HAJI MOHAMMAD ASGHAR GHURKI TRUST

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2021

EY Ford Rhodes
Chartered Accountants
96-B-1, 4th Floor, Pace Mall Building
M. M. Alam Road, Gulberg II
P.O. Box 104, Lahore 54660

Tel: +9242 3577 8402-11
Fax: +9242 3577 8412-13
ey.lhr@pk.ey.com
ey.com/pk

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INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF TRUSTEES OF HAJI MOHAMMAD ASGHAR GHURKI TRUST

Opinion

We have audited the accompanying financial statements of Haji Mohammad Asghar Ghurki Trust ("the Trust") which comprise of the statement of financial position as at 31 December 2021 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 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 31 December 2021, 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 of 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 the 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 operation, 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.

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:

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- 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, misrepresentation, 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 those charged with governance 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 Mr. Sajjad Hussain Gill.

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Chartered Accountants
Lahore: 30 June 2022

HAJI MOHAMMAD ASGHAR GHURKI TRUST
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 Rupees	2020 Rupees
FUND BALANCE		417,767,116	388,163,471
REPRESENTED BY:			
NON - CURRENT ASSETS			
Property and equipments	7	739,293,181	530,884,520
Capital work in progress	8	563,412,892	656,589,794
Intangible assets	9	10,402,500	13,590,000
Long term advances	11	7,086,634	25,728,737
		1,320,195,207	1,226,793,051
CURRENT ASSETS			
Inventory	10	52,243,800	32,763,437
Stores and spares		13,878,881	10,260,781
Debtors - considered good		6,131,126	4,745,093
Advances, deposits, prepayments and other receivables	11	47,780,921	41,088,640
Cash and bank balances	12	198,121,928	141,709,058
		318,156,656	230,567,009
TOTAL ASSETS		1,638,351,863	1,457,360,060
LESS: NON - CURRENT LIABILITIES			
Deferred income	13	853,970,934	743,778,771
LESS: CURRENT LIABILITIES			
Contract liabilities	14	8,273,851	3,637,382
Creditors, accrued and other liabilities	15	358,339,962	321,780,436
		366,613,813	325,417,818
NET ASSETS		417,767,116	388,163,471
CONTINGENCIES AND COMMITMENTS	16		

The annexed notes from 1 to 30 form an integral part of these financial statements.

(CHAIRMAN)

(FINANCE SECRATERY)

HAJI MOHAMMAD ASGHAR GHURKI TRUST
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 Rupees	2020 Rupees
INCOME			
Unrestricted:			
Income from medical services	17	1,037,293,388	771,211,720
Donations and contributions	18	427,230,687	339,576,962
Deferred income recognized - donations	13	42,679,891	44,767,315
Income from nursing school		2,178,000	2,138,000
Other income	19	25,096,926	14,767,916
Restricted:			
Income realized against government grant	13	1,631,796	5,453,358
		1,536,110,688	1,177,915,271
LESS: EXPENDITURES			
Medical expenses	20	(1,336,536,719)	(1,041,225,634)
Administrative expenses	21	(178,740,403)	(130,677,272)
Other operating expenses	22	(27,071,405)	(11,577)
Finance costs	23	(80,372)	(108,897)
		(1,542,428,899)	(1,172,023,380)
(Deficit) / excess of income over expenditure before taxation		(6,318,211)	5,891,891
Taxation	24	-	-
(Deficit) / excess of income over expenditure after taxation		(6,318,211)	5,891,891

The annexed notes from 1 to 30 form an integral part of these financial statements.

(CHAIRMAN)

(FINANCE SECRATERY)

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HAJI MOHAMMAD ASGHAR GHURKI TRUST
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 Rupees	2020 Rupees
(Deficit) / excess of income over expenditure after taxation	**(6,318,211)**	5,891,891
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) / income for the year	(6,318,211)	5,891,891

The annexed notes from 1 to 30 form an integral part of these financial statements.

