

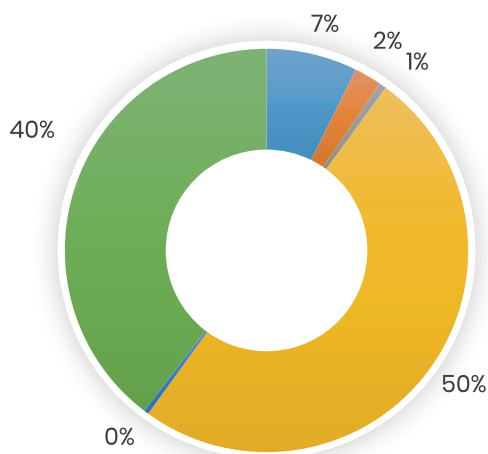


FINANCIALS

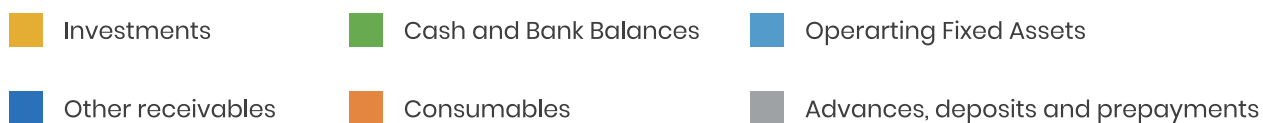
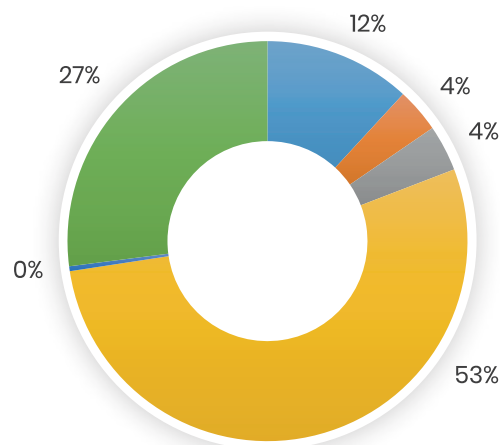
Financial Highlights

Graphical Presentation of Balance Sheet

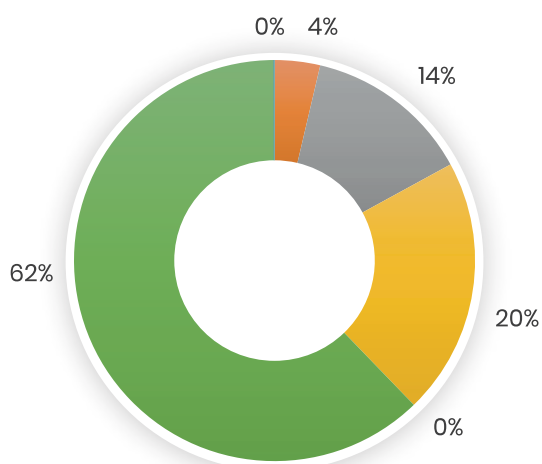
Assets 2019



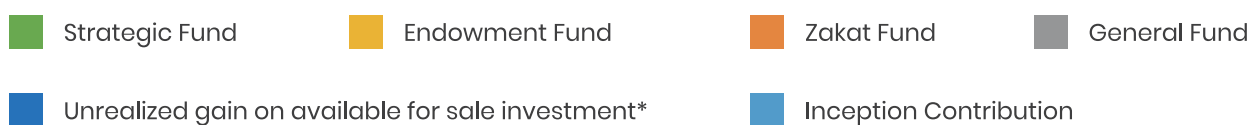
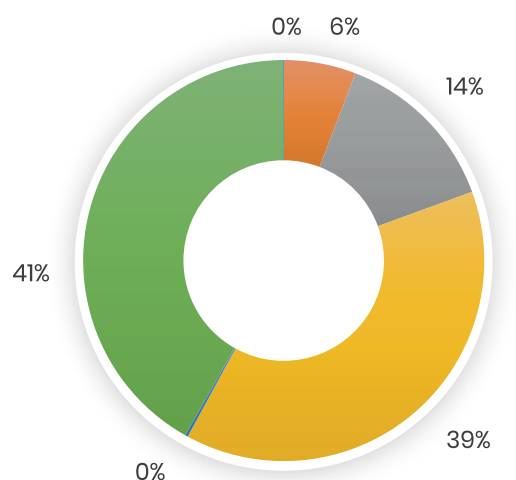
Assets 2018



