

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

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Haji Mohammad Asghar Ghurki Trust ("the Trust"), which comprise of the statement of financial position as at December 31, 2022, and 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 a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of Haji Mohammad Asghar Ghurki Trust as at December 31, 2022, 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 Trustees 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 Trust'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.

Those charged with governance 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.



BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.



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.

Other matter

The financial statements of the Trust for the year ended December 31, 2021 were audited by another firm of chartered accountants who had expressed an unmodified opinion thereon vide their report dated June 30, 2022.

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

LAHORE

DATED: September 04, 2023

UDIN: AR202210087G5tH47ZOd


BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

Haji Mohammad Asghar Ghurki Trust
Statement of Financial Position
As at December 31, 2022

	Note	2022 (Rupees)	2021 (Rupees)
FUND BALANCE		<u>421,723,732</u>	<u>417,767,116</u>
REPRESENTED BY:			
NON - CURRENT ASSETS			
Property and equipments	6	1,291,373,257	739,293,181
Capital work in progress	7	72,722,363	563,912,892
Intangible assets	8	6,952,500	10,402,500
Long term advances	11	-	7,086,634
		<u>1,371,048,120</u>	<u>1,320,695,207</u>
CURRENT ASSETS			
Inventory	9	63,861,518	52,243,800
Stores and spares		14,095,227	13,878,881
Debtors - considered good	10	31,193,910	6,131,126
Advances, deposits, prepayments and other receivables	11	49,587,219	47,280,921
Cash and bank balances	12	220,934,770	198,121,928
		<u>379,672,644</u>	<u>317,656,656</u>
TOTAL ASSETS		<u>1,750,720,764</u>	<u>1,638,351,863</u>
LESS: NON - CURRENT LIABILITIES			
Deferred grant	13	924,757,917	853,970,934
LESS: CURRENT LIABILITIES			
Contract liabilities	14	11,451,582	8,273,851
Creditors, accrued and other liabilities	15	392,787,533	358,339,962
		<u>404,239,115</u>	<u>366,613,813</u>
NET ASSETS		<u>421,723,732</u>	<u>417,767,116</u>
CONTINGENCIES AND COMMITMENTS	16		

The annexed notes from 1 to 31 form an integral part of these financial statements.

BDO


CHAIRMAN



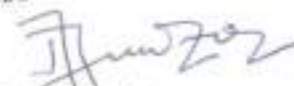
FINANCE SECRETARY

**Haji Mohammad Asghar Ghurki Trust
Statement of Income and Expenditure
For the Year Ended December 31, 2022**

	Note	2022 (Rupees)	2021 (Rupees)
INCOME			
Unrestricted:			
Income from medical services	17	1,310,155,135	1,037,293,388
Donations and contributions	18	467,385,318	427,230,687
Deferred income recognized - donations	13	112,213,017	42,679,891
Income from nursing school		1,796,000	2,178,000
Other income	19	92,006,158	25,096,926
Restricted:			
Income realized against government grant	13	4,000,000	1,631,796
		<u>1,987,555,628</u>	<u>1,536,110,688</u>
LESS: EXPENDITURES			
Medical expenses	20	(1,665,664,222)	(1,336,536,719)
Administrative expenses	21	(278,234,121)	(178,740,403)
Other operating expenses	22	(47,056,828)	(27,071,405)
Finance costs	23	(100,342)	(80,372)
		<u>(1,991,055,513)</u>	<u>(1,542,428,899)</u>
Deficit of income over expenditure before taxation		(3,499,885)	(6,318,211)
Taxation	24	-	-
Deficit of income over expenditure after taxation		<u>(3,499,885)</u>	<u>(6,318,211)</u>

The annexed notes from 1 to 31 form an integral part of these financial statements.

By


CHAIRMAN



FINANCE SECRETARY

Haji Mohammad Asghar Ghurki Trust
Statement of Comprehensive Income
For the Year Ended December 31, 2022

	Note	2022 (Rupees)	2021 (Rupees)
Deficit of income over expenditure		(3,499,885)	(6,318,211)
Other comprehensive income:			
Items that will be reclassified to income and expenditure in subsequent periods		-	-
Items that will not be reclassified to income and expenditure in subsequent periods		-	-
Total other comprehensive income		-	-
Total comprehensive loss for the year		<u>(3,499,885)</u>	<u>(6,318,211)</u>

The annexed notes from 1 to 31 form an integral part of these financial statements.

