

CHILDLIFE FOUNDATION

Financial Statements

For the year ended June 30, 2018

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF CHILDLIFE FOUNDATION

Opinion

We have audited the financial statements of **Childlife Foundation** (the Trust), which comprise the balance sheet as at June 30, 2018 and the income and expenditure account, statement of changes in fund balances and 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 accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at June 30, 2018 and of its financial performance, changes in fund balances and its cash flows 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, 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.

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:

- i Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- i Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- i Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- i 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.
- i 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 Hena Sadiq.



Chartered Accountants

Engagement Partner:
Mushtaq Ali Hirani

Dated: November 22, 2018
Place: Karachi

CHILDLIFE FOUNDATION
BALANCE SHEET
AS AT JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
ASSETS			
NON-CURRENT ASSETS			
Operating fixed assets	5	82,747,121	26,057,292
CURRENT ASSETS			
Consumables	6	24,951,454	6,817,880
Advances, deposits and prepayments	7	26,014,597	2,596,179
Investments	8	372,770,004	260,990,714
Other receivables		2,767,536	1,275,716
Cash and bank balances	9	188,449,717	103,432,247
		614,953,308	375,112,736
TOTAL ASSETS		697,700,429	401,170,028
FUNDS AND LIABILITIES			
FUNDS			
Un-Restricted Funds			
Inception contribution		10,000	10,000
Zakat fund	10	35,333,877	44,213,911
General fund		68,079,774	24,490,699
		103,423,651	68,714,610
Restricted Funds			
Endowment fund	11	249,513,186	216,486,417
Strategic fund	12	253,833,938	85,000,000
		503,347,124	301,486,417
TOTAL FUNDS		606,770,775	370,201,027
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred income related to operating fixed assets	13	3,453,563	7,712,548
CURRENT LIABILITIES			
Creditors, accrued and other liabilities	14	87,476,091	23,256,453
TOTAL LIABILITIES		90,929,654	30,969,001
TOTAL FUNDS AND LIABILITIES		697,700,429	401,170,028

The annexed notes 1 to 26 form an integral part of these financial statements.



TRUSTEE



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CHILDLIFE FOUNDATION
INCOME AND EXPENDITURE ACCOUNT
 FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
INCOME	16	474,743,311	359,146,652
EXPENDITURE			
Salaries and benefits		236,675,779	155,362,697
Medicines consumed		90,905,093	96,071,210
Patient consultation	17	56,379,994	43,656,954
Project renovation		138,853,259	23,526,157
Depreciation		13,726,771	9,862,235
Supplies and consumables		13,076,153	7,482,683
Repairs and maintenance		11,573,147	5,591,512
Programmatic activities and preventive health care		9,476,915	6,146,460
Communication	18	8,581,534	4,535,552
Utilities		3,591,787	3,097,720
Legal and professional		440,351	953,060
Auditors' remuneration		264,000	264,000
Others	19	6,762,149	2,199,227
Total expenditure		590,306,932	358,749,467
Less: Utilized from Strategic Fund	12	(159,152,696)	-
Surplus for the year transferred to general fund	20	43,589,075	397,185

The annexed notes 1 to 26 form an integral part of these financial statements.



TRUSTEE



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CHILDLIFE FOUNDATION
STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2018