(CHAIRMAN)

(FINANCE SECRATERY)

HAJI MOHAMMAD ASGHAR GHURKI TRUST
STATEMENT OF CHANGES IN FUND BALANCE
FOR THE YEAR ENDED 31 DECEMBER 2021

	General fund	Endowment fund	Total
	---Rupees---		
Balance as on 01 January 2020	104,621,580	224,500,000	329,121,580
Funds received during the year	-	53,150,000	53,150,000
Excess of income over expenditure after taxation	5,891,891	-	5,891,891
Other comprehensive income	-	-	-
	5,891,891	-	5,891,891
Balance as at 31 December 2020	**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 after taxation	**(6,318,211)**	**-**	**(6,318,211)**
Other comprehensive income	**-**	**-**	**-**
	(6,318,211)	**-**	**(6,318,211)**
Balance as at 31 December 2021	**104,195,260**	**313,571,856**	**417,767,116**

The annexed notes from 1 to 30 form an integral part of these financial statements.

(CHAIRMAN)

(FINANCE SECRATERY)

HAJI MOHAMMAD ASGHAR GHURKI TRUST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 Rupees	2020 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
(Deficit) / excess of income over expenditure before taxation		(6,318,211)	5,891,891
Adjustments for non cash items:			
Depreciation of property and equipment	7.1	80,486,587	76,710,774
Amortization of intangible assets	21	3,450,000	3,397,500
Amortization of deferred income	13	(44,311,687)	(50,220,673)
Amortization of deferred cost		-	376,471
Depreciation of right of use assets		-	383,538
Liabilities written back	19	1,419,981	453,963
Loss on disposal of property and equipment		11,760,147	-
Loss on disposal of lease liability			11,577
Unrealized exchange loss		15,311,258	(6,748,539)
Finance cost		-	108,897
		68,116,286	24,473,508
Cash flows before working capital changes		61,798,075	30,365,399
Changes in working capital:			
Increase in inventory		(19,480,363)	8,723,033
(Increase)/decrease in stores and spares		(3,618,100)	(89,780)
Increase in debtors - considered good		(1,386,033)	(1,881,841)
Decrease in advances, deposits, prepayments and other receivables		10,843,911	24,803,771
Increase in contract liabilities		4,636,469	2,985,860
Increase in creditors, accrued and other liabilities		21,007,296	162,171,434
		12,003,180	196,712,477
Cash generated from operations		73,801,255	227,077,876
Finance cost paid		-	(24,761)
Taxes paid		(73,098)	(98,515)
Net cash from operating activities		73,728,157	226,954,600
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(67,854,892)	(38,874,410)
Additons to capital work in progress		(140,473,601)	(618,018,927)
Purchase of intangible assets		(262,500)	-
Proceeds from sale of property and equipment		850,000	-
Net cash used in investing activities		(207,740,993)	(656,893,337)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liability		-	(564,300)
Endowment funds received during the year		35,921,856	53,150,000
Government grant received during the year	13	3,250,000	3,750,000
Donations received for assets	13	151,253,850	308,009,950
Net cash generated from financing activities		190,425,706	364,345,650
Net increase / (decrease) in cash and cash equivalents		56,412,870	(65,593,087)
Cash and cash equivalents at the beginning of the year		141,709,058	207,302,145
Cash and cash equivalents at the end of the year	12	198,121,928	141,709,058

The annexed notes from 1 to 30 form an integral part of these financial statements.

(CHAIRMAN)

(FINANCE SECRATERY)

HAJI MOHAMMAD ASGHAR GHURKI TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

Haji Mohammad Asghar Ghurki Trust ("the Trust") having a registered office and hospital to provide medical and health care facilities 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 Not-for-Profit Organizations (NPOs) issued by the Institute of Chartered Accountants of Pakistan (ICAP).

3 BASIS OF MEASURMENT

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:

- 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, stores and spares [note 4.6];
- Impairment of financial assets [note 5.15]; and
- Provisions and contingencies [note 5.15 & 5.12].