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 CHAIRMAN


 FINANCE SECRETARY

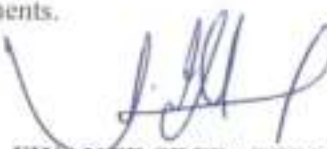
Haji Mohammad Asghar Ghurki Trust
Statement of Changes in Fund Balance
For the year ended December 31, 2022

	General fund	Endowment fund	Total
	Rupees		
Balance as on January 01, 2021	110,513,471	277,650,000	388,163,471
Funds received during the year	-	35,921,856	35,921,856
Deficit of income over expenditure	(6,318,211)	-	(6,318,211)
Other comprehensive income	-	-	-
	(6,318,211)	-	(6,318,211)
Balance as at December 31, 2021	104,195,260	313,571,856	417,767,116
Funds received during the year	-	7,456,501	7,456,501
Excess of income over expenditure	(3,499,885)	-	(3,499,885)
Other comprehensive income	-	-	-
	(3,499,885)	-	(3,499,885)
Balance as at December 31, 2022	100,695,375	321,028,357	421,723,732

The annexed notes from 1 to 31 form an integral part of these financial statements.

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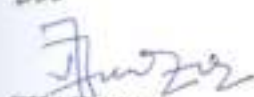

CHAIRMAN


FINANCE SECRETARY

HAJI MOHAMMAD ASGHAR GHURKI TRUST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022 (Rupees)	2021 (Rupees)
CASH FLOWS FROM OPERATING ACTIVITIES			
Deficit of income over expenditure before taxation		(3,499,885)	(6,318,211)
Adjustments for non cash items:			
Depreciation of property and equipment	6.1	161,072,415	80,486,587
Amortization of intangible assets	21	3,450,000	3,450,000
Amortization of deferred income	13	(116,213,017)	(44,311,687)
Liabilities written back		-	1,419,981
Gain / (Loss) on disposal of property and equipment	6	(5,710)	11,760,147
Loans and advances written off - net	19	61,419	-
Unrealized exchange loss	22	47,056,828	15,311,258
		95,421,935	68,116,286
Cash flows before working capital changes		91,922,050	61,798,075
Changes in working capital:			
Increase in inventory		(11,617,718)	(19,480,363)
Increase in stores and spares		(216,346)	(3,618,100)
Increase in debtors- considered good		(25,062,784)	(1,386,033)
Decrease in advances, deposits, prepayments and other receivables		2,289,871	10,843,911
Increase in contract liabilities		3,177,731	4,636,469
(Decrease) / increase in creditors, accrued and other liabilities		(12,709,529)	21,007,296
		(44,138,775)	12,003,180
Cash generated from operations		47,783,275	73,801,255
Taxes paid		2,529,318	(73,098)
Net cash generated from operating activities		50,312,593	73,728,157
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to capital work in progress	7	(97,170,040)	(140,473,601)
Purchase of property and equipment		(124,901,210)	(67,854,892)
Purchase of intangible assets		-	(262,500)
Proceeds from sale of property and equipment	6	115,000	850,000
Net cash used in investing activities		(221,956,250)	(207,740,993)
CASH FLOWS FROM FINANCING ACTIVITIES			
Endowment funds received during the year		7,456,501	35,921,856
Government grant received during the year	13	102,000,000	3,250,000
Donations received for assets	13	85,000,000	151,253,850
Net cash generated from financing activities		194,456,501	190,425,706
Net increase in cash and cash equivalents		22,812,844	56,412,870
Cash and cash equivalents at the beginning of the year		198,121,928	141,709,058
Cash and cash equivalents at the end of the year	12	220,934,770	198,121,928

The annexed notes from 1 to 31 form an integral part of these financial statements.


CHAIRMAN


FINANCE SECRETARY

Haji Mohammad Asghar Ghurki Trust
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

1 LEGAL STATUS AND NATURE OF BUSINESS

Haji Mohammad 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 health care facilities to the general public on charitable basis by setting-up a modern hospital affiliated with a medical educational institution. The Trust is also registered in United Kingdom with the Charity Commission and United States of America with the Internal Revenue Service as a charity 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 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 as otherwise disclosed in the 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.