	2018 Rupees	2017 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus of income over expenses for the year	43,589,075	397,185
Adjustments for		
Amortization of deferred income	(4,258,985)	(4,052,312)
Depreciation charge for the year	13,726,771	9,862,235
(Gain) / Loss on disposal of operating fixed assets	(3,000)	25,837
	<u>53,053,861</u>	<u>6,232,945</u>
Working capital changes		
(Increase) / decrease in current assets		
Consumables	(18,133,574)	(944,538)
Other receivables	819,541	5,474,044
Advances, deposits and prepayments	(23,418,418)	(2,314,232)
Increase in current liabilities		
Creditors, accrued and other liabilities	64,219,638	2,983,070
Net cash generated from operating activities (A)	<u>76,541,048</u>	<u>11,431,289</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of operating fixed assets	(70,416,600)	(13,652,696)
Investment in Islamic term deposits	(90,000,000)	(110,000,000)
Investment in Islamic mutual funds	(21,779,290)	(6,398,972)
Proceeds from disposal of operating fixed assets	3,000	281,800
Net cash used in investing activities (B)	<u>(182,192,890)</u>	<u>(129,769,868)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Zakat fund received	166,499,320	215,297,101
Funds received under restrictions	325,000,000	85,000,000
Utilization of Strategic fund	(159,152,696)	-
Utilization of Zakat fund	(175,379,354)	(206,635,448)
Endowment fund received	21,500,000	41,366,629
Realized gain from Islamic Investments	12,202,042	9,395,522
Net cash used in investing activities (C)	<u>190,669,312</u>	<u>144,423,804</u>
Net increase in cash and bank balances (A+B+C)	85,017,470	26,085,225
Cash and cash equivalents at beginning of the year	103,432,247	77,347,022
Cash and cash equivalents at end of the year	<u>188,449,717</u>	<u>103,432,247</u>

The annexed notes 1 to 26 form an integral part of these financial statements.



TRUSTEE



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CHILDLIFE FOUNDATION
STATEMENT OF CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2018

			Restricted Fund			General Fund			
	Note	Inception contribution	Zakat Fund	Endowment Fund	Strategic Fund	Project renovation and capital expenditure	Others	Subtotal	Total
						Rupees.....			
Balance at June 30, 2016		10,000	39,474,965	160,096,285	-	-	24,093,514	24,093,514	223,674,764
Funds received during the year		-	215,297,101	41,366,629	85,000,000	-	-	-	341,663,730
Zakat utilized for operating expenses		-	(166,425,422)	-	-	-	-	-	(166,425,422)
Zakat claim for patients treated at SINA	17	-	(31,979,573)	-	-	-	-	-	(31,979,573)
Zakat utilized for project renovation		-	(8,230,453)	-	-	-	-	-	(8,230,453)
Zakat transferred to General Fund		-	(3,922,707)	-	-	3,922,707	-	3,922,707	-
Surplus for the year		-	-	-	-	-	397,185	397,185	397,185
Property and equipment purchased during the year		-	-	-		(3,922,707)	-	(3,922,707)	(3,922,707)
Available-for-sale investment									
Unrealized gain on									
- Islamic Term Deposit Receipt		-	-	495,973	-	-	-	-	495,973
- Islamic Mutual Funds Investment		-	-	4,290,625	-	-	-	-	4,290,625
- Other Islamic investments		-	-	841,383	-	-	-	-	841,383
Realized gain on									
- Islamic Mutual Funds Investment		-	-	2,108,347	-	-	-	-	2,108,347
- Islamic Term Deposit Receipt		-	-	6,507,987	-	-	-	-	6,507,987
- Other Islamic investments		-	-	779,188	-	-	-	-	779,188
Balance at June 30, 2017		10,000	44,213,911	216,486,417	85,000,000	-	24,490,699	24,490,699	370,201,027
Funds received during the year		-	166,499,320	21,500,000	325,000,000	-	-	-	512,999,320
Zakat utilized for operating expenses		-	(129,855,029)	-	-	-	-	-	(129,855,029)
Zakat claim for patients treated at SINA	17	-	(45,524,325)	-	-	-	-	-	(45,524,325)
Surplus for the year		-	-	-	-	-	43,589,075	43,589,075	43,589,075
Funds utilized during the year	12	-	-	-	(159,152,696)	-	-	-	(159,152,696)
Available-for-sale investment									
Unrealized gain / (loss) on									
- Islamic Term Deposit Receipt		-	-	823,159	470,959	-	-	-	1,294,118
- Islamic Mutual Funds Investment		-	-	(2,969,479)	-	-	-	-	(2,969,479)
- Other Islamic investments		-	-	1,471,047	-	-	-	-	1,471,047
Realized gain on									
- Islamic Mutual Funds Investment		-	-	81,151	-	-	-	-	81,151
- Islamic Term Deposit Receipt		-	-	11,421,167	2,515,675	-	-	-	13,936,842
- Other Islamic investments		-	-	699,724	-	-	-	-	699,724
Balance at June 30, 2018		10,000	35,333,877	249,513,186	253,833,938	-	68,079,774	68,079,774	606,770,775

