Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in income and expenditure account and other comprehensive income when the asset is derecognized, modified or impaired.

The Trust's financial assets at amortized cost includes debtors, deposits and other receivables included under current assets.

Financial assets at fair value through OCI (debt instruments)

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For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of income and expenditure and other comprehensive income and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to income and expenditure account.

The Trust does not have any debt instruments at fair value through OCI.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Trust can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to income and expenditure account. Dividends are recognized as other income in the income and expenditure account and other comprehensive income when the right of payment has been established, except when the Trust benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Trust does not have any financial assets for which it has elected to classify irrevocably under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the income and expenditure account and other comprehensive income.

This category includes derivative instruments and listed equity investments which the Trust had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognized as other income in the statement of income and expenditure when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through income and expenditure account. Embedded derivatives are measured at fair value with changes in fair value recognized in income and expenditure account. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

The Trust does not have any financial assets for which it has elected to classify irrevocably under this category.

iii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Trust's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Trust has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Trust has transferred substantially all the risks and rewards of the asset, or (b) the Trust has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Trust has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Trust continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Trust also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Trust has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Trust could be required to repay.

Financial liabilities

i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and other comprehensive income, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Trust's financial liabilities include creditors, accrued and other payables.

ii) Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortized cost (loans and borrowings)

Financial liabilities at fair value through income and expenditure account and other comprehensive income.

Financial liabilities at fair value through profit and loss and other comprehensive income include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through income and expenditure account.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Trust that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the of income and expenditure account.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Trust has not designated any financial liability as at fair value through profit or loss and other comprehensive income.

Financial liabilities at amortized cost (loans and borrowings).

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in income and expenditure account when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in income and expenditure account and other comprehensive income.

This category applies to creditors, accrued and other liabilities.

iii) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the income and expenditure account and other comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

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5.16 Foreign currency transactions and translation

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss. All non-monetary items are translated into rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

5.17 Taxation

The provision for taxation has not been recognized in these financial statements since the income received by the Trust is subject to 100% tax credit under section 100C of the 'Income Tax Ordinance, 2001.

The Trust takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Trust's view differs from the view taken by the income tax department at the assessment stage and where the Trust considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

5.18 Related party transactions

Transactions with related parties are made as per the policy approved by the Board of Trustees. Parties are said to be related if they are able to influence the operating and financial decisions of the Trust.

6 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

6.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended December 31, 2024

The following standards, amendments and interpretations are effective for the year ended December 31, 2024. These standards, amendments and interpretations are either not relevant to the Trust's operations or did not have significant impact on the financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024

6.2 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Trust's operations or are not expected to have significant impact on the Trust's financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025
IFRS 17 Insurance Contracts	January 01, 2026
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026

Certain annual improvements have also been made to a number of IFRSs and IASs.

IFRS 1 'First-time Adoption of International Financial Reporting Standards' has been issued by IASB effective from July 01, 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 18 'Presentation and Disclosures in Financial Statements' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 19 'Subsidiaries without Public Accountability: Disclosures' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However SECP has notified the timeframe for the adoption of IFRS - 17 which will be adopted by January 01, 2026.