3.2 Significant estimates and judgements

The preparation of financial statements, in conformity with the approved accounting standards, requires the use of certain critical accounting estimates. It also requires the management to examine its judgment in the process of applying the Trust's accounting policies. Estimates and judgments are continuously evaluated and are based on historical experiences, including expectation of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Trust's financial statements and where judgment was exercised in the application of relevant accounting policies are as follows:

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- Depreciation method, rates and useful lives of property and equipment [note 4.1];
- Impairment of non financial assets [note 4.2];
- Fair value of donation received in kind [note 4.1];
- Lease term and discount rates for leases [note 4.4];
- Estimation of net realizable value of inventory, [note 4.6];
- Impairment of financial assets [note 4.16]; and
- Provisions and contingencies [note 4.12 & 4.13].

4 SIGNIFICANT ACCOUNTING POLICIES

The significant 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.

4.1 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 statement of income and expenditure 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 6. 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 statement of income and expenditure 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 6.

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 operating fixed assets 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 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 statement of income and expenditure in the year the asset is derecognized.

4.2 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 statement of income and expenditure consistent with the function of the impaired asset.

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

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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.

4.3 Intangible assets

Expenditure incurred to acquire computer software is capitalized as intangible asset and stated at cost less accumulated amortization and any identified impairment loss. Computer software is amortized using the straight line method. 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.

4.4 Leases

Trust as a lessee

The Trust initially recognized a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term against a consideration. The lease liability is measured at the present value of the consideration (lease payments) to be made over the lease term. The lease payments are discounted using the incremental rate of borrowing since the interest rate implicit in the lease is not readily determinable. The right-of-use asset is initially measured at the present value of lease liability, adjusted for lease prepayments and borrowing costs.

i) Right-of-use assets

The Trust recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Trust is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

ii) Lease liabilities

At the commencement date of the lease, the Trust recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Trust uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Trust does not have any short-term lease (i.e. lease that has a lease term of 12 months or less from the commencement date and do not contain a purchase option) or any lease of low-value assets, however, in case if such lease exists the Trust applies recognition exemption to such lease. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Trust as a lessor

Leases in which the Trust does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

4.5 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

4.6 Inventory

These are valued at the lower of weighted 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.

4.7 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 4.16 - Financial Instruments – initial recognition and subsequent measurement.

4.8 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. Provision is made on the basis of lifetime 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.

4.9 Cash and cash equivalents

Cash and cash equivalents include cash-in-hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and borrowings in respect of short term running finances carried in current liabilities in the statement of financial position.

4.10 Government grants

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 statement of income and expenditure 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.

4.11 Creditors, accrued and other liabilities

These are stated initially at fair value and subsequently measured at amortized cost using the effective interest rate method. Exchange gains and losses arising in respect of liabilities in foreign currency are added to the carrying amount of the respective liability.

4.12 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.

4.13 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.

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4.14 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.

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.

4.15 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.

General fund

i) Restricted funds

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 statement of income and

ii) Unrestricted funds

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

4.16 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.

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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.

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 statement of income and expenditure and other comprehensive income.

Financial assets at amortized cost (debt instruments)

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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 statement of income and expenditure 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)

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 profit or loss.

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 profit or loss. Dividends are recognized as other income in the statement of income and expenditure 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 statement of income and expenditure 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.

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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 statement of income and expenditure. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. 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 profit or loss 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 statement of income and expenditure.

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 statement of income and expenditure.

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 profit or loss 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 the statement of income and expenditure 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 statement of income and expenditure 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.

4.17 Foreign currency transactions and translation

The financial statements are presented in Pak Rupees, which is Trust's functional / reporting currency. Transactions in foreign currency during the year are initially recorded in functional currency at the rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at functional currency rate of exchange prevailing at reporting date. All differences are taken to the statement of income and expenditure.

4.18 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,

4.19 Related party transactions

Transactions with related parties are made at arm's length prices except in circumstances where it is in the interest of the Trust not to do so. Parties are said to be related if they are able to influence the operating and financial decisions of the Trust as defined in International Accounting Standard 24 'Related Party Disclosure.