The annexed notes 1 to 26 form an integral part of these financial statements.



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NOTES TO THE FINANCIAL STATEMENTS-
FOR THE YEAR ENDED JUNE 30, 2018

1. GENERAL INFORMATION

1.1 Childlife Foundation (the Trust) was established under a registered trust deed dated October 27, 2010. The Principal Office of the Trust is situated at 3rd Floor Adamjee House, I.I. Chundrigar Road, Karachi. The principal objects of the Trust are to:

- promote the cause of medical care and manage emergency care units for children and setting-up, establishing, managing, operating, obtaining registrations and recognitions and funding for medical, educational and social welfare institutions;
- accept donations, grant contributions and subsidies from philanthropists, local and offshore donors, bodies and organisations;
- acquire, take over or receive by way of donations, develop plots, amenity sites and immovable properties of all kinds out of funds of the Trust; and
- provide medical and health care facilities for and medical treatment of the people by building, setting- up, establishing, managing, operating, funding, promoting, aiding and assisting hospitals, organising clinics, etc. and to generally do, effectuate, fulfill and undertake all other social welfare and charitable activities and to plan, implement and execute charitable and welfare projects of all kinds as may be permissible under the law.

Following are the geographical locations and addresses of all Children's Emergency units operated by the Trust:

Head Office:

1st floor, Najeeb Center 172-B, Allah Wali Chowrangi, Block 2, P.E.C.H.S, Karachi, in the province of Sindh.

Children's Emergency Units:

- Civil Hospital, Karachi (CHK)
- National Institute of Child Health (NICH)
- Sindh Government Hospital Korangi 5 (SGHK)
- Abbasi Shaheed Hospital (ASH)
- Maternal and Child Health Institute, District Shaheed Benazirabad, Nawabshah (NWB)
- Sindh Government Lyari General Hospital (LGH)
- Children Hospital, Larkana (LKN)

1.2 The Trust is currently managing the Children's Emergency Unit and Diarrhea Treatment Unit at Civil Hospital Karachi (CHK) under a revised Memorandum of Understanding (MOU) signed on July 4, 2017 between the Trust and Government of Sindh (GoS) through the Secretary Health. Under the MOU:

- the GoS through Health Department is responsible for providing adequate resources in the annual budget and depute, post and assign such qualified, technical, professional and surgical / medical experts, paramedical staff and other experts of related disciplines and would also provide basic utilities without cost and the use of an appropriate stand-by generator; and
- the Trust is responsible for renovation and providing medical equipment, air conditioning and other essential equipment for the Children's Emergency Units as and where necessary on its sole discretion, for the efficient and smooth running of the project; further the Trust is responsible for smooth management of the project and of the facilities and may engage in technological advancements for compliance with medical protocols and improving the efficiency and quality of care.

1.3 The Trust is managing the Children's Emergency Unit under a revised Memorandum of Understanding (MOU) signed on July 4, 2017 among the Trust, National Institute of Child Health (NICH), Government of Sindh (GoS) through the Secretary Health and SINA Trust. Under the MOU:

- the NICH is responsible for providing adequate resources in the annual budget and depute, post and assign such qualified, technical, professional and surgical / medical experts, paramedical staff and other experts of related disciplines and would also provide basic utilities without cost and the use of an appropriate stand-by generator; and
- the Trust is responsible for renovation and providing medical equipment, air conditioning and other essential equipment for the Children's Emergency Units as and where necessary on its sole discretion, for the efficient and smooth running of the project; further the Trust is responsible for smooth management of the project and of the facilities and may engage in technological advancements for compliance with medical protocols and improving the efficiency and quality of care.
- SINA Trust has been operating primary health care clinics in low-income and densely populated areas of Karachi for providing good quality and affordable healthcare for children. Childlife Foundation initiated a strategic partnership with SINA Trust in 2012. The Childlife Foundation is providing the children financial support for free treatment, lab testing, and medicines, as well as helping SINA Trust improving their clinics and expand their network of services in other areas.