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 7. The residual values and useful lives of assets are reviewed at each financial year-end and adjusted, if impact on depreciation is significant.

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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 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 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 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.

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 recognised over the lease term on the same basis as rental income. Contingent rents are recognised 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 date.

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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 recognised 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.

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.

5.10 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.

5.11 Provisions

Provisions are recognised 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 recognised 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 Contigencies 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.

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.

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.

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 expenditure.

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.

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.

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.

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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)

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.

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:

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- 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 lease liabilities, 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.

5.16 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.

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.

5.18 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 Standards, amendments and interpretations to accounting standards that are effective in the current year

Certain standard, amendments and interpretations are effective for accounting period beginning on 01 January 2021 but are considered not to be relevant or to have any significant effect on the Trust's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements.

6 Standards, amendments to accounting standards and improvements to accounting standards that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards, as applicable in Pakistan, would be effective from the dates mentioned below and have not been adopted early by the Trust:

Standards and IFRIC		Effective date (accounting periods beginning on or after)
IAS 1	Presentation of Financial Statements & Accounting Policies -Amendments regarding the classification of liabilities.	01 January 2023
IAS-8	Accounting Policies, changes in Accounting Estimates and Errors (Amendment regarding the definition of accounting estimates).	01 January 2023
IAS-12	Income Taxes (The amendments to narrow the scope of the initial recognition exemption).	01 January 2023

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Standards		Effective date (accounting periods beginning on or after)
IAS-16	Property, Plant and Equipment- Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use.	01 January 2022
IAS-37	Provisions, Contingent Liabilities and Contingent Assets- Amendments regarding the costs to include when assessing whether a contract is onerous.	01 January 2022
IAS-41	Amendment resulting from Annual Improvements to IFRS Standards 2018-2020 (the amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique).	01 January 2022
IFRS-1	First-time Adoption of International Financial Reporting Standards- Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (subsidiary as a first-time adopter).	01 January 2022
IFRS-3	Business Combinations - Amendments updating a reference to the Conceptual Framework.	01 January 2022
IFRS-4	Insurance Contracts - Amendments regarding the expiry date of the deferral approach.	01 January 2023
IFRS-9	Financial Instruments - Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (fees in the '10 per cent' test for derecognition of financial liabilities).	01 January 2022
IFRS-16	Leases (Extension in respect of the practical expedient for COVID-19 related rent concession by one year).	01 July 2021
IFRS-16	Amendment resulting Annual Improvements to IFRS Standards 2018-2020 (to resolve any potential confusion that might arise in lease incentives).	01 January 2022
IFRS-10	Consolidated Financial Statements and IAS 28 - Investment in Associates and Joint Ventures (Amendment regarding sale or contribution of assets between an investor and its associate or Joint Venture).	The effective date for these changes has been deferred

The management expects that the adoption of above standards and amendments will not have any material impact on the Trust's financial statements in the period of initial application.

In addition to the above new standards and amendments to standards, improvements to various accounting standards have also been issued by the IASB in March 2018. Such improvements are generally effective for accounting periods beginning on or after 01 January 2020. The Trust expects that such improvements to the standards will not have any material impact on the its financial statements in the period of initial application.

Further, the following new standards have been issued by the IASB, which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

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Standards		Effective date (accounting periods beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standards	01 July 2009
IFRS 17	Insurance Contracts	01 January 2022

The management expects that the adoption of above standards and amendments will not have any material impact on the Trust's financial statements in the period of initial application.