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7 PROPERTY AND EQUIPMENT

Following is the schedule of Property and equipment

Description	2024							Rate %
	Cost			Accumulated depreciation			Net book value As at December 31, 2024	
	As at January 01, 2024	Additions / transfers	Disposal	As at January 01, 2024	For the year	Disposal		
-----Rupees-----								
Owned:								
Freehold land	67,670,500	15,715,612	-	-	-	-	-	83,386,112
Building	513,727,573	10,030,327	-	523,757,900	126,146,399	19,420,852	145,567,251	378,190,649
Radiology equipment	122,828,865	-	-	122,828,865	104,080,243	3,749,724	107,829,967	14,998,898
Laboratory equipment	10,815,459	-	-	10,815,459	10,027,984	157,495	10,185,479	20
Medical equipment	779,227,186	13,221,584	-	792,448,770	470,494,026	62,916,177	533,410,203	259,038,567
Furniture and fixtures	71,290,051	3,170,300	-	74,460,351	29,366,470	4,354,520	33,720,990	40,739,361
Vehicles	7,652,200	10,550,000	(2,200,000)	16,002,200	4,610,725	444,092	3,738,710	12,263,490
Office and electrical equipment	231,080,386	46,593,165	-	277,673,551	90,538,474	14,967,195	105,505,669	172,167,882
Diesel generator	21,253,434	3,000,000	-	24,253,434	17,422,914	816,104	18,239,018	6,014,416
Computers	52,039,271	1,629,500	-	53,668,771	42,856,009	2,955,229	45,811,238	7,857,533
	1,877,584,925	103,910,488	(2,200,000)	1,979,295,413	895,543,244	109,781,388	1,004,008,525	975,286,888
Donated:								
Land	15,661,376	-	-	15,661,376	-	-	-	15,661,376
Medical equipment	35,185,250	2,102,000	-	37,287,250	25,509,412	2,040,268	27,549,680	9,737,570
Furniture and fixtures	1,926,500	-	-	1,926,500	567,244	135,926	703,170	1,223,330
Office and electrical equipment	10,033,791	170,000	-	10,203,791	2,312,424	779,220	3,091,644	7,112,147
Vehicles	470,500	-	(364,500)	106,000	145,354	32,515	56,973	49,027
	63,277,417	2,272,000	(364,500)	65,184,917	28,534,434	2,987,929	31,401,467	33,783,450
Total	1,940,862,342	106,182,488	(2,564,500)	2,044,480,330	924,077,678	112,769,317	1,035,409,992	1,009,070,338

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Description	2023									Rate %	
	Cost			Accumulated depreciation			Net book value As at December 31, 2023				
	As at January 01, 2023	Additions / transfers	Disposal	Adjustment	As at December 31, 2023	As at January 01, 2023		For the year	Disposal		As at December 31, 2023
-----Rupees-----											
Owned:											
Freehold land	67,670,500	-	-	-	67,670,500	-	-	-	-	67,670,500	-
Building	490,508,321	23,219,252	-	-	513,727,573	106,654,569	19,491,830	-	126,146,399	387,581,174	5
Radiology equipment	122,828,865	-	-	-	122,828,865	99,393,087	4,687,156	-	104,080,243	18,748,622	20
Laboratory equipment	10,815,459	-	-	-	10,815,459	9,831,115	196,869	-	10,027,984	787,475	20
Medical equipment	924,507,462	9,743,109	-	(155,023,385)	779,227,186	355,420,215	115,073,811	-	470,494,026	308,733,160	20
Furniture and fixtures	66,900,261	4,389,790	-	-	71,290,051	24,933,960	4,432,510	-	29,366,470	41,923,581	10
Vehicles	7,652,200	-	-	-	7,652,200	4,272,783	337,942	-	4,610,725	3,041,475	10
Office and electrical equipment	224,883,005	6,197,381	-	-	231,080,386	75,225,181	15,313,293	-	90,538,474	140,541,912	10
Diesel generator	21,253,434	-	-	-	21,253,434	16,465,284	957,630	-	17,422,914	3,830,520	20
Computers	49,758,612	2,280,659	-	-	52,039,271	39,358,816	3,497,193	-	42,856,009	9,183,262	30
	1,986,778,119	45,830,191	-	(155,023,385)	1,877,584,925	731,555,010	163,988,234	-	895,543,244	982,041,681	
Donated:											
Land	15,661,376	-	-	-	15,661,376	-	-	-	-	15,661,376	-
Medical equipment	33,655,250	1,530,000	-	-	35,185,250	23,322,744	2,186,668	-	25,509,412	9,675,838	20
Furniture and fixtures	1,926,500	-	-	-	1,926,500	416,216	151,028	-	567,244	1,359,256	10
Office and electrical equipment	9,750,291	283,500	-	-	10,033,791	1,465,582	846,842	-	2,312,424	7,721,367	10
Vehicles	470,500	-	-	-	470,500	109,227	36,127	-	145,354	325,146	10
	61,463,917	1,813,500	-	-	63,277,417	25,313,769	3,220,665	-	28,534,434	34,742,983	
Total	2,048,242,036	47,643,691	-	(155,023,385)	1,940,862,342	756,868,779	167,208,899	-	924,077,678	1,016,784,664	