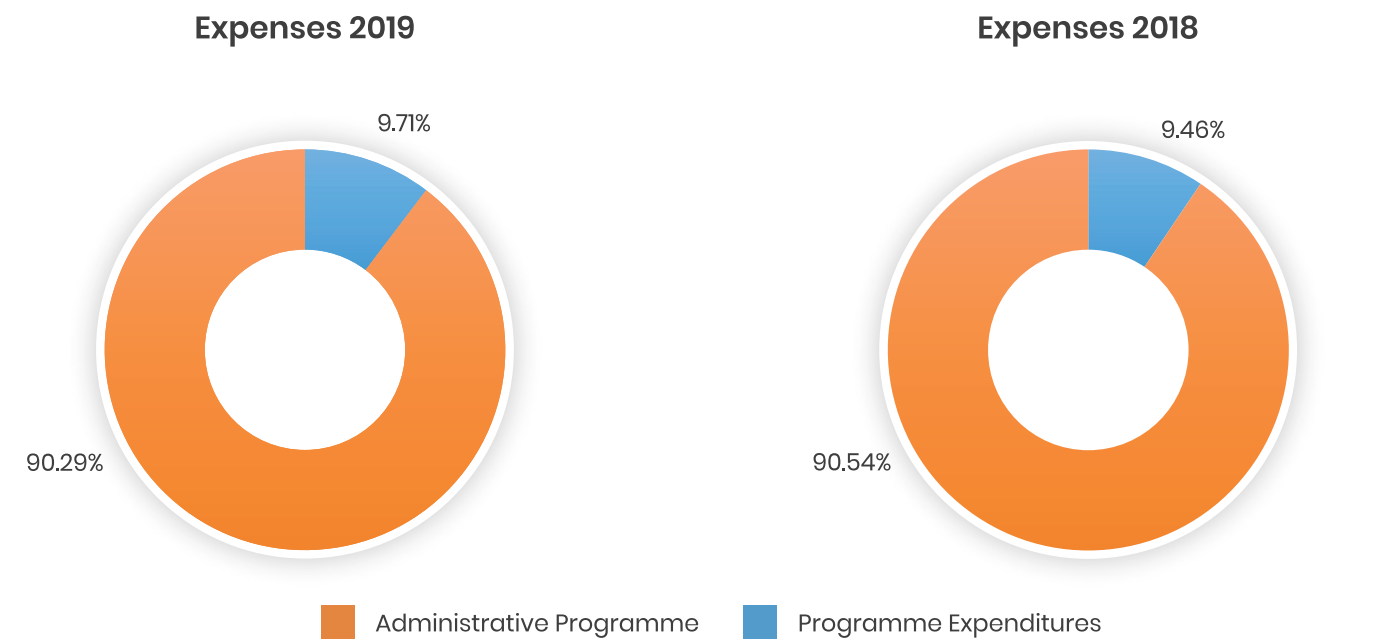
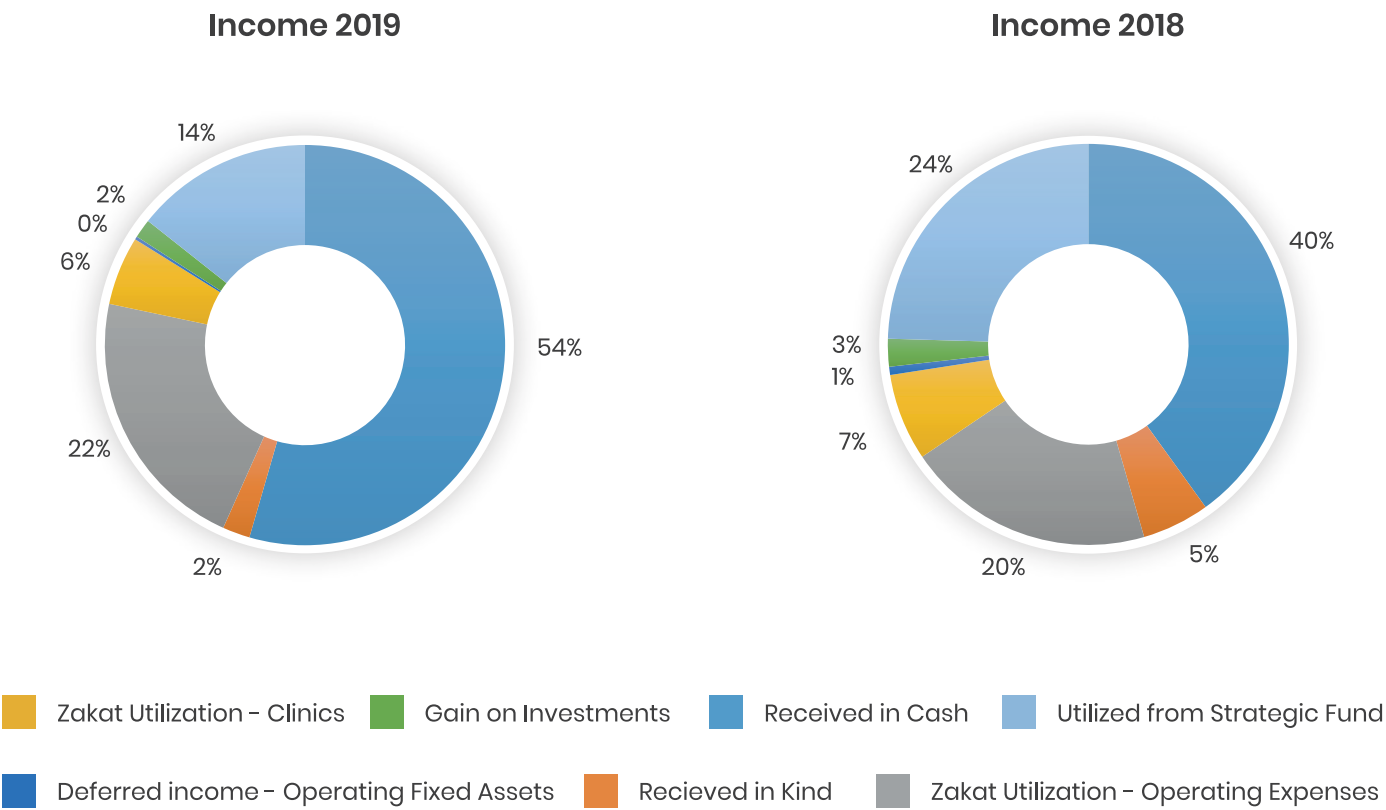
Funds and Reserves 2019



Funds and Reserves 2018

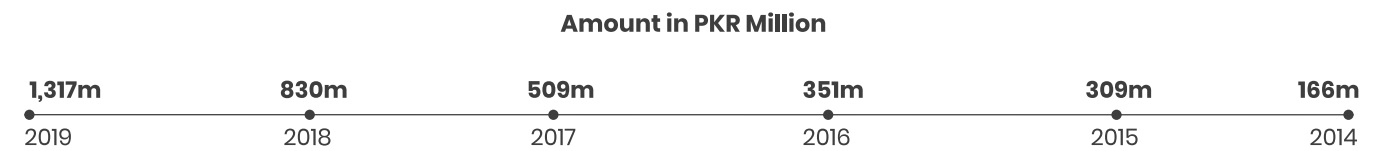


Graphical Presentation of Income and Expenditure Account



Receipts Pattern

Total receipts represents collection of donation, donation in kind, zakat collection, endowment, strategic funds, amortization of deferred income and net gain on investments.