1.4 The Trust is also managing the Children's Emergency Unit in Korangi under a revised Memorandum of Understanding (MOU) signed on July 4, 2017 among the Trust, Sindh Government Hospital Korangi 5 (SGHK), and Government of Sindh (GoS) through the Secretary Health:

- the SGHK is responsible for providing adequate resources in the annual budget and depute, post and assign such qualified, technical, professional and surgical / medical experts, paramedical staff and other experts of related disciplines and would also provide basic utilities without cost and the use of an appropriate stand-by generator; and
- the Trust is responsible for renovation and providing medical equipment, air conditioning and other essential equipment for the Children's Emergency Units as and where necessary on its sole discretion, for the efficient and smooth running of the project. Further, the Trust is responsible for smooth management of the project and of the facilities and may engage in technological advancements for compliance with medical protocols and improving the efficiency and quality of care.

1.5 The Trust is also managing the Children's Emergency Unit in Abbasi Shaheed Hospital (ASH) under a Memorandum of Understanding (MOU) signed on September 11, 2017 between Abbasi Shaheed Hospital, Karachi Metropolitan Corporation (KMC) and Childlife Foundation for upgradation and operation of pediatric emergency room of ASH:

- the KMC is responsible for providing quality service to pediatric patients. Further, to improve the functioning and management, it has been principally agreed by the Medical Health and Services Department that certain facilities being provided by them should be supplemented by private sector philanthropists through donations and Zakat; and
- the Trust is responsible for maintaining transparency in the application of such donations and Zakat, and enabling the smooth operation and functioning of the facilities sponsored by it but being funded by private sector philanthropists and through Zakat.

1.6 The Trust is also managing the Children's Emergency Unit in Maternal and Child Health Institute, District Shaheed Benazirabad, Nawabshah (NWB) and Children Hospital, Larkana under a Memorandum of Understanding (MOU) signed on September 29, 2017 between the Trust and Government of Sindh (GoS) through the Secretary Health. Under the MOU:

- the GoS through Health Department is responsible for providing adequate resources in the annual budget and depute, post, assign or transfer such qualified, technical, professional and surgical / medical experts, paramedical staff and other experts of related disciplines and would also provide basic utilities without cost; and
- the Trust is responsible for renovation and providing medical equipment, air conditioning and other essential equipment for the Children's Emergency Units as and where necessary on its sole discretion, for the efficient and smooth running of the projects.

1.7 The Trust is also managing the Children's Emergency Unit in Sindh Government Lyari General Hospital (LGH) under a Memorandum of Understanding (MOU) signed on January 15, 2018 between the Trust and Government of Sindh (GoS) through the Secretary Health. Under the MOU:

- the GoS through Health Department is responsible for providing adequate resources in the annual budget and depute, post and assign such qualified, technical, professional and surgical medical experts, paramedical staff and other experts of related disciplines and would also provide basic utilities; and
- the Trust is responsible for smooth management of the above mentioned units and of the facilities and to ensure that the same will function according to the standard operating procedures agreed with the administration of LGH. Moreover, it is also responsible for financial obligations with respect to the project and in improving the quality of medical services in Sindh.