Note

2023
(Rupees)

2024
(Rupees)

7.1 The depreciation expense for the year has been charged to medical and administrative expenses as follows:

Medical expense	22	68,863,664	122,144,504
Administrative expense	23	43,905,653	45,064,395
		<u>112,769,317</u>	<u>167,208,899</u>

8 CAPITAL WORK IN PROGRESS

	Note	2024 (Rupees)	2023 (Rupees)
Advances	8.2	-	3,100,000
Building	8.3	943,518,726	725,127,844
Medical equipment	8.4	322,904,744	143,401,823
Office and electrical equipment		1,477,905	-
		<u>1,267,901,375</u>	<u>871,629,667</u>

Advances	Building	Medical equipment	Office and electrical equipment	Total
(Rupees)				

8.1 Movement of carrying amount

Year ended December 31, 2024

Opening balance

Additions

Transferred to property and equipment

Closing balances

3,100,000	725,127,844	143,401,823	-	871,629,667
12,615,612	228,421,209	179,502,921	8,147,402	428,687,144
(15,715,612)	(10,030,327)	-	(6,669,497)	(32,415,436)
-	943,518,726	322,904,744	1,477,905	1,267,901,375

Year ended December 31, 2023

Opening balance

Additions

Transferred to property and equipment

Closing balances

1,100,000	71,622,363	-	-	72,722,363
2,000,000	676,724,733	143,401,823	-	822,126,556
-	(23,219,252)	-	-	(23,219,252)
3,100,000	725,127,844	143,401,823	-	871,629,667

8.2 This represents advances given to Imran Kamal against purchase of land. The title pertaining to the ownership of the Trust has been transferred during the period.

8.3 This represents the cost incurred for the construction of building for Ghurki Medical and Dental College (GMDC). These costs primarily include expenditures related to materials, labour, and overheads directly attributable to the construction process.

8.4 This includes the import of 1.5T MRI Machine with standard accessories and the advances paid for angiography machine. The building required for the operations of MRI machine is in progress.

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			2024 (Rupees)	2023 (Rupees)
9	INTANGIBLE ASSETS			
	Software		-	3,502,500
	Net carrying value basis			
	Opening balance		3,502,500	6,952,500
	Amortization charge		(3,502,500)	(3,450,000)
	Closing balance		-	3,502,500
	Gross carrying value basis			
	Cost		17,750,000	17,750,000
	Accumulated amortization		(17,750,000)	(14,247,500)
	Net book value		-	3,502,500
	Amortization % per annum		20	20
	Administrative expense	23	(3,502,500)	(3,450,000)
10	INVENTORY			
	Medicines		67,767,129	74,403,446
	Food and beverages in cafeteria		1,520,991	1,565,141
			69,288,120	75,968,587
11	STORES AND SPARES			
	General store	11.1	23,455,058	15,169,666
	Ortho implants		1,213,886	769,977
			24,668,944	15,939,643
11.1	General store represents consumable items for laboratory, surgical and electric items, dental materials, sanitation items, radiology items, linen and stationary.			
12	DEBTORS - CONSIDERED GOOD			
	Receivable from corporate clients	12.1	27,657,715	19,222,116
			27,657,715	19,222,116
12.1	The amount includes receivables from State Life Insurance Corporation of Pakistan amounting to Rs. 15.03 million (2023: Rs. 9.85 million).			
	BDO			