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

5.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended December 31, 2022

The following standards, amendments and interpretations are effective for the year ended December 31, 2022. These standards, amendments and interpretations are either not relevant to the Trust's operations or are not expected to have significant impact on the financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework.	January 01, 2022
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	Effective date (annual periods beginning on or after)
Amendments to IFRS 16 'Leases' - Extended practical relief regarding Covid - 19 related rent concessions	April 01, 2021
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022

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

5.2 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.

Amendments to IFRS 16 'Leases' - Lease liability in a sale and leaseback	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 IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts

6 PROPERTY AND EQUIPMENTS

Description	2022								Rate %	
	Cost			Accumulated depreciation				Net book value		
	As at January 01, 2022	Additions/ transfers	Disposal	As at December 31, 2022	As at January 01, 2022	For the year	Disposal			As at December 31, 2022
Rupees										

Owned:

Free hold land	22,577,500	45,093,000	-	67,670,500	-	-	67,670,500	-
Building	394,784,613	95,723,708	-	490,508,321	88,091,410	18,563,159	106,654,569	383,853,752
Radiotherapy equipment	122,828,865	-	-	122,828,865	93,534,143	5,858,944	99,393,087	23,435,778
Laboratory equipment	10,815,459	-	-	10,815,459	9,585,029	246,086	9,831,115	984,344
Medical equipment	413,422,260	511,085,202	-	924,507,462	246,078,739	109,341,476	355,420,215	569,087,247
Furniture and fixtures	61,896,586	5,003,675	-	66,900,261	20,487,292	4,446,668	24,933,960	41,966,301
Vehicles	7,652,200	-	-	7,652,200	3,097,292	375,491	4,272,783	3,379,417
Office and electrical equipment	187,577,141	37,420,864	(115,000)	224,883,005	61,819,928	13,410,963	75,225,181	149,657,824
Diesel generator	21,253,434	-	-	21,253,434	15,268,247	1,197,037	16,465,284	4,788,150
Computers	47,596,071	2,162,541	-	49,758,612	35,399,714	3,959,102	39,358,816	10,399,796
	1,290,404,129	696,488,990	(115,000)	1,986,778,119	574,161,794	137,398,926	65,710	731,555,010
							(5,710)	1,255,223,109

Donated:

Land	-	15,661,376	-	15,661,376	-	-	-	15,661,376
Medical equipment	33,655,250	-	-	33,655,250	20,739,617	2,583,127	-	10,332,506
Furniture and fixtures	1,796,500	130,000	-	1,926,500	255,029	160,587	-	1,510,284
Office and electrical equipment	8,768,876	981,415	-	9,750,291	575,949	889,633	-	8,284,709
Vehicles	470,500	-	-	470,500	69,085	40,142	-	361,273
	44,691,126	16,772,791	-	61,463,917	21,640,280	3,673,489	-	36,150,148
	1,335,095,255	713,261,781	(115,000)	2,048,242,036	595,802,074	161,072,415	(5,710)	756,868,779
								1,291,373,257

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Description	2021										Rate %
	Cost			Accumulated depreciation				Net book value			
	As at January 01, 2021	Additions / transfers	Disposal	As at December 31, 2021	As at January 01, 2021	For the year	Disposal			As at December 31, 2021	
Rupees											

Owned:

Free hold land	22,577,500	-	-	22,577,500	-	-	-	-	22,577,500	-
Building	228,892,527	168,332,086	(2,440,000)	394,784,613	77,594,684	11,210,363	(711,637)	88,091,410	306,693,205	5
Radiology equipment	122,828,865	-	-	122,828,865	86,210,463	7,323,680	-	93,534,143	29,294,722	20
Laboratory equipment	10,815,459	-	-	10,815,459	9,277,422	307,607	-	9,585,029	1,230,430	20
Medical equipment	375,884,070	43,324,652	(5,786,462)	413,422,260	213,770,105	36,805,743	(4,497,109)	246,078,739	167,343,521	20
Furniture and fixtures	43,314,814	18,581,772	-	61,896,586	16,927,632	3,559,660	-	20,487,292	41,409,294	10
Vehicles	8,984,684	-	(1,332,484)	7,652,200	4,505,371	417,212	(1,025,291)	3,897,292	3,754,908	10
Office and electrical equipment	128,614,913	58,962,338	-	187,577,141	50,756,010	11,063,918	-	61,819,928	125,757,213	10
Diesel generator	21,253,434	-	-	21,253,434	13,771,950	1,496,297	-	15,268,247	5,985,187	20
Computers	43,755,871	3,840,200	-	47,596,071	31,026,821	4,372,893	-	35,399,714	12,196,357	30
	1,006,922,137	293,040,938	(9,558,946)	1,290,404,129	503,840,458	76,557,373	(6,236,037)	574,161,794	716,242,335	