1.8 The financial statements are presented in Pakistani Rupees which is the Trust's functional and presentation currency.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting and reporting standards as applicable in Pakistan. Approved accounting and reporting standards include International Financial Reporting Standards for Small and Medium - sized Entities (IFRS for SMEs) issued by International Accounting Standards Board (IASB) as notified by SECP and Accounting Standard for Not for Profit Organizations (NPOs) issued by the Institute of Chartered Accountants of Pakistan (ICAP).

The financial statements for the year ended June 30, 2017 and earlier years were prepared in accordance with the requirements of Guidelines for Accounting and Financial Reporting by Non-Government Organizations / Non-Profit Organizations issued by the ICAP.

The above mentioned change in accounting framework for the preparation of the financial statements has not resulted in any material adjustments to the carrying values of the assets and liabilities of the Trust as at June 30, 2018 or at previous reporting date and did not require any significant change in accounting policies of the Institute.

3. BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention except for certain investments that are stated at market values.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Cash and cash equivalents

Cash and cash equivalents comprises of cash in hand and bank deposits.

4.2 Taxation

The Trust has been approved as a non-profit organization under section 2(36)(c) of the Income Tax Ordinance, 2001 (the Ordinance). The Trust is allowed tax credit equal to 100% of the tax payable including minimum tax and final taxes, under section 100C of the Ordinance. The management intends to avail a tax credit equal to 100% of the tax payable. Accordingly, no tax charge has been recorded in the financial statements.

4.3 Income recognition

Donation contributions are recognised on receipt basis.

Medicines and other donations received in kind are recorded at fair value, being the deemed cost of the Trust, as and when they are received.

Zakat represents actual amount transferred to income in accordance with approval received from Zakat Shariah Advisory Committee.

Donation and Zakat contributions related to specific operating fixed assets are recognised as deferred income and amortized over the useful lives of the asset from the date the asset is available for intended use.

4.4 Utilities and staff expenses for Children's Emergency Units

In accordance with the MOUs (refer notes from 1.2 to 1.7), CHK, NICH, SGHK, ASH, LGH and NWB also contribute in providing utilities and staff (Medical and Support) for Children's Emergency Units being managed by the Trust. These costs are not included in the Income and Expenditure Account.

4.5 Operating fixed assets

These are stated at cost less accumulated depreciation and impairment in value, if any.

Depreciation is charged to income applying the straight line method at the rates specified in Note 5 to the financial statements.

In respect of additions and disposals during the year, depreciation is charged from the month of acquisition and up to the month preceding the disposal respectively.

Assets' residual values, if significant and their useful lives are reviewed and adjusted, if appropriate, at each reporting date.

Assets are derecognized when disposed off or when no future economic benefits are expected from its use or disposal. Gains or losses on disposal of assets, if any, are recognised in Income and Expenditure Account as and when incurred.

Repairs and maintenance cost are charged to income as and when incurred.

4.6 Consumables

Consumables include medicines purchased by the Trust and received as donation from CHK, NICH, K5 and LGH. It is recorded at cost, which is determined using first-in-first-out basis.

4.7 Creditors, accrued and other liabilities

Liabilities for creditors, accrued and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Trust.

4.8 Investments - available for sale

Investments classified as available for sale are initially recognised at fair value, plus transaction costs and are subsequently marked to market using year end bid prices from stock exchange quotations and quotations from brokers and in case of unquoted investments, at cost, less impairment. Any resultant unrealized gain or loss is recognised in statement of changes in fund balances.

Investments are derecognized when the right to receive cash flows from investments have expired or have been transferred and the Trust has transferred substantially all risks and rewards of ownership.

4.9 Un-restricted funds

Un-restricted funds have been established to meet the day-to-day operational expenses of the Trust from funds received during the year. These include Zakat fund and General fund.

4.9.1 Zakat fund

As recommended by the Zakat Sharia Advisory Committee, the management created a Zakat Fund for the benefits of zakat eligible patients. All the funds received on account of Zakat are directly credited to the fund. The utilization of Zakat funds for operating expenses are duly approved by the Zakat Shariah Advisory Committee and endorsed by the Board of Trustees.