Financial Highlights

STATEMENT OF INCOME AND EXPENDITURE	2019	2018	2017	2016	2015	2014
Total Income	847,083,854	651,378,889	359,146,652	302,399,526	198,063,490	147,382,018
Total Expenses	776,065,477	590,306,932	358,749,467	289,077,989	197,281,114	148,169,803
Surplus/(defecit) for the year transferred to general fund	71,018,377	61,071,957	397,185	13,321,537	782,376	(787,785)

* Re-stated figures for 2017 – 2018 after adaption of IFRS in accordance with financial disclosures note 3.15.

STATEMENT OF FINANCIAL POSITION						
Operating Fixed Assets	87,909,980	82,747,121	26,057,292	22,574,468	15,544,039	15,178,656
Operating Current Assets	1,116,365,927	614,953,308	375,112,736	229,215,832	178,927,170	63,036,707
Total Assets	1,204,275,907	697,700,429	401,170,028	251,790,300	194,471,209	78,215,363
Funds:						
Total Funds	1,147,951,634	606,770,775	370,201,027	223,674,764	164,025,328	52,858,940
Liabilities:						
Deferred income related to operating fixed assets	1,305,671	3,453,563	7,712,548	7,842,153	9,430,435	12,812,246
Creditors, accrued and other liabilities	55,018,602	87,476,091	23,256,453	20,273,383	21,015,446	12,544,177
Total Liabilities	56,324,273	90,929,654	30,969,001	28,115,536	30,445,881	25,356,423
Total Funds & Liabilities	1,204,275,907	697,700,429	401,170,028	251,790,300	194,471,209	78,215,363

* Re-stated figures for 2017 – 2018 after adaption of IFRS in accordance with financial disclosures note 3.15.

SUMMARY OF CASH FLOWS:						
Cash and cash equivalents at beginning of the year	188,449,717	103,432,247	77,347,022	66,933,982	22,298,163	23,833,543
Net cash generated from operating activities	64,237,065	76,541,048	11,431,289	16,411,595	10,273,582	134,227
Net cash used in investing activities	(262,167,898)	(182,192,890)	(129,769,868)	(52,541,341)	(76,555,629)	(19,842,519)
Net cash generated from financing activities	486,862,077	190,669,312	144,423,804	46,542,786	110,917,866	18,172,912
Net increase in cash and bank balances	288,931,244	85,017,470	26,085,225	10,413,040	44,635,819	(1,535,380)
Cash and cash equivalents at end of the year	477,380,961	188,449,717	103,432,247	77,347,022	66,933,982	22,298,163

Key Financial Ratios

Profitability Ratios

Cost/income Ratio	91.6%	90.6%	99.9%	95.6%	99.6%	100.5%
Net Profit/Income Ratio	8.4%	9.4%	0.1%	4.4%	0.4%	-0.5%

Liquidity Ratios

Current Ratio	20.29	7.03	16.13	11.31	8.51	5.03
Quick / Acid Test Ratio	19.81	6.74	15.84	11.02	8.34	4.80
Cash to Current Liabilities	8.68	2.15	4.45	3.82	3.18	1.78

Turnover Ratios

Inventory Turnover Ratio	6.03	5.72	15.14	18.78	20.14	16.61
No. of Days in Inventory	61	64	24	19	18	22

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 statement of financial position as at June 30, 2019 and the statement of income and expenditure, 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, 2019 and of its financial performance, changes in fund balances and its cash flows for the year then ended in accordance with approved accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises Chairman's review and CEO's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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:

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

Deloitte Yousuf Adil
Chartered Accountants

Dated: December 17, 2019

Place: Karachi

Member of
Deloitte Touche Tohmatsu Limited

Statement of Financial Position

as at June 30, 2019

	Note	2019 Rupees	2018 Rupees (Restated)	2017 Rupees (Restated)
ASSETS				
NON-CURRENT ASSETS				
Operating fixed assets	4	81,510,570	82,747,121	26,057,292
Intangible asset	5	6,399,410	-	-
		87,909,980	82,747,121	26,057,292
CURRENT ASSETS				
Consumables	6	26,505,393	24,951,454	6,817,880
Advances, deposits and prepayments	7	6,935,668	26,014,597	2,596,179
Investments	8	601,049,533	372,770,004	260,990,714
Other receivables		4,494,372	2,767,536	1,275,716
Cash and bank balances	9	477,380,961	188,449,717	103,432,247
		1,116,365,927	614,953,308	375,112,736
TOTAL ASSETS		1,204,275,907	697,700,429	401,170,028
FUNDS AND LIABILITIES				
FUNDS				
Un-Restricted Funds				
Inception contribution		10,000	10,000	10,000
General fund		162,801,504	85,562,656	24,490,699
		162,811,504	85,572,656	24,500,699
Restricted Funds				
Zakat fund		42,063,047	35,333,877	44,213,911
Endowment fund		228,796,467	233,720,421	212,220,421
Unrealized gain on available for sale investment		-	1,296,517	4,265,996
Strategic fund	10	714,280,616	250,847,304	85,000,000
		985,140,130	521,198,119	345,700,328
TOTAL FUNDS		1,147,951,634	606,770,775	370,201,027
LIABILITIES				
NON-CURRENT LIABILITIES				
Deferred income related to operating fixed assets	11	1,305,671	3,453,563	7,712,548
CURRENT LIABILITIES				
Creditors, accrued and other liabilities	12	55,018,602	87,476,091	23,256,453
TOTAL LIABILITIES		56,324,273	90,929,654	30,969,001
TOTAL FUNDS AND LIABILITIES		1,204,275,907	697,700,429	401,170,028
CONTINGENCY AND COMMITMENT				
	13			

The annexed notes from 1 to 28 form an integral part of these financial statements.