7 PROPERTY AND EQUIPMENTS

Description	Cost: As at 01 January 2021	Cost: Additions / transfers	Cost: Disposal	Cost: As at 31 December 2021	Accumulated depreciation: As at 01 January 2021	Accumulated depreciation: For the year	Accumulated depreciation: Disposal	Accumulated depreciation: As at 31 December 2021	Net book value As at 31 December 2021	Rate %
	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	(713,637)	88,091,410	306,693,203	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	58,962,228	-	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	

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Description	Cost: As at 01 January 2020	Cost: Additions / transfers	Cost: Disposal	Cost: As at 31 December 2020	Accumulated depreciation: As at 01 January 2020	Accumulated depreciation: For the year	Accumulated depreciation: Disposal	Accumulated depreciation: As at 31 December 2020	Net book value As at 31 December 2020	Rate %
	2020									
	Rupees									
Owned:										
Free hold land	22,577,500	-	-	22,577,500	-	-	-	-	22,577,500	-
Building	228,892,527	-	-	228,892,527	69,631,640	7,963,044	-	77,594,684	151,297,843	5
Radiology equipment	112,264,996	10,563,869	-	122,828,865	77,959,366	8,251,097	-	86,210,463	36,618,402	20
Laboratory equipment	10,815,459	-	-	10,815,459	8,892,913	384,509	-	9,277,422	1,538,037	20
Medical equipment	346,615,840	29,268,230	-	375,884,070	178,892,624	34,877,481	-	213,770,105	162,113,965	20
Furniture and fixtures	40,078,814	3,236,000	-	43,314,814	14,183,881	2,743,751	-	16,927,632	26,387,182	10
Vehicles	8,984,684	-	-	8,984,684	4,007,670	497,701	-	4,505,371	4,479,313	10
Office and electrical equipment	125,593,047	3,021,866	-	128,614,913	42,265,712	8,490,298	-	50,756,010	77,858,903	10
Diesel generator	21,253,434	-	-	21,253,434	11,901,579	1,870,371	-	13,771,950	7,481,484	20
Computers	42,632,476	1,123,395	-	43,755,871	25,877,312	5,149,509	-	31,026,821	12,729,050	30
	959,708,777	47,213,360	-	1,006,922,137	433,612,697	70,227,761	-	503,840,458	503,081,679	
Donated:										
Medical equipment	75,203,750	25,000	-	75,228,750	43,594,690	6,324,312	-	49,919,002	25,309,748	20
Furniture and fixtures	55,000	1,455,000	-	1,510,000	3,208	89,829	-	93,037	1,416,963	10
Office and electrical equipment	317,000	380,419	-	697,419	17,617	49,689	-	67,306	630,113	10
Vehicles	106,000	364,500	-	470,500	5,300	19,183	-	24,483	446,017	10
	75,681,750	2,224,919	-	77,906,669	43,620,815	6,483,012	-	50,103,828	27,802,841	
Total	1,035,390,527	49,438,279	-	1,084,828,806	477,233,512	76,710,773	-	553,944,285	530,884,520	

7.1 Allocation of depreciation

	Note	2021 Rupees	2020 Rupees
Medical expenses	20	**47,650,407**	49,837,399
Administrative expenses	21	**32,836,180**	26,873,375
		80,486,587	76,710,774

8 CAPITAL WORK IN PROGRESS

	Note	2021 Rupees	2020 Rupees
Opening balance		**656,589,794**	49,134,736
Additions during the year		**140,473,601**	618,018,927
Transferred to property and equipments		**(233,650,503)**	(10,563,869)
Closing balance	8.1	**563,412,892**	656,589,794

8.1 Capital work in process represents

	2021 Rupees	2020 Rupees
Building	**75,930,294**	135,915,179
Medical equipment	**481,872,923**	498,384,155
Office and electrical equipment	**5,609,675**	22,290,460
	563,412,892	656,589,794

9 INTANGIBLE ASSETS

2021

Description	Cost				Amortization				Net book value As at 31 December 2021	Rate %
	As at 01 January 2021	Addition	Disposal	As at 31 December 2021	As at 01 January 2021	Charge for the year (Note 9.1)	Disposal	As at 31 December 2021		
	Rupees									
Software	16,987,500	262,500	-	17,250,000	3,397,500	3,450,000	-	6,847,500	10,402,500	20
License fee	500,000	-	-	500,000	500,000	-	-	500,000	-	20
	17,487,500	262,500	-	17,750,000	3,897,500	3,450,000	-	7,347,500	10,402,500	