The utilization of Zakat funds for operating expenses except for depreciation were approved by the Zakat Shariah Advisory Committee in the meeting held on September 15, 2012. In the meeting held on June 6, 2015, the committee recommended 67% of operating expenses except for depreciation as adjustable from the Zakat Fund. The Committee also approved the utilization of Zakat fund for patient consultation as per actual number of Zakat eligible patients. The Board of Trustees endorsed this decision in their meeting held on June 21, 2015.

The Trust received approval of 45% for utilization of Zakat Fund from the Zakat Shariah Advisory Committee, in their meeting held on May 13, 2016 for SGHK for (1) purchase of fixed assets, and (2) project renovation expenses.

4.10 Restricted funds

As defined in sub-section 1B of section 100C of the Income Tax Ordinance, 2001, restricted funds mean “any fund received by the organisation but could not be spent and treated as revenue during the year due to any obligation placed by the donor.”

The Trust’s restricted funds include Endowment fund and Strategic fund. Endowment fund has been created with the approval of the Trustees for the purpose to achieve sustainability. This fund is invested in Islamic Investments. Apart from the Endowment fund, the Trust received funds during the year for strategic purpose like establishing new Children’s Emergency Units in various cities of Pakistan. With the approval of the Trustees, it has set aside these funds solely for the expansion of its operations, by establishing such units.

5. OPERATING FIXED ASSETS

Particulars	Cost			Accumulated depreciation			Carrying Value at June 30, 2018	Rates
	At July 1, 2017	Additions/ (Deletion) during the year	At June 30, 2018	At July 1, 2017	Charge/ (Disposal) for the year	At June 30, 2018		
	Rupees							
Furniture and fixtures	4,353,981	13,572,859	17,926,840	2,711,567	851,010	3,562,577	14,364,263	20
Office equipment	13,922,125	23,167,845	37,089,970	6,851,471	3,253,017	10,104,488	26,985,482	20
Computer equipment	15,309,985	13,521,938	28,787,923	8,069,356	5,392,727	13,418,083	15,369,840	33
		(44,000)			(44,000)			
Medical equipment	17,239,953	20,153,958	37,393,911	8,090,733	3,771,917	11,862,650	25,531,261	20
Motor vehicle	2,290,500	-	2,290,500	1,336,125	458,100	1,794,225	496,275	20
June 30, 2018	53,116,544	70,416,600	123,489,144	27,059,252	13,726,771	40,742,023	82,747,121	
		(44,000)			(44,000)			

Particulars	Cost			Accumulated depreciation			Carrying Value at June 30, 2017	Rates
	At July 1, 2016	Additions/ (Deletion) during the year	At June 30, 2017	At July 1, 2016	Charge/ (Disposal) for the year	At June 30, 2017		
	Rupees							
Furniture and fixtures	3,511,219	842,762	4,353,981	2,071,608	639,959	2,711,567	1,642,414	20
Office equipment	10,972,565	2,949,560	13,922,125	4,543,529	2,307,942	6,851,471	7,070,654	20
Computer equipment	12,232,914	3,183,871	15,309,985	4,208,541	3,880,478	8,069,356	7,240,629	33
		(106,800)			(19,663)			
Medical equipment	11,298,450	6,676,503	17,239,953	6,029,477	2,575,756	8,090,733	9,149,220	20
		(735,000)			(514,500)			
Motor vehicle	2,290,500	-	2,290,500	878,025	458,100	1,336,125	954,375	20
June 30, 2018	40,305,648	13,652,696	53,116,544	17,731,180	9,862,235	27,059,252	26,057,292	
		(841,800)			(534,163)			

	Note	2018 Rupees	2017 Rupees
6	CONSUMABLES		
Medicines at:			
- CHK		4,670,610	1,355,414
- NICH		2,762,964	3,661,785
- K5		1,953,423	1,800,681
- ASH		2,257,905	-
- LGH		9,877,736	-
- NWB		3,428,816	-
		<u>24,951,454</u>	<u>6,817,880</u>