Donated:

Medical equipment	75,228,750	106,500	(41,680,000)	33,655,250	49,919,002	3,213,377	(32,392,762)	20,739,617	12,915,633	20
Furniture and fixtures	1,510,000	286,500	-	1,796,500	93,037	162,592	-	255,629	1,540,871	10
Office and electrical equipment	697,419	8,071,457	-	8,768,876	67,306	508,643	-	575,949	8,192,927	10
Vehicles	470,500	-	-	470,500	24,483	44,602	-	69,085	401,415	10
	77,906,669	8,464,457	(41,680,000)	44,691,126	50,103,828	3,929,214	(32,392,762)	21,640,280	23,050,846	
Total	1,084,828,806	301,505,395	(51,238,946)	1,335,095,255	553,944,286	80,486,587	(38,628,799)	595,802,074	739,293,181	

6.1 Allocation of depreciation

Medical expenses
Administrative expenses

Bv

Note
2022 (Rupees) 2021 (Rupees)

20	118,029,633	47,650,407
31	43,042,782	32,836,180
	161,072,415	80,486,587

7 CAPITAL WORK IN PROGRESS

Advances
Building
Medical equipment
Office and electrical equipment
Furniture & fixtures

Note 2022 2021
(Rupees) (Rupees)

7.2	1,100,000	500,000
	71,622,363	75,930,294
	-	481,872,925
	-	5,609,675
	-	-
	72,722,363	563,912,892

7.1 Movement of carrying amount

Year ended December 31, 2022

Opening balance
Additions
Transferred to property and equipments
Closing balances

Advances	Building	Medical equipment	Office and electrical equipment	Furniture & fixtures	Total
500,000	75,930,294	485,934,320	1,548,280	-	563,912,894
600,000	91,415,777	-	5,154,263	-	97,170,040
-	(95,723,708)	(485,934,320)	(6,702,543)	-	(588,360,571)
1,100,000	71,622,363	-	-	-	72,722,363

Year ended December 31, 2021

Opening balance
Additions
Transferred to property and equipments
Closing balances

-	138,423,542	492,726,790	19,682,097	5,657,367	656,589,794
500,000	105,738,838	12,894,433	24,632,925	2,792,595	140,973,603
-	(168,332,086)	(23,748,300)	(38,705,347)	(2,864,772)	(233,650,505)
500,000	75,930,294	481,872,925	5,609,675	-	563,912,892

7.2 This represents advances given to Inuran Kumari against purchase of land.
Bv

	Note	2022 (Rupees)	2021 (Rupees)
8 INTANGIBLE ASSETS			
Software		6,952,500	10,402,500
Net carrying value basis			
Opening balance		10,402,500	13,590,000
Addition during the year		-	262,500
Amortization charge		(3,450,000)	(3,450,000)
Closing balance		6,952,500	10,402,500
Gross carrying value basis			
Cost		17,750,000	17,750,000
Accumulated amortization		(10,797,500)	(7,347,500)
Net book value		6,952,500	10,402,500
Amortization % per annum		20	20
8.1 Allocation of Amortization			
Administrative expenses	21	(3,450,000)	(3,450,000)
9 INVENTORY			
Medicines		62,628,005	50,874,985
Food and beverages in cafeteria		1,233,513	1,368,815
		63,861,518	52,243,800
10 DEBTORS - CONSIDERED GOOD			
Receivable from corporate clients	10.1	29,818,472	4,851,650
Receivable from patients		1,375,438	1,279,476
		31,193,910	6,131,126
10.1 The amount includes receivables from State Life Insurance amounting to Rs. 26,458,064.			
11 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances (unsecured) to:			
Employees	11.1	2,435,195	1,287,767
Suppliers	11.2	5,421,233	3,737,112
		7,856,428	5,024,879

	Note	2022 (Rupees)	2021 (Rupees)
Advance income tax	11.3	-	2,429,046
Security deposits		175,000	-
Prepayments		-	43,500
Rent receivable		263,000	362,000
Margin against letter of credit		-	734,829
Government grant receivable		-	2,000,000
Other receivables		367,169	153,381
Receivable from Lahore Medical and Dental College	11.4	40,925,622	36,533,286
		<u>49,587,219</u>	<u>47,280,921</u>

11.1 This includes advance to employees against salaries in accordance with the terms of their employment, which is not past due. These advances are unsecured, interest free and payable on demand.