2020

Description	Cost				Amortization				Net book value As at 31 December 2020	Rate %
	As at 01 January 2020	Additions	Disposal	As at 31 December 2020	As at 01 January 2020	Charge for the year	Disposal	As at 31 December 2020		
	Rupees									
Software	-	16,987,500	-	16,987,500	-	3,397,500	-	3,397,500	13,590,000	20
License fee	500,000	-	-	500,000	500,000	-	-	500,000	-	20
	500,000	16,987,500	-	17,487,500	500,000	3,397,500	-	3,897,500	13,590,000	

9.1 Amortization is being charged to administrative expenses.

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		Note	2021 Rupees	2020 Rupees
10	**INVENTORY**			
	Medicines		50,874,985	32,763,437
	Food and beverages in cafeteria		1,368,815	-
			52,243,800	32,763,437
11	**ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**			
	Advances (unsecured) to:			
	Employees		1,287,767	154,487
	Suppliers	11.1	3,737,112	4,046,833
			5,024,879	4,201,320
	Advance income tax		2,429,046	2,114,976
	Security deposits		-	225,000
	Prepayments		43,500	120,500
	Rent receivable		362,000	400,895
	Margin against letter of credit		734,829	-
	Government grant receivable		2,000,000	-
	Other receivables		653,381	636,208
	Receivable from Lahore Medical and Dental College		36,533,286	33,389,741
			47,780,921	41,088,640
11.1	**Movement in advances to suppliers is as follows:**			
	Opening		29,775,570	70,580,461
	Addition during the year		103,341,487	68,611,832
	Transferred to			
	- capital work in progress		(70,547,230)	(79,865,950)
	- intangible assets		-	(16,987,500)
	- inventory		(37,932,972)	(6,313,837)
	- admin and medical expenses		(13,813,109)	(6,249,436)
			(122,293,311)	(109,416,723)
	Closing		10,823,746	29,775,570
	Current		3,737,112	4,046,833
	Non-current		7,086,634	25,728,737
12	**CASH AND BANK BALANCES**			
	Cash in hand		2,365,951	997,390
	Cash at bank - current accounts			
	- local currency		195,582,174	140,554,265
	- foreign currency		173,803	157,403
			198,121,928	141,709,058
13	**DEFERRED GRANT**			
	Government grant - restricted			
	As at 01 January		712,810	2,416,168
	Additions during the year	13.1	3,250,000	3,750,000
	Recognized as income during the year		(1,631,796)	(5,453,358)
	As at 31 December		2,331,014	712,810
	Donations received for assets - unrestricted			
	As at 01 January		743,065,961	479,823,326
	Additions during the year	13.2	151,253,850	308,009,950
	Recognized as income during the year		(42,679,891)	(44,767,315)
	As at 31 December		851,639,920	743,065,961
	Deferred income		853,970,934	743,778,771

13.1 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.

13.2 This represents donations received during the year for the construction of 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.

		Note	2021 Rupees	2020 Rupees
14	**CONTRACT LIABILITIES - unsecured**	14.1	8,273,851	3,637,382

14.1 This represents advances received from indoor patients against provision of medical services.

		Note	2021 Rupees	2020 Rupees
15	**CREDITORS, ACCRUED AND OTHER LIABILITIES**			
	Creditors		279,836,959	260,293,423
	Accrued expenses		69,527,075	53,044,682
	Withholding tax payable		764,897	523,925
	Security deposits		3,405,000	3,705,000
	Other liabilities		4,806,031	4,213,406
			358,339,962	321,780,436

16 **CONTINGENCIES AND COMMITMENTS**

16.1 **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 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 million by the department. The trust has filled their case to PRA Commisioner 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.