13	ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	Note	2024 (Rupees)	2023 (Rupees)
	Advances (unsecured) to:			
	Employees	13.1	3,890,699	2,762,779
	Suppliers		9,095,671	17,866,016
			12,986,370	20,628,795
	Security deposits	13.2	2,125,000	125,000
	Rent receivable		325,000	290,000
	Other receivables		369,351	4,845,666
	Deposits with Punjab Revenue Authority (PRA)	13.3	1,370,572	1,370,572
	Receivable from Lahore Medical and Dental College	13.4	21,500,000	18,500,000
			<u>38,676,293</u>	<u>45,760,033</u>

- 13.1 This includes advance to employees against salaries in accordance with the terms of their employment, which is not past due. These advances are recoverable on fixed instalment basis. These advances are unsecured and do not carry any interest or mark-up.
- 13.2 This includes security deposits amounting to Rs. 2.00 million (2023: Rs. NIL) given by Ghurki Trust Teaching Hospital to the University of Sargodha against the affiliation of the Pharma D and DPT programs for the session 2024-2029, amounting to Rs. 1.00 million for each program.
- 13.3 The Trust has deposited Rs. 1,370,572 being 10% of Rs. 13,705,717 as required under section 70 of the Punjab Revenue Authority Act, 2012 against the contingency disclosed in note 18.1.
- 13.4 This represents receivable from Lahore Medical and Dental College (Private) Limited amounting to Rs. 21.50 million (2023 : Rs. 18.50 million) against the training cost incurred on the training of 3rd year, 4th year and 5th year medical students of LMDC which is billed by the trust on monthly basis.

14 CASH AND BANK BALANCES

Cash in hand	5,236,522	6,863,205
Cash at bank - current accounts		
- local currency	244,337,684	198,789,868
- foreign currency	245,871	248,474
BDO	<u>249,820,077</u>	<u>205,901,547</u>

15	DEFERRED GRANT	Note	2024 (Rupees)	2023 (Rupees)
	Government grant - restricted			
	As at 01 January		201,500,000	100,331,014
	Additions during the year	15.1	1,500,000	208,000,000
	Recognized as income during the year		(3,000,000)	(106,831,014)
	As at 31 December		200,000,000	201,500,000
	Donations received for assets - unrestricted			
	As at 01 January		1,083,428,287	824,426,903
	Additions during the year	15.2	276,058,298	375,906,615
	Recognized as income during the year		(56,241,945)	(116,905,231)
	As at 31 December		1,303,244,640	1,083,428,287
	Deferred income	15.3	<u>1,503,244,640</u>	<u>1,284,928,287</u>
15.1	This represents grant received from Zakat and Ushr Department of Punjab on the basis of Memorandum of Understanding signed between the Trust and Zakat and Ushr Department of Punjab for the treatment of Health Welfare Committee (HWC) patients. This is being recognized as income on the pattern of expenses incurred on the treatment of HWC patients.			
15.2	This represents donations received during the year for the Ghurki Medical and Dental College (GMDC), Cardiac Centre. The same will be recognized as income on the pattern of depreciation charged on the related assets.			
15.3	The deferred grant includes Rs. 874.26 million (2023 : Rs. 598.21 million) for which amortization has not yet started, as the related assets have not been capitalized or acquired.			
16	CONTRACT LIABILITIES - unsecured	16.1	<u>14,484,763</u>	<u>19,093,423</u>
16.1	This represents advances received from indoor patients against provision of medical services.			
17	CREDITORS, ACCRUED AND OTHER LIABILITIES			
	Creditors		289,746,262	272,517,566
	Accrued expenses		99,856,654	86,918,757
	Withholding tax payable		2,875,932	1,576,608
	Security deposits		4,805,000	2,955,000
	Other liabilities		20,406,037	8,957,521
	BDO		<u>417,689,885</u>	<u>372,925,452</u>