Trustee



Trustee

Statement of Income And Expenditure


For the year ended June 30, 2019

	Note	2019 Rupees	2018 Rupees (Restated)
INCOME	14	725,525,084	492,226,193
Add: Transfer from strategic fund against specific expenditures	10	121,558,770	159,152,696
EXPENDITURE			
Salaries and benefits	15	454,379,657	239,711,670
Medicines consumed		155,025,711	90,905,093
Patient consultation	16	59,869,050	56,379,994
Project renovation		8,470,294	138,853,259
Depreciation	4	27,882,607	13,726,771
Amortization	5	182,840	-
Supplies and consumables		18,571,704	13,076,153
Repairs and maintenance		11,744,057	8,537,256
Programmatic activities and preventive health care		5,862,312	9,476,915
Communication	17	8,037,368	8,581,534
Utilities		13,452,125	3,591,787
Legal and professional		1,266,336	440,351
Auditors' remuneration	18	264,000	264,000
Others	19	11,057,416	6,762,149
Total expenditure		776,065,477	590,306,932
Surplus for the year transferred to general fund	20	71,018,377	61,071,957

The annexed notes from 1 to 28 form an integral part of these financial statements.



Trustee



Trustee

Statement of Cash Flows

For the year ended
June 30, 2019

	2019 Rupees	2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	71,018,377	61,071,957
Adjustments for		
Amortization of deferred income	(2,147,892)	(4,258,985)
Depreciation	27,882,607	13,726,771
Amortization	182,840	-
Gain on investments	(12,956,688)	(17,482,882)
Loss / (Gain) on disposal of operating fixed assets	660,063	(3,000)
	84,639,307	53,053,861
Working capital changes		
(Increase) / decrease in current assets		
Consumables	(1,553,939)	(18,133,574)
Other receivables	(5,469,743)	819,541
Advances, deposits and prepayments	19,078,929	(23,418,418)
Increase in current liabilities		
Creditors, accrued and other liabilities	(32,457,489)	64,219,638
Net cash generated from operating activities (A)	64,237,065	76,541,048
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of operating fixed assets	(29,237,186)	(70,416,600)
Purchase of intangible asset	(6,582,250)	-
Encashment of Islamic term deposit receipts	(234,500,000)	(90,000,000)
Investment in Islamic mutual funds	6,220,471	(21,779,290)
Proceeds from disposal of operating fixed assets	1,931,067	3,000
Net cash used in investing activities (B)	(262,167,898)	(182,192,890)
CASH FLOWS FROM FINANCING ACTIVITIES		
Zakat fund received	236,863,781	166,499,320
Funds received under restrictions	584,992,082	325,000,000
Utilization of strategic fund	(121,558,770)	(159,152,696)
Utilization of Zakat fund	(230,134,611)	(175,379,354)
Endowment fund received	-	21,500,000
Realized gain from Islamic Investments	16,699,595	12,202,042
Net cash generated from financing activities (C)	486,862,077	190,669,312
Net increase in cash and cash equivalents (A+B+C)	288,931,244	85,017,470
Cash and cash equivalents at beginning of the year	188,449,717	103,432,247
Cash and cash equivalents at end of the year	477,380,961	188,449,717

The annexed notes from 1 to 28 form an integral part of these financial statements.



Trustee



Trustee

Statement of Changes in Fund Balances

For the year ended June 30, 2019

	Note	Un-Restricted fund		Restricted fund				
		Inception contribution	General fund	Zakat fund	Endowment fund	Unrealized gain / (loss) on available for sale investment	Strategic fund	Total
		Rupees						
Balance as at July 01, 2017		10,000	24,490,699	44,213,911	212,220,421	4,265,996	85,000,000	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 Trust	16	-	-	(45,524,325)	-	-	-	(45,524,325)
Surplus for the year		-	61,071,957	-	-	-	-	61,071,957
Funds utilized during the year	10	-	-	-	-	-	(159,152,696)	(159,152,696)
Unrealized loss on:								
- Islamic mutual funds investments		-	-	-	-	(2,969,479)	-	(2,969,479)
Balance as at June 30, 2018		10,000	85,562,656	35,333,877	233,720,421	1,296,517	250,847,304	606,770,775
Transfer due to adoption of IFRS 9		-	-	-	1,296,517	(1,296,517)	-	-
Balance as at July 1, 2018 – restated		10,000	85,562,656	35,333,877	235,016,938	-	250,847,304	606,770,775
Funds received during the year		-	-	236,863,781	-	-	584,992,082	821,855,863
Zakat utilized for operating expenses		-	-	(183,057,511)	-	-	-	(183,057,511)
Zakat claim for patients treated at SINA Trust	16	-	-	(47,077,100)	-	-	-	(47,077,100)
Surplus for the year		-	71,018,377	-	-	-	-	71,018,377
Funds utilized during the year	10	-	-	-	-	-	(121,558,770)	(121,558,770)
Unrealized loss on:								
- Islamic mutual funds investments		-	6,220,471	-	(6,220,471)	-	-	-
Balance as at June 30, 2019		10,000	162,801,504	42,063,047	228,796,467	-	714,280,616	1,147,951,634

The annexed notes from 1 to 28 form an integral part of these financial statements.



Trustee



Trustee

Notes to the Financial Statements

For the year ended June 30, 2019

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 Chowranghi, 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)
- Children Hospital, Larkana (LKN)
- Sindh Government Lyari General Hospital (LGH)
- Ghulam Mohammad Maher Medical College Teaching Hospital, Sukkur (GMMMC)
- Liaquat University of Medical and Health Sciences Teaching Hospital, Jamshoro (LUMHS)
- Civil Hospital, Quetta (CHQ)

1.2 The Trust is currently managing the Children's Emergency Unit and Diarrhea Treatment Unit at 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 MOU signed on July 4, 2017 among the Trust, NICH, GoS through the Secretary Health and SINA Trust (one of the strategic partners of the 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. The Trust initiated a strategic partnership with SINA Trust in 2012. The Trust is providing the children financial support for free treatment, lab testing, and medicines, as well as helping SINA Trust in 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 MOU signed on July 4, 2017 among the Trust, SGHK, and GoS through the Secretary Health. Under the MOU:

- 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 ASH under a MOU signed on September 11, 2017 between ASH, Karachi Metropolitan Corporation (KMC) and the Trust for upgradation and operation of pediatric emergency room of ASH. Under the MOU:

- 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 Units in NWB and LKN under a MOU signed on September 29, 2017 between the Trust and 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 LGH under a MOU signed on January 15, 2018 between the Trust and 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 Trust is also managing the Children's Emergency Units in GMMMC and LUMHS under a MOU signed on March 9, 2018 between the Trust and GoS through the Secretary Health. The operations will commence during the next financial year. 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.