16.2 **Commitments**

Commitments with respect to letter of credit for capital expenditure as at year end amounts to Rs. Nil (2020: Rs. Nil).

		Note	2021 Rupees	2020 Rupees
17	**INCOME FROM MEDICAL SERVICES**			
	Income from medical services	17.1	1,317,577,676	942,416,994
	Less: free and subsidized treatment		(280,284,288)	(171,205,274)
			1,037,293,388	771,211,720

17.1 **Disaggregated revenue information**

	2021 Rupees	2020 Rupees
Type of revenue		
- Medical services	790,572,022	563,103,390
- Pharmacy sales	527,005,654	379,313,604
	1,317,577,676	942,416,994
Timing of revenue recognition		
Services transferred at point in time	1,317,577,676	942,416,994

		Note	2021 Rupees	2020 Rupees
18	**DONATIONS AND CONTRIBUTIONS**			
	Donations	18.1	203,181,232	105,225,890
	Contribution by affiliated medical institution against;			
	-deficit		70,474,614	68,376,686
	-salaries		153,574,841	165,974,386
		18.2	224,049,455	234,351,072
			427,230,687	339,576,962

18.1 This represents donations received from general public, corporations and Government.

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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, senior registrars and house officers under the provisions of the agreement with LMDC.

		Note	2021 Rupees	2020 Rupees
19	**OTHER INCOME**			
	Tender fee		510,000	421,500
	Rental income		4,757,055	4,579,428
	Revenue from cafeteria		14,740,470	-
	Liabilities written back		1,419,981	-
	Exchange gain		-	7,762,521
	Miscellaneous income		3,669,420	2,004,467
			25,096,926	14,767,916
20	**MEDICAL EXPENSES**			
	Salaries and wages		598,979,914	511,516,845
	Inventory consumed		436,159,793	309,470,107
	Utilities		86,132,668	58,009,998
	Operation theatre expenses		66,795,070	52,319,755
	Depreciation	7.1	47,650,407	49,837,399
	Repair and maintenance		45,837,643	20,848,918
	Doctors' share against medical services		25,075,540	14,021,829
	Printing and stationary		7,652,319	5,753,909
	Internet		1,950,240	1,808,000
	Entertainment		1,688,723	3,762,740
	MRI and CT scan reporting fee		2,543,000	1,675,000
	Sanitation, wastage and cleaning expenses		9,749,979	8,145,471
	Miscellaneous expenses		6,321,423	4,055,663
			1,336,536,719	1,041,225,634
21	**ADMINISTRATIVE EXPENSES**			
	Salaries and wages	21.1	66,553,324	56,835,205
	Depreciation of property and equipment	7.1	32,836,180	26,873,375
	Utilities		21,533,168	14,502,499
	Cafeteria expenses		14,980,671	-
	Repair and maintenance		11,459,411	5,212,230
	Marketing expenses		6,393,628	6,844,009
	Security service expense		5,118,783	1,066,697
	Travelling and conveyance		4,500,694	4,751,964
	Amortization of intangible assets	9.1	3,450,000	3,397,500
	Legal and professional expenses		2,603,389	2,928,140
	Printing and stationary		1,913,080	1,438,477
	Sanitation and cleaning expenses		1,879,703	1,556,368
	Telephone and internet expenses		1,284,195	1,227,576
	Postage and stamps		392,897	214,365
	Advertisement		160,290	209,338
	Entertainment		422,181	940,685
	Auditors' remuneration		382,500	300,000
	Amortization of deferred cost		-	376,471
	Depreciation of right of use assets		-	383,538
	Advances written off		-	453,963
	Fine and penalties		-	150,963
	Miscellaneous expenses		2,876,309	1,013,909
			178,740,403	130,877,272

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

		Note	2021 Rupees	2020 Rupees
22	**OTHER OPERATING EXPENSES**			
	Exchange loss on creditors		15,311,258	-
	Loss on disposal of property and equipment		11,760,147	11,577
			27,071,405	11,577

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		Note	2021 Rupees	2020 Rupees
23	**FINANCE COSTS**			
	Accretion of interest against lease liability		-	84,138
	Bank charges		80,372	24,759
			80,372	108,897
24	**TAXATION**	24.1	-	-

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 to the Income Tax Ordinance, 2001.