11.2 Movement in advances to suppliers is as follows:

Opening	10,823,746	29,775,570
Addition during the year	68,884,864	103,341,487
Transferred to		
- capital work in progress	(54,682,270)	(70,547,230)
- inventory	(7,028,739)	(37,932,972)
- admin and medical expenses	(12,576,368)	(13,813,109)
	<u>(74,287,377)</u>	<u>(122,293,311)</u>
Closing	5,421,233	10,823,746
Current	5,421,233	3,737,112
Non-current	-	7,086,634

11.3 This represents income tax withheld against telephone and internet bills under section 236 of the income tax ordinance 2001. During the year, this amount has been written off as it is not refundable by tax

11.4 This represents receivable from Lahore Medical and dental college amounting to Rs. 40.926 million (2021 : 36.533 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 to LMDC.

12 CASH AND BANK BALANCES

Cash in hand	3,061,597	2,365,951
Cash at bank - current accounts		
- local currency	217,640,959	195,582,174
- foreign currency	232,214	173,803
	<u>220,934,770</u>	<u>198,121,928</u>

BDO

	Note	2022 (Rupees)	2021 (Rupees)
13 DEFERRED GRANT			
Government grant - restricted			
As at January 01,		2,331,014	712,810
Additions during the year	13.1	102,000,000	3,250,000
Recognized as income during the year		(4,000,000)	(1,631,796)
As at December 31,		100,331,014	2,331,014
Donations received for assets - unrestricted			
As at January 01,		851,639,920	743,065,961
Additions during the year	13.2	85,000,000	151,253,850
Recognized as income during the year		(112,213,017)	(42,679,891)
As at December 31,		824,426,903	851,639,920
		924,757,917	853,970,934
13.1 This represents grant received from Government of Punjab (CM Sawaab Deed Fund) & Zakat and Ushr Department of Punjab on the basis of Memorandum of Understanding signed between the Trust and Zakat and Ushr Department of Punjab Government 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.			
13.2 This represents donations received during the year for the construction of Spine centre, Cyberknife, Executive room blocks and Kidney Dialysis Centre. The same will be recognized as income on the pattern of depreciation charged on the related assets.			
14 CONTRACT LIABILITIES - unsecured	14.1	11,451,582	8,273,851
14.1 This represents advances received from indoor patients against provision of medical services.			
15 CREDITORS, ACCRUED AND OTHER LIABILITIES			
Creditors		307,816,607	279,836,959
Accrued expenses		74,593,124	69,527,075
Withholding tax payable		865,169	764,897
Security deposits		3,305,000	3,405,000
Other liabilities		6,207,633	4,806,031
		392,787,533	358,339,962

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16 CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

- a) The Additional Commissioner, Enforcement - III, Punjab Revenue Authority, Lahore issued an order stating that a Trust received taxable services during January 2017 to December 2018 but failed to withhold and deposit sales tax as required by the Punjab Sales Tax on Services Act, 2012. This resulted in a demand of Rs. 13,705,717 along with default surcharge and a penalty of Rs. 685,286. The Trust appealed this order to the Commissioner Appeals, Punjab Revenue Authority, who then assigned the inquiry to the Additional Commissioner (Enf-III), PRA for verification. The inquiry report was received on 3rd August 2022 and discussed during the hearing on 1st June 2023. The appeal is still pending adjudication as of the current
- b) The Commissioner Inland Revenue, Zone-V, Corporate Tax Office, Lahore issued a pre-suspension show cause notice on 13 June 2023 to a Trust. The notice indicated the intention to initiate proceedings for alleged non-filing of certain Sales Tax Returns. In response, the Trust provided evidence of filing its returns and being listed as an active taxpayer. As of now, the proceedings have not been concluded.
- c) The Trust's case underwent a withholding audit under rule 44(4) of the Income Tax Rules, 2002. The Trust provided the required reconciliation and relevant documents in response to the audit notice. However, a show cause notice was issued under section 161(1A) of the Income Tax Ordinance on 10 August 2020, with a compliance deadline of 17 August 2020.