1.9 The Trust is also managing the Children's Emergency Unit in CHQ under a MOU signed on June 24, 2019 between the Trust and Government of Balochistan (GoB) through the Secretary Health. The operations will commence during the next financial year. Under the MOU:

- the GoB 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 projects.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting standards applicable in Pakistan include International Financial Reporting Standards (IFRSs) issued by International Accounting Standards Board (IASB) as notified by the Securities and Exchange Commission of Pakistan (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, 2018 and earlier years were prepared in accordance with the requirements of International Financial Reporting Standards for Small and Medium - sized Entities (IFRS for SMEs) issued by IASB as notified by the SECP.

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, 2019 or at previous reporting date and did not require any significant change in accounting policies of the Trust, other than certain additional disclosures.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The assumptions underlying the estimates are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas where various assumptions and estimates are significant to the Trust's financial statements or where judgement was exercised in application of accounting policies are as follows:

- a) Useful lives, residual values and depreciation method of operating fixed assets (note 3.1);
- b) Useful life, residual value and amortization method of intangible asset (note 3.2);
- c) Impairment of financial and non financial assets (note 3.5);
- d) Provision for retirement benefit obligation (note 3.8); and
- e) Provision for taxation (note 3.10).

2.5 CHANGES IN ACCOUNTING STANDARDS AND INTERPRETATIONS

2.5.1 New accounting standards and amendments that are not yet effective

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

	Effective from accounting period beginning on or after:
Amendments to IFRS 3 'Business Combinations' – Amendments regarding the definition of business.	January 01, 2020
Amendments to IFRS 9 'Financial Instruments' – Amendments regarding prepayment features with negative compensation and modifications of financial liabilities.	January 01, 2019
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' – Sale or contribution of assets between an investor and its associate or joint venture.	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.
IFRS 16 'Leases' – This standard will supersede IAS 17 'Leases' upon its effective date.	January 01, 2019
Amendments to IAS 28 'Investments in Associates and Joint Ventures' – Amendments regarding long term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	January 01, 2019

Amendments to IAS 19 'Employee Benefits' – Amendments regarding plan amendments, curtailments or settlements.	January 01, 2019
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IFRIC 23 'Uncertainty over Income Tax Treatments' – Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 01, 2019
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Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' – Amendments regarding the definition of material.	January 01, 2020
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Amendments to References to the Conceptual Framework in IFRS Standards.	January 01, 2020
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Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the IASB has also issued the following standards which have not been adopted locally by the SECP:

- IFRS 1 'First Time Adoption of International Financial Reporting Standards'
- IFRS 14 'Regulatory Deferral Accounts'
- IFRS 17 'Insurance Contracts'

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are the same as those applied in the preparation of the financial statements of the Trust for the year ended June 30, 2018 other than changes due to change in accounting framework as explained in note 3.15 to the financial statements.

3.1 Operating fixed assets

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

Depreciation is charged to income applying the straight line method at the rates specified in note 4 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.

The residual values and useful lives of operating fixed assets are reviewed and adjusted, if appropriate, at each reporting date. Assets are derecognised when disposed off or when no future economic benefits are expected from its use or disposal.

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

3.2 Intangible asset

Intangible asset comprises of cost of computer software and is stated at cost less accumulated amortization and accumulated impairment losses, if any. The cost of intangible asset is amortized over the estimated useful life using the straight line method. Costs associated with maintaining the computer software are recognised as expense in the statement of income and expenditure as and when incurred. The useful life, residual value and amortization method of intangible asset is reviewed and adjusted, if appropriate, at each reporting date.

3.3 Consumables

Consumables include medicines purchased by the Trust and received as donation from CHK, NICH, SGHK, ASH, NWB, LKN and

LGH. It is recorded at cost, which is determined using First In First Out (FIFO) method.

3.4 Cash and cash equivalents

Cash and cash equivalents comprises of cash in hand, current and savings accounts held with banks.

3.5 Financial instruments

Financial assets and liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised when the Trust loses control of the contractual rights that comprise the financial assets. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value are recognised immediately in the statement of income and expenditure.

3.5.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortized cost or fair value through income and expenditure (FVTIE), depending on the classification of the financial assets.

Financial assets at amortized cost

Instruments that meet the following conditions are measured subsequently at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at FVTIE

Financial assets that do not meet the criteria for being measured at amortized cost are measured at fair value through income and expenditure. Specifically investment in Islamic mutual funds are measured subsequently at FVTIE.

Financial assets at FVTIE are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in the statement of income and expenditure.

3.5.2 Impairment of non-financial assets

The Trust assesses at each reporting date whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in the statement of income and expenditure. The recoverable amount is the higher of an asset's 'fair value less costs to sell' and 'value in use'.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognised. Reversal of impairment loss is recognised as income.

3.5.3 Financial liabilities

All financial liabilities are recognised initially at fair value less directly attributable cost, if any, and subsequently measured at amortized cost.

Derecognition of financial liabilities

The Trust derecognises financial liabilities when, and only when, the Trust's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement income and expenditure.

3.6 Off setting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognised amount and the Trust intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

3.7 Foreign currency transactions and translation

Foreign currency transactions are translated into reporting currency at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities, denominated in foreign currencies are translated into reporting currency equivalents using year-end spot foreign exchange rates. Non-monetary assets / liabilities are translated using exchange rates that existed when these were initially recognised.

Gains and losses arising on retranslation are included in the statement of income and expenditure for the period.