7 ADVANCES, DEPOSITS AND PREPAYMENTS

Advance to suppliers	7.1	22,983,107	2,343,675
Advance to staff		714,498	101,170
Deposits	7.2	955,000	27,500
Prepayments		1,361,992	123,834
		<u>26,014,597</u>	<u>2,596,179</u>

7.1 This represents advance given for the following purposes:

Advances against ERs		19,678,842	2,640
Advance against ERP		1,645,280	-
Promotional expenses		957,760	-
Others		701,225	2,341,035
		<u>22,983,107</u>	<u>2,343,675</u>

7.2 This represents security deposits given in relation to head office premises and water supply.

8 INVESTMENTS

Available for Sale

Islamic Term Deposit Receipts	8.1	311,000,000	221,000,000
Mutual Funds	8.2	61,770,004	39,990,714
		<u>372,770,004</u>	<u>260,990,714</u>

8.1 This represents investments made on behalf of Endowment Fund (refer note 11). It carries profit rate ranging from 4.75% to 6.14% (2017: 4.38% to 5.94%) per annum and having maturity period of 1 month to 3 years.

8.2 This represents investments made on behalf of Endowment Fund (refer note-11).

8.2.1 Details of investments in Mutual Funds are as follows:

	2018 ----Number of units---	2017	2018 Rupees	2017 Rupees
Name of investee company				
Nafa Islamic Allocation Fund	839,523	1,154,767	13,023,350	19,725,722
Meezan Financial Planning Fund	494,718	324,707	28,992,185	20,264,992
Al Ameen Islamic Fund	196,676	-	19,754,469	-
	<u>1,530,917</u>	<u>1,479,474</u>	<u>61,770,004</u>	<u>39,990,714</u>

	Note	2018 Rupees	2017 Rupees
9. CASH AND BANK BALANCES			
Cash in hand		174,157	27,783
Cash at banks:			
- Current accounts - Zakat		35,333,856	63,104,532
- Savings accounts	9.1	152,941,704	40,299,932
		<u>188,449,717</u>	<u>103,432,247</u>

- 9.1** The Trust maintains its accounts with Islamic banks carrying a return at the rates ranging from 3.28% to 3.70% percent (2017: 3.43% to 3.62% percent) per annum.

		2018 Rupees	2017 Rupees
10. ZAKAT FUND			
Balance as at July 01		44,213,911	39,474,965
Received during the year		166,499,320	215,297,101
Utilized during the year		(175,379,354)	(210,558,155)
Balance as at June 30		<u>35,333,877</u>	<u>44,213,911</u>

- 10.1** The Zakat fund includes the amount received in the Holy month of Ramadan, which fell close to the year end. This shall be utilized for the operating expenses incurred during the next financial year.

11. ENDOWMENT FUND

Following assets are earmarked against endowment fund:

Islamic Term Deposit Receipts	175,000,000	175,000,000
Islamic Mutual Funds Investments	61,770,004	39,990,714
Unrealized gain on Islamic investments	2,294,206	1,337,356
Cash at banks in Islamic saving accounts	10,448,976	158,347
	<u>249,513,186</u>	<u>216,486,417</u>

	Note	2018 Rupees	2017 Rupees
12. STRATEGIC FUND			
Balance as at July 01		85,000,000	-
Received during the year	12.1	325,000,000	85,000,000
Utilized during the year	12.2	(159,152,696)	-
Gain on investment in Islamic investments		2,986,634	-
Balance as at June 30	12.3	<u>253,833,938</u>	<u>85,000,000</u>

- 12.1** During the year, the Trust received funds for construction and running operations of Children's Emergency Units in Sindh.

- 12.2** These funds have been utilized in establishment of Children's Emergency Units in ASH, NWB, LGH and LKN.

- 12.3** The management intends to utilize these funds for meeting the expenditures of Children's Emergency Units in Sindh.