18 CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

Proceedings for the tax periods from 1 January 2017 to 31 December 2018 were initiated vide show cause notice issued by the learned Additional Commissioner Punjab Revenue Authority, whereby sales tax demand of Rs. 60.2 million was raised with regard to withholding tax obligations in terms of Punjab Sales Tax on Services Act, 2012 read with Punjab Sales Tax on Services (Withholding) Rules, 2015. In response to the aforesaid show cause notice, the Trust filed detailed response against which order/response was passed and the demand was reduced to Rs. 13.7 million by the department. The trust has filled their appeal to PRA Commissioner Appeals where the case is pending to be fixed for hearing. Based on the tax advisor's opinion, management of the Trust is confident of favourable outcome. Therefore, no provision has been made in these financial statements.

18.2 Commitments

Commitments with respect to Bank Contract for MRI Magnate as at year end amounting to Rs. 11.69 million (2023: Rs. Nil).

	Note	2024 (Rupees)	2023 (Rupees)
19 INCOME FROM MEDICAL SERVICES			
Income from medical services	19.1	2,562,678,639	2,234,675,418
Less: free and subsidized treatment		(521,795,229)	(576,148,774)
		<u>2,040,883,410</u>	<u>1,658,526,644</u>
19.1 Disaggregated revenue information			
Type of revenue			
- Medical services		1,698,392,838	1,512,093,931
- Pharmacy sales		864,285,801	722,581,487
		<u>2,562,678,639</u>	<u>2,234,675,418</u>
Timing of revenue recognition			
Services transferred at point in time		<u>2,562,678,639</u>	<u>2,234,675,418</u>
20 DONATIONS AND CONTRIBUTIONS			
Donations	20.1	311,595,296	181,281,553
Contribution by affiliated medical institution	20.2	258,000,000	242,762,995
		<u>569,595,296</u>	<u>424,044,548</u>

20.1 This represents donations received from corporations and the general public.

20.2 This represents contributions from Lahore Medical and Dental College (Private) Limited (LMDC) comprising a monthly fixed amount of Rs. 21.5 million for the year 2024, under the provisions of the agreement with LMDC.

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	Note	2024 (Rupees)	2023 (Rupees)
21 OTHER INCOME			
Tender fee		440,000	397,000
Rental income		6,531,586	5,873,413
Revenue from cafeteria		98,521,069	84,331,579
Loans and advances written back		-	800
Exchange gain		173,374	-
Gain on disposal of fixed assets		2,167,003	-
Miscellaneous income		17,967,156	12,723,900
Internship Fee		12,645,500	2,102,250
		<u>138,445,688</u>	<u>105,428,942</u>
22 MEDICAL EXPENSES			
Salaries and wages		942,035,539	832,158,217
Inventory consumed		800,377,314	666,370,084
Utilities		211,783,983	163,619,547
Operation theatre expenses		168,573,183	147,762,820
Depreciation	7.1	68,863,664	122,144,504
Repair and maintenance		83,871,285	55,478,975
Doctors' share against medical services		18,730,193	17,034,300
Printing and stationary		13,759,560	16,336,095
Internet		2,116,656	2,242,781
Entertainment		5,554,333	3,367,090
MRI and CT scan reporting fee		4,187,701	2,848,000
Sanitation, wastage and cleaning expenses		15,404,509	14,871,515
Miscellaneous expenses		13,367,997	12,107,330
		<u>2,348,625,916</u>	<u>2,056,341,258</u>
23 ADMINISTRATIVE EXPENSES			
Salaries and wages	23.1	104,670,615	92,462,024
Depreciation of property and equipment	7.1	43,905,653	45,064,395
Utilities		52,945,996	40,904,887
Cafeteria expenses		68,326,594	61,691,127
Repair and maintenance		20,967,821	13,869,744
Marketing expenses		10,972,785	9,821,477
Security service expense		12,588,482	10,612,993
Travelling and conveyance		18,304,688	18,104,998
Amortization of intangible assets	9	3,502,500	3,450,000
Legal and professional expenses		10,243,782	5,917,243
Printing and stationary		3,439,890	4,084,024
Sanitation and cleaning expenses		3,851,127	3,717,879
Telephone and internet expenses		1,601,165	1,530,120
Postage and stamps		303,360	299,720
Advertisement		491,205	379,300
Entertainment		1,388,583	841,773
Auditors' remuneration	23.2	404,250	382,500
Conference/Workshop Expenses		7,082,045	7,636,554
Miscellaneous expenses		3,379,149	3,026,832
		<u>368,369,691</u>	<u>323,797,590</u>