3.8 Retirement benefit obligation

Defined contribution plan

The Trust also operates an unrecognised provident fund scheme for the permanent employees. Contributions to fund are made monthly by the Trust and employee at the rate of 8.33% of the basic salary. The Trust's contributions are recognised as employee benefit expense when they are due.

3.9 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.

3.10 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.

3.11 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 the Zakat Shariah Advisory Committee (the 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 when the asset is available for intended use.

3.12 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, NWB, LKN and LGH 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 statement of income and expenditure.

3.13 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 General fund.

3.14 Restricted funds

The Trust's restricted funds include Zakat fund, Endowment fund and Strategic fund.

3.14.1 Zakat fund

Zakat fund mainly includes the amount received in the Holy month of Ramadan. This shall be utilized for the operating expenses incurred during the next financial year.

As recommended by the Committee, the management created 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 Committee and endorsed by the Board of Trustees.

The utilization of Zakat funds for operating expenses except for depreciation were approved by the 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 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 Committee, in their meeting held on May 13, 2016 for SGHK for (1) purchase of fixed assets, and (2) project renovation expenses.

3.14.2 Endowment 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. Any gain on investment pertaining to Endowment fund are appropriated to the Endowment fund through an appropriation of surplus.

3.14.3 Strategic fund

The Trust receives funds during the year for strategic purpose like establishing new Children's Emergency Units in various cities of Pakistan. At the discretion of donors, it has set aside these funds solely for the expansion of such units and for their routine operating expenditures.

3.15 Change in accounting framework

As at reporting date, the Trust has met the criteria of 'large sized NPO' as defined in Accounting Standard for NPOs issued by the ICAP. Resultantly, IFRSs have been adopted for the first time for preparing these financial statements. Apart from enhanced disclosures relating to financial risk management, this change in accounting framework has also impacted the Trust's accounting policy regarding the classification of financial instruments as explained below.

IFRS 9 'Financial instruments' – This standard replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. On July 1, 2018 (the date of initial application of IFRS 9), the Trust's management has assessed which business models apply to the financial assets held by the Trust and has classified its financial instruments into the appropriate IFRS 9 categories. The Trust has followed modified retrospective method of transition. The table below shows impact of change in accounting policies due to adoption of IFRS 9:



Financial assets and financial liabilities	Original classification as per IAS 39	New classification as per IFRS 9	Carrying amount as per IAS 39 as on June 30, 2018	Carrying amount on initial adoption of IFRS 9 on July 01, 2018
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Financial assets

Rupees

Deposits	LR	AC	955,000	955,000
Investment in Islamic mutual funds	AFS	FVTIE	61,770,004	61,770,004
Investment in Islamic term deposit receipts	LR	AC	311,000,000	311,000,000
Other receivables	LR	AC	2,767,536	2,767,536
Cash and bank balances	LR	AC	188,449,717	188,449,717

Financial liabilities

Creditors, accrued and other liabilities	OFL	AC	86,654,144	86,654,144
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- "LR" is loans and receivables
- "AFS" is available for sale
- "AC" is amortized cost
- "FVTIE" is fair value through income and expenditure
- "OFL" is other financial liabilities

Previously, all gains and losses arising due to change in fair value of investments were directly recorded in Endowment fund, whereas as per IFRS for SMEs, such gains and losses should have been separately recorded as part of 'unrealized gain / (loss) on AFS investment'.

In these financial statements, the above mentioned change has been accounted for retrospectively, with the restatement of the comparative information appearing in the statement of income and expenditure as follows:

As previously reported	Restatement	Restated amount
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Rupees

Effect on statement of financial position

Carrying values as at June 30, 2018

General fund	68,079,774	17,482,882	85,562,656
Endowment fund	249,513,186	(15,792,765)	233,720,421
Unrealized gain on available for sale investment	-	1,296,517	1,296,517
Strategic fund	253,833,938	(2,986,634)	250,847,304

Effect on statement of income and expenditure

Amount for the year ended June 30, 2018

Income	474,743,311	17,482,882	492,226,193
Surplus for the year	43,589,075	17,482,882	61,071,957

In addition to above, Zakat fund has also been re-classified as part of restricted funds, based on the restrictions on its utilization as per Islamic principles.

4. OPERATING FIXED ASSETS

Particulars	Cost		Accumulated depreciation		Carrying value		Annual rate of depreciation %
	At July 1, 2018	At June 30, 2019	At July 01, 2018	Charge for the year / (disposals)	At June 30, 2019	At June 30, 2019	
			Rupees				
Furniture and fixtures	17,926,840	16,609,858	3,562,577	2,865,575 (553,086)	5,875,066	10,734,792	20
Office equipment	37,089,970	47,693,670	10,104,488	8,146,805 (337,865)	17,913,428	29,780,242	20
Computer equipment	28,787,923	30,478,874	13,418,083	7,897,632 (259,376)	21,056,339	9,422,535	33
Medical equipment	37,393,911	50,922,898	11,862,650	8,514,496 (989,073)	19,388,073	31,534,825	20
Motor vehicle	2,290,500	-	1,794,225	458,099	2,252,324	38,176	20
June 30, 2019	123,489,144	147,995,800	40,742,023	27,882,607 (2,139,400)	66,485,230	81,510,570	

Particulars	Cost		Accumulated depreciation		Carrying value		Annual rate of depreciation %
	At July 1, 2018	At June 30, 2019	At July 01, 2018	Charge for the year / (disposals)	At June 30, 2019	At June 30, 2019	
			Rupees				
Furniture and fixtures	4,353,981	17,926,840	2,711,567	851,010	3,562,577	14,364,263	20
Office equipment	13,922,125	37,089,970	6,851,471	3,253,017	10,104,488	26,985,482	20
Computer equipment	15,309,985	28,787,923	8,069,356	5,392,727 (44,000)	13,418,083	15,369,840	33
Medical equipment	17,239,953	37,393,911	8,090,733	3,771,917	11,862,650	25,531,261	20
Motor vehicle	2,290,500	-	1,336,125	458,100	1,794,225	496,275	20
June 30, 2018	53,116,544	123,489,144	27,059,252	13,726,771 (44,000)	40,742,023	82,747,121	