	Note	2018 Rupees	2017 Rupees
13. DEFERRED INCOME RELATED TO OPERATING FIXED ASSETS			
Balance as at July 01		7,712,548	7,842,153
Assets purchased during the year		-	3,922,707
Amortization during the year	16	(4,258,985)	(4,052,312)
Balance as at June 30		<u>3,453,563</u>	<u>7,712,548</u>

14. CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors		73,864,104	19,564,084
Accrued liabilities		6,737,902	3,371,171
Retention payable	14.1	6,052,138	-
Withholding tax		821,947	321,198
		<u>87,476,091</u>	<u>23,256,453</u>

- 14.1** This amount represents the retention money withheld at the rate of five percent on the amount of invoices paid to contractors.

15. CONTINGENCY AND COMMITMENT

There is no contingency and commitment as at June 30, 2018 and June 30, 2017.

	Note	2018 Rupees	2017 Rupees
16. INCOME			
Donations			
Received in cash		259,724,293	115,775,411
Received in kind			
Medicines	16.1	24,155,813	28,514,706
Other		11,194,649	4,168,775
Zakat			
Operating expenses	16.2	129,855,029	166,425,422
Operating expenses clinics	17	45,524,325	31,979,573
Project renovation		-	8,230,453
Amortization of deferred income related to operating fixed assets	13	4,289,202	4,052,312
		<u>474,743,311</u>	<u>359,146,652</u>

- 16.1** This represents medicines received from CHK, NICH, K5 and LGH for Children's Emergency Units operated by the Trust.

- 16.2** This represents actual amount transferred to income in accordance with approval received from Zakat Shariah Advisory Committee. During the year, 25% (2017: 58%) operating expenses has been utilized from Zakat fund.

17. PATIENT CONSULTATION

This includes Rs. 45,524,325 (2017: Rs. 31,979,573) claimed from Zakat Fund against Zakat eligible patients. It also includes charges paid by the Trust to one of its strategic partner SINA Trust for treatment of children @ Rs. 350 plus actual lab charges per patient at the clinics being managed by SINA in the urban slums of Karachi. These expenses are reimbursed to SINA Trust after verification of supporting documents. These clinics have been established for providing quality primary health care services to the patients.

18. COMMUNICATION

This includes resource mobilization and advertisement cost of launching four new ERs.

	2018 Rupees	2017 Rupees
19. OTHERS		
(Gain) / Loss on disposal of operating fixed assets	(3,000)	25,837
Bank charges	1,550,946	3,076
Head office rent expense	975,000	-
Miscellaneous	4,239,203	2,170,314
	<u>6,762,149</u>	<u>2,199,227</u>

20. SURPLUS FOR THE YEAR TRANSFERRED TO GENERAL FUND

The surplus for the year ended June 30, 2017 and 2018 has been utilized to purchase operating fixed assets required for the smooth operations of the Trust.

21. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of common trustees of the trust. Transactions with related parties not shown elsewhere in financial statements are as follows:

Relationship with the Trust	Nature of transaction	2018 Rupees	2017 Rupees
SINA Trust	Payments made to SINA Trust for:		
(Dr. Naseeruddin Mahmood is a common Trustee)	- Renovation of clinic	-	5,115,000
	- Patient consultation	56,379,994	43,656,954
		2018 Number	2017 Number
22. NUMBER OF EMPLOYEES			
- At June 30		573	272
- Average during the year		337	251

23. SIGNIFICANT TRANSACTIONS DURING THE YEAR

During the year, the Trust has expanded its operations by establishing Children's Emergency Units in ASH, NWB, LGH and LKN. This has led to increased cost in relation to salaries and benefits, project renovation, depreciation, supplies and consumables etc.

24. RECLASSIFICATION

Comparative figures have been re-arranged and re-classified for the purpose of better presentation, the effect of which is not material.

25. GENERAL

Figures have been rounded off to the nearest Rupee.

26. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Trustees on



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