- 23.1** No remuneration, allowance or other reimbursements against expenses including travelling has been made to the Board of Trustees.

	Note	2024 (Rupees)	2023 (Rupees)
23.2 Auditors' remuneration			
Audit fee		385,000	350,000
Tax and certification charges		19,250	32,500
		<u>404,250</u>	<u>382,500</u>

24 OTHER OPERATING EXPENSES

Exchange loss	<u>-</u>	<u>39,377,133</u>
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25 FINANCE COST

Bank charges	<u>228,753</u>	<u>99,535</u>
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26 TAXATION

Provision for tax has not been recognized in the financial statements since the income received by the Trust is subject to 100% tax credit under section 100C of the Income Tax Ordinance, 2001.

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27 RELATED PARTY TRANSACTIONS

The related parties comprise of associated companies, staff retirement funds, Trustees and key management personnel. Significant transactions with related parties are as under:

Related party	Nature of relationship	Nature of Transaction	2024 (Rupees)	2023 (Rupees)
Board of Trustees	Trustee	Endowment funds received	75,500,000	133,400,000
Mr. Amer Aziz	Chairman	Endowment funds received	-	1,000,000
Mr. Mushtaq Ahmad	Trustee	Endowment funds received	-	20,000,000
Mr. Imran Mukhtar	Trustee	Endowment funds received	2,000,000	7,000,000
AMY Associates	Common directorship	Donations received	5,100,000	5,200,000

28 FINANCIAL RISK MANAGEMENT

28.1 Financial risk factors

The Trust's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Trust's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Trust's financial performance.

Risk management is carried out by the Trust's finance department under policies approved by the Board of Trustees. The Trust's finance department evaluates its financial risks during the year. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk and investment of excess liquidity.

(a) Market risk

(i) Foreign currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

Reporting date rupees per:	2024		2023	
	Average rate	Reporting date rate	Average rate	Reporting date rate
USD	280.48	278.55	254.93	282.40
Foreign currency denominated monetary liabilities in:				
USD	95,154	95,154	53,154	53,154
₹				

Currency sensitivity analysis:

If the functional currency, at reporting date, had increased / (decrease) by 1% against the foreign currencies with all other variables held constant, the impact on Trust's profit surplus tax for the year would have been as follows:

Changes in USD Rate	2024	2023
	Effects on excess of income over expenditure before taxation	
	Rupees	Rupees
+1%	(265,051)	(150,107)
-1%	265,051	150,107

(ii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Trust has no interest-bearing assets therefore the Trust is not exposed to interest rate risk at reporting date.