5. INTANGIBLE ASSET

Particulars	Cost		Accumulated depreciation		Carrying value		Annual rate of depreciation %
	At July 1, 2018	At June 30, 2019	At July 01, 2018	Charge for the year / (disposals)	At June 30, 2019	At June 30, 2019	
			Rupees				
Computer software	-	6,582,250	-	182,840	182,840	6,399,410	33
June 30, 2019	-	6,582,250	-	182,840	182,840	6,399,410	

	Note	2019 Rupees	2018 Rupees
6. CONSUMABLES			
Medicines at:			
- CHK		2,481,050	1,458,758
- NICH		6,011,401	2,762,964
- SGHK		2,135,258	1,953,423
- ASH		4,116,914	2,257,905
- NWB		4,213,274	3,428,816
- LKN		5,338,207	-
- LGH		1,934,464	9,877,736
- Warehouse		274,825	3,211,852
		26,505,393	24,951,454

7. ADVANCES, DEPOSITS AND PREPAYMENTS

Advance to suppliers	7.1	1,280,075	22,983,107
Advance to staff		1,480,235	714,498
Deposits	7.2	954,580	955,000
Prepayments	7.3	3,220,778	1,361,992
		6,935,668	26,014,597

7.1 This represents advance given for the following purposes:

Advances against ERs	265,102	19,678,842
Advance against ERP	612,583	1,645,280
Promotional expenses	-	957,760
Others	402,390	701,225
	1,280,075	22,983,107

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

7.3 This represents prepayments made for the following purposes:

	Note	2019 Rupees	2018 Rupees
General insurance		188,792	140,836
Health insurance		2,940,301	1,111,575
Life insurance		85,688	-
Vehicle insurance		5,997	5,997
ERP utility cost		-	103,584
		3,220,778	1,361,992

8. INVESTMENTS

Islamic term deposit receipts - at amortized cost	8.1	545,500,000	311,000,000
Mutual funds - at FVTIE	8.2	55,549,533	61,770,004
		601,049,533	372,770,004

8.1 This represents investments made on behalf of Endowment fund. It carries return at the rates ranging from 6.14% to 12.43% (2018: 4.75% to 6.14%) per annum and having maturity period of 1 month to 3 years.

8.2 This represents investments made on behalf of Endowment fund.

8.2.1 Details of investment in mutual funds are as follows:

2019

Particulars	Number of units	Cost at June 30, 2019	Fair value at June 30, 2019	Unrealized gain / (loss) at June 30, 2019
			Rupees	
Nafa Islamic Allocation Fund	839,523	13,246,587	11,535,883	(1,710,704)
Meezan Financial Planning Fund	494,718	27,559,284	23,546,878	(4,012,406)
Al Ameen Islamic Fund	196,676	19,667,617	20,466,772	799,155
		60,473,488	55,549,533	(4,923,955)

2018

Particulars	Number of units	Cost at June 30, 2018	Fair value at June 30, 2018	Unrealized gain / (loss) at June 30, 2018
			Rupees	
Nafa Islamic Allocation Fund	839,523	13,246,587	13,023,350	(223,237)
Meezan Financial Planning Fund	494,718	27,559,284	28,992,185	1,432,901
Al Ameen Islamic Fund	196,676	19,667,617	19,754,469	86,852
		60,473,488	61,770,004	1,296,516

9. CASH AND BANK BALANCES

	Note	2019 Rupees	2018 Rupees
Cash in hand		171,913	174,157
Cash at banks:			
- Local currency			
Current accounts - Zakat		42,063,164	35,333,856
Savings accounts	9.1	111,026,545	55,733,115
		153,089,709	91,066,971
- Foreign currency			
Savings account		324,119,339	97,208,589
		477,380,961	188,449,717

9.1 These carry return at the rates ranging from 3.70% to 10.29% (2018: 3.28% to 3.70%) per annum.

10. STRATEGIC FUND

	Note	2019 Rupees	2018 Rupees
Balance as at July 01		250,847,304	85,000,000
Received during the year	10.1	584,992,082	325,000,000
Utilized during the year	10.2	(121,558,770)	(159,152,696)
Balance as at June 30	10.3	714,280,616	250,847,304

10.1 During the year, the Trust received funds for construction and running operations of Children's Emergency Units in Pakistan.

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

10.3 The management intends to utilize these funds for meeting the expenditures of Children's Emergency Units in Pakistan.

	Note	2019 Rupees	2018 Rupees
11. DEFERRED INCOME RELATED TO OPERATING FIXED ASSETS			
Balance as at July 01		3,453,563	7,712,548
Assets purchased during the year		-	-
Amortization during the year		(2,147,892)	(4,258,985)
Balance as at June 30		<u>1,305,671</u>	<u>3,453,563</u>
12. CREDITORS, ACCRUED AND OTHER LIABILITIES			
Creditors		39,696,626	73,864,104
Accrued liabilities		15,066,922	6,737,902
Others	12.1	255,054	6,874,085
		<u>55,018,602</u>	<u>87,476,091</u>

12.1 This includes retention money withheld at the rate of five percent on the amount of invoices paid to contractors.

13. CONTINGENCY AND COMMITMENT

There is no contingency and commitment as at June 30, 2019 and June 30, 2018.

	Note	2019 Rupees	2018 Rupees
14. INCOME			
Donations			
Received in cash	14.1	461,503,442	259,724,293
Received in kind		18,782,451	35,350,462
Zakat			
Operating expenses	14.2	183,057,511	129,855,029
Operating expenses clinics	16	47,077,100	45,524,325
Amortization of deferred income related to operating fixed assets		2,147,892	4,289,202
		<u>12,956,688</u>	<u>17,482,882</u>
Gain on investments		<u>725,525,084</u>	<u>492,226,193</u>

14.1 This represents medicines received from CHK, NICH, SGHK, ASH, NWB, LKN and LGH for Children's Emergency Units operated by the Trust.