On the due date of compliance, the Trust attempted to respond but faced difficulties due to changes in jurisdiction and technical issues with the Federal Board of Revenue's e-portal. As a result, the Trust was unable to submit the reply. A reminder notice was later issued on 09 May 2023, and the Trust is currently in the process of complying with the notice. No final order has been issued to the Trust regarding the proceedings at this time.

16.2 Commitments

Commitments with respect to letter of credit for capital expenditure as at year end amounts to Rs. Nil (2021: Rs. Nil).

17 INCOME FROM MEDICAL SERVICES

	Note	2022 (Rupees)	2021 (Rupees)
Income from medical services	17.1	1,739,847,109	1,317,577,676
Less: free and subsidized treatment		(429,691,974)	(280,284,288)
BDO		<u>1,310,155,135</u>	<u>1,037,293,388</u>

	Note	2022 (Rupees)	2021 (Rupees)
20 MEDICAL EXPENSES			
Salaries and wages		698,553,723	598,979,914
Inventory consumed		481,256,176	436,159,793
Utilities		140,014,394	86,132,668
Operation theatre expenses		101,060,660	66,795,070
Depreciation	6.1	118,029,633	47,650,407
Repair and maintenance		52,209,186	45,837,643
Doctors' share against medical services		26,449,515	25,075,540
Printing and stationary		11,618,779	7,652,319
Internet		1,950,240	1,950,240
Entertainment		4,230,687	1,688,723
MRI and CT scan reporting fee		3,080,000	2,543,000
Sanitation, wastage and cleaning expenses		11,471,598	9,749,979
Miscellaneous expenses		15,739,631	6,321,423
		<u>1,665,664,222</u>	<u>1,336,536,719</u>
21 ADMINISTRATIVE EXPENSES			
Salaries and wages	21.1	77,617,080	66,553,324
Depreciation of property and equipment	6.1	43,042,782	32,836,180
Utilities		35,003,599	21,533,168
Cafeteria expenses		59,703,176	14,980,671
Repair and maintenance		13,052,296	11,459,411
Marketing expenses		6,093,520	6,393,628
Security service expense		9,539,525	5,118,783
Travelling and conveyance		8,650,357	4,500,694
Amortization of intangible assets	8	3,450,000	3,450,000
Legal and professional expenses		6,196,659	2,603,389
Printing and stationary		2,904,695	1,913,080
Sanitation and cleaning expenses		2,284,142	1,879,703
Telephone and internet expenses		1,384,180	1,284,195
Postage and stamps		157,145	392,897
Advertisement		97,575	160,290
Entertainment		1,057,672	422,181
Auditors' remuneration	21.2	382,500	382,500
Advances written off		4,354,955	-
Miscellaneous expenses		3,262,265	2,876,309
		<u>278,234,121</u>	<u>178,740,403</u>

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

	Note	2022 (Rupees)	2021 (Rupees)
21.2 Auditors' remuneration			
Audit fee		350,000	350,000
Tax and certification charges		32,500	32,500
Out of pocket expenses		-	-
		<u>382,500</u>	<u>382,500</u>
22 OTHER OPERATING EXPENSES			
Exchange loss on creditors		47,056,828	15,311,258
Loss on disposal of property and equipment		-	11,760,147
		<u>47,056,828</u>	<u>27,071,405</u>
23 FINANCE COSTS			
Bank charges		<u>100,342</u>	<u>80,372</u>

24 TAXATION

- 24.1 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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25 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	2022 (Rupees)	2021 (Rupees)
Board of Trustees	Trustee	Endowment funds received	2,500,000	-
Mr. Amer Aziz	Chairman	Endowment funds received	2,956,501	5,821,691
Mr. Chaudhry Ashraf	Vice Chairman	Endowment funds received	-	30,100,165
Mr. Imran Mukhtar	Trustee	Endowment funds received	2,000,000	-
Mr. Imran Mukhtar	Trustee	Donations received	1,000,000	-
AMY Associates	Common directorship	Donations received	3,766,850	5,750,000

26 FINANCIAL RISK MANAGEMENT

26.1 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:

2022		2021	
Average rate	Reporting date rate	Average rate	Reporting date rate

USD

201.98

227.45

168.17

176.51

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Foreign currency denominated monetary liabilities in:

	2022	2021
USD	722,488	922,486

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 before tax for the year would have been as follows:

	2022	2021
Changes in USD Rate	Effects on excess of income over expenditure before taxation	
	Rupees	Rupees
+1%	(1,643,299)	(1,628,312)
-1%	1,643,299	1,628,312

(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:

	2022 (Rupees)	2021 (Rupees)
Debtors - considered good	31,193,910	6,131,126
Security deposits	175,000	-
Rent receivable	263,000	362,000
Other receivables	367,169	653,381
Receivable from Lahore Medical and Dental College	40,925,622	36,533,286
Bank balances	217,873,173	195,755,977
	<u>290,797,874</u>	<u>239,435,770</u>

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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:

	Short Term	Long Term	Agency	2022 (Rupees)	2021 (Rupees)
Habib Bank Limited	AAA	A1+	JCR-VIS	28,372,699	7,328,087
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	97,196	97,196
Bank Alfalah Limited	A1+	AA+	PACRA	60,788	60,788
Al-Baraka Limited	A1	A+	PACRA	49,786	49,786
Sindh Bank Limited	A1	A+	JCR-VIS	117,985,519	121,411,288
Dubai Islamic Bank Limited	A1+	AA	JCR-VIS	71,307,185	66,808,832
				<u>217,873,173</u>	<u>195,755,977</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:					
2022					
Creditors, accrued and other liabilities	392,787,533	392,787,533	392,787,533	-	-
2021					
Creditors, accrued and other liabilities	358,339,962	358,339,962	358,339,962	-	-

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	2022 (Rupees)	2021 (Rupees)
26.2 Financial Instruments by categories		
Financial assets as per statement of financial position:		
Debt instruments at amortized cost		
Debtors - considered good	31,193,910	6,131,126
Security deposits	175,000	-
Rent receivable	263,000	362,000
Other receivables	367,169	653,381
Bank balances	217,873,173	195,755,977
Receivable from Lahore Medical and Dental College	40,925,622	36,533,286
	<u>290,797,874</u>	<u>239,435,770</u>
Financial liabilities as per statement of financial position:		
Financial liabilities at amortized cost:		
Creditors, accrued and other liabilities	<u>392,787,533</u>	<u>358,339,962</u>

26.3 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).

27 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,

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28 **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.

29 **NUMBER OF EMPLOYEES**

The total number of employees of the Trust as at December 31, 2022 are 1427 (2021: 1408).

30 **DATE OF AUTHORIZATION FOR ISSUANCE**

The financial statements were approved by the board of trustees and authorized for issue on 24 AUG 2023.

31 **GENERAL**

Figures have been rounded off to the nearest rupee.

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CHAIRMAN



FINANCE SECRETARY

	Note	2022 (Rupees)	2021 (Rupees)
17.1 Disaggregated revenue information			
Type of revenue			
- Medical services		1,168,696,591	790,572,022
- Pharmacy sales		571,150,518	527,005,654
		<u>1,739,847,109</u>	<u>1,317,577,676</u>
Timing of revenue recognition			
Services transferred at point in time		<u>1,739,847,109</u>	<u>1,317,577,676</u>
18 DONATIONS AND CONTRIBUTIONS			
Donations	18.1	231,744,751	203,181,232
Contribution by affiliated medical institution against;			
-deficit		67,248,392	70,474,614
-salaries		168,392,175	153,574,841
	18.2	<u>235,640,567</u>	<u>224,049,455</u>
		<u>467,385,318</u>	<u>427,230,687</u>
18.1 This represents donations received from general public and corporations .			
18.2 This represents contributions from Lahore Medical and Dental College (Private) Limited (LMDC) in respect of deficit for the year, salaries and annual increments of post graduate trainees and senior registrars under the provisions of the agreement with LMDC.			
19 OTHER INCOME			
Tender fee		590,000	510,000
Rental income		4,614,543	4,757,055
Revenue from cafeteria		78,258,893	14,740,470
Loans and advances written back		61,419	1,419,981
Gain on disposal of fixed assets		5,710	-
Foreign exchange gain		58,411	-
Miscellaneous income		8,417,182	3,669,420
		<u>92,006,158</u>	<u>25,096,926</u>
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