(iii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Trust is not exposed to any commodity price risk at reporting date.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge its obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2024 (Rupees)	2023 (Rupees)
Debtors - considered good	27,657,715	19,222,116
Security deposits	2,125,000	125,000
Rent receivable	325,000	290,000
Other receivables	369,351	4,845,666
Receivable from Lahore Medical and Dental College	21,500,000	18,500,000
Bank balances	244,583,555	199,038,342
	<u>296,560,621</u>	<u>242,021,124</u>

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about the counter-party default rate. Significant financial asset as at reporting date pertains to the bank balances for which the external credit rating is as follows:

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	Short Term	Long Term	Agency	2024 (Rupees)	2023 (Rupees)
Habib Bank Limited	A1+	AAA	VIS	40,080,751	25,759,761
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	97,196	97,196
Bank Alfalah Limited	A1+	AAA	PACRA	727,371	60,788
Al-Baraka Limited	A1	A+	VIS	49,768	49,786
Sindh Bank Limited	A1+	AA-	JCR-VIS	127,421,130	113,553,253
Dubai Islamic Bank Limited	A1+	AA	VIS	69,102,703	59,517,558
Meezan Bank Limited	A1+	AAA	VIS	7,104,636	-
				<u>244,583,555</u>	<u>199,038,342</u>

Due to the Trust's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, the management does not expect non-performance by these counter parties on their obligations to the Trust. Accordingly, the credit risk is minimal and no expected credit loss has been recognized in these financial statements.

(c) Liquidity risk

Liquidity risk is the risk that the Trust will encounter difficulty in meeting its obligations associated with the financial liabilities. The Trust manages liquidity risk by maintaining sufficient cash and bank balances. The management believes that the liquidity risk for the Trust is low. Following are the contractual maturities of the financial liabilities, including interest payments. The amount disclosed in the table below represents the undiscounted cash flows.

Contractual Maturities of financial liabilities:

	Carrying amount	Contractual cash flows	Within one year	1-2 year	More than 2 years
Non-derivative financial liabilities:					
2024					
Creditors, accrued and other liabilities	414,813,953	414,813,953	414,813,953	-	-
2023					
Creditors, accrued and other liabilities	371,348,844	371,348,844	371,348,844	-	-

28.2 Financial Instruments by categories

	Note	2024 (Rupees)	2023 (Rupees)
Financial assets as per statement of financial position:			
Debt instruments at amortized cost			
Debtors - considered good		27,657,715	19,222,116
Security deposits		2,125,000	125,000
Rent receivable		325,000	290,000
Other receivables		369,351	4,845,666
Bank balances		244,583,555	199,038,342
Receivable from Lahore Medical and Dental College		21,500,000	18,500,000
		<u>296,560,621</u>	<u>242,021,124</u>
Financial liabilities as per statement of financial position:			
Financial liabilities at amortized cost:			
Creditors, accrued and other liabilities		417,689,885	372,925,452

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28.3 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date. Underlying the definition of fair value is the presumption that the Trust is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. The carrying values of all financial assets and liabilities reflected in these financial statements approximate their fair values. Accordingly, the fair values are not disclosed separately in these financial statements. Fair value is determined on the basis of objective evidence at each reporting date.

Specific valuation techniques used to value financial instruments include:

Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2	Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3	Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

29 CAPITAL RISK MANAGEMENT

The Trust's objectives when managing capital are to safeguard the Trust's ability to continue as a going concern in order to provide benefits for stakeholders and support its operations. The Trust does not have any interest bearing borrowings from any commercial bank. The Trust manages its funds structure and makes adjustments to it, in the light of changes in economic conditions. No changes were made in the objectives, policies or processes from the previous year.

30 CORRESPONDING FIGURES

Corresponding figures have been rearranged / reclassified, wherever considered necessary for the purposes of better and fair presentation, however, no significant rearrangement / reclassifications has been made in the financial statements.

31 NUMBER OF EMPLOYEES

The total number of employees of the Trust as at December 31, 2024 are 1,522 (2023: 1,511).

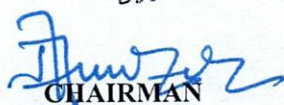
32 DATE OF AUTHORIZATION FOR ISSUANCE

The financial statements were approved by the board of trustees and authorized for issue on
24-06-2025

33 GENERAL

Figures have been rounded off to the nearest rupee.

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CHAIRMAN


FINANCE SECRETARY