25 RELATED PARTY TRANSACTIONS

The related parties comprise 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	2021 Rupees	2020 Rupees
Mr. Mushtaq Ahmed	Trustee	Loan received during the year	-	15,900,000
		Loan repaid during the year	-	(16,278,000)
		Exchange loss on repayment	-	378,000
Mr. Chaudhry Ashraf	Trustee	Endowment funds received	30,100,165	53,150,000
Mr. Amir Aziz	Trustee	Endowment funds received	5,821,691	-
AMY Associates	Common directorship	Donations received	5,750,000	5,134,000

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 programme 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.

	2021		2020	
Reporting date rupees per:	Average rate	Reporting	Average rate	Reporting date
USD	168.17	176.51	157.34	159.83

	2021 Rupees	2020 Rupees
Foreign currency denominated monetary liabilities in:		
USD	922,486	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:

	Changes in USD Rate	2021 Effects on excess of income over expenditure before taxation Rupees	2020 Rupees
Creditors	+1%	(1,628,312)	-
	-1%	1,628,312	-

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(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:

	2021 Rupees	2020 Rupees
Debtors - considered good	**6,131,126**	4,745,093
Security deposits	**-**	225,000
Rent receivable	**362,000**	400,895
Other receivables	**653,381**	636,208
Receivable from Lahore Medical and Dental College	**36,533,286**	33,389,741
Bank balances	**195,755,977**	140,711,668
	239,435,770	180,108,605

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	2021 Rupees	2020 Rupees
Habib Bank Limited	AAA	A1+	JCR-VIS	**7,328,087**	8,361,675
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	**97,196**	97,544
Bank Alfalah Limited	A1+	AA+	PACRA	**60,788**	60,788
Al-Baraka Limited	A1	A+	PACRA	**49,786**	50,000
Sindh Bank Limited	A1	A+	JCR-VIS	**121,411,288**	110,152,661
Dubai Islamic Bank Limited	A1+	AA	JCR-VIS	**66,808,832**	21,989,000
				195,755,977	140,711,668

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 as at 31 December 2021:

	Carrying amount	Contractual cash flows	Within one year	1-2 year	More than 2 years
Non-derivative financial liabilities:					
Creditors, accrued and other liabilities	**358,339,962**	**358,339,962**	**358,339,962**	**-**	**-**

Contractual Maturities of financial liabilities as at 31 December 2020:

	Carrying amount	Contractual cash flows	Within one year	1-2 year	More than 2 years
Non-derivative financial liabilities:					
Creditors, accrued and other liabilities	321,256,511	321,256,511	261,624,482	59,632,029	-

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	2021 Rupees	2020 Rupees
Financial assets as per statement of financial position:		
Debt instruments at amortized cost / loans and receivables:		
Debtors - considered good	6,131,126	4,745,093
Security deposits	-	225,000
Rent receivable	362,000	400,895
Other receivables	653,381	636,208
Bank balances	195,755,977	140,711,668
Receivable from Lahore Medical and Dental College	36,533,286	33,389,741
	239,435,770	180,108,605
Financial liabilities as per statement of financial position:		
Financial liabilities at amortized cost:		
Creditors, accrued and other liabilities	358,339,962	-

26.2 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:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- 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 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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, policies or processes from the previous year.

28 NUMBER OF EMPLOYEES

The total number of employees of the Trust as at 31 December 2021 are 1408 (2020: 1185).

29 DATE OF AUTHORIZATION FOR ISSUANCE

The financial statements were approved by the board of trustees and authorised for issue on 29-06-2022

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.

(CHAIRMAN)

(FINANCE SECRATERY)