14.2 This represents actual amount transferred to income in accordance with approval received from the Committee. During the year, 27% (2018: 25%) operating expenses has been utilized from Zakat fund.

15. SALARIES AND BENEFITS

Salaries and benefits include Rs. 11,468,682 (2018: Rs. 3,063,613) in respect of employees' provident fund.

The following information is based on un-audited financial statements of the Fund, the funds have been kept in Meezan Capital Preservation Plan.

	2019	2018
Cost of investments made (Rs.)	24,556,269	4,825,644
Percentage of investments made	100%	100%
Fair value of investments (Rs.)	24,415,254	4,688,176
Size of the fund – Total assets		
Money Market	29.84%	0%
Fund of Funds	70.16%	100%

16. PATIENT CONSULTATION

This includes Rs. 47,077,100 (2018: Rs. 45,524,325) claimed from Zakat fund against Zakat eligible patients. It also includes charges paid by the Trust to SINA Trust for treatment of children @ Rs. 350 plus actual lab charges per patient at the clinics being managed by SINA Trust 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.

17. COMMUNICATION

This includes resource mobilization, fund raising and advertisement cost for ERs.

	2019 Rupees	2018 Rupees
18. AUDITORS' REMUNERATION		
Annual audit fee	200,000	200,000
Out of pocket	48,000	48,000
Sindh sales tax	16,000	16,000
	264,000	264,000
19. OTHERS		
Head office rent expense	1,930,498	975,000
Bank charges	1,649,884	1,550,946
Cartage expense	1,419,321	-
Loss / (gain) on disposal of operating fixed assets	660,063	(3,000)
Miscellaneous	5,397,650	4,239,203
	11,057,416	6,762,149

20. SURPLUS FOR THE YEAR TRANSFERRED TO GENERAL FUND

The surplus for the year ended June 30, 2018 and 2019 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 employees' provident fund and 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	2019 Rupees	2018 Rupees
SINA Trust (Dr. Naseeruddin Mahmood is a common Trustee)	Payments made to SINA Trust for patient consultation	59,869,050	56,379,994

22. NUMBER OF EMPLOYEES

	2019 Number	2018 Number
- At June 30	594	573
- Average during the year	589	337

23. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

23.1 Financial instruments by category

	2019 Rupees	2018 Rupees
Financial assets		
<i>At amortized cost</i>		
Deposits	954,580	955,000
Investment in Islamic term deposit receipts	545,500,000	311,000,000
Other receivables	4,494,372	2,767,536
Cash and bank balances	477,380,961	188,449,717
	1,028,329,913	503,172,253
<i>At fair value through income and expenditure</i>		
Investment in Islamic mutual funds	55,549,533	61,770,004
Financial liabilities		
<i>At amortized cost</i>		
Creditors, accrued and other liabilities	55,018,272	86,654,144

23.2 Financial risk management

The Board of Trustees has overall responsibility for the establishment and oversight of the Trust's financial risk management. The responsibility includes developing and monitoring the Trust's risk management policies. To assist the Board in discharging its oversight responsibility, management has been made responsible for identifying, monitoring and managing the Trust's financial risk exposures. The Trust has exposure to the risks associated with the financial instruments and the risk management policies and procedures summarized as follows:

23.2.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Credit risk arises from the inability of the issuers of the instruments, relevant financial institution or counter parties, in case of placements or other arrangements, to fulfill their obligations.

Exposure to credit risk

Credit risk of the Trust mainly arises from balances with banks, deposits and other receivables. The maximum exposure to credit risk at the reporting date is as follows:

	2019 Rupees	2018 Rupees
Deposits	954,580	955,000
Other receivables	4,494,372	2,767,536
Bank balances	477,380,961	188,449,717
	482,829,913	192,172,253

For deposits, the management does not expect to incur material losses and consider such amount is receivable upon termination of contract. For other receivables and bank balances, financial institutions with strong credit ratings are accepted. Credit risk on bank balances is limited as these are placed with banks having good credit ratings. The credit quality of cash at banks as per credit rating agencies are as follows:

Name of banks	Rating	
	Short-term	Long-term
Habib Bank Limited	A1+	AAA
Meezan Bank Limited	A1+	AA+
Bank Al-Habib Limited	A1+	AA+
Dubai Islamic Bank Limited	A1+	AA

23.2.2 Liquidity risk

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they fall due. The Trust finances its operations through donations, Zakat and gain from investments with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

The following are the contractual maturities of financial liabilities:

	2019		
	Contractual cash flows	Upto one year	More than one year
	Rupees		
Non-derivative financial liabilities			
Creditors, accrued and other liabilities	55,018,272	55,018,272	-
	2018		
	Contractual cash flows	Upto one year	More than one year
	Rupees		
Non-derivative financial liabilities			
Creditors, accrued and other liabilities	86,654,144	86,654,144	-

The Trust manages liquidity risk by maintaining cash and bank balances as well as unrestricted funds amounting to Rs. 640,192,465 as at June 30, 2019 (2018: Rs. 274,022,373).

23.2.3 Market risk

Market risk is the risk that changes in market price, such as currency exchange rates and interest rates will affect the Trust's income or the value of its holdings of financial instruments.

23.2.3.1 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. Foreign currency risk arises mainly due to conversion of foreign currency assets and liabilities into local currency.

Currently, the Trust is exposed to currency risk on account of foreign currency bank account.

	2019 Rupees	2018 Rupees
Foreign currency bank account	324,119,339	97,208,589

The following exchange rates have been applied:

	Average rates		Reporting date rates	
	2019 Rupees	2018 Rupees	2019 Rupees	2018 Rupees
USD to PKR	136.40	109.91	163.50	121.60

At reporting date, if the Rupee is strengthened / weakened by 10% against the US dollar, with all other variables held constant, surplus for the year would have been lower/higher by Rs. 32,411,934 (June 30, 2018: Rs. 9,720,859) mainly as a result of net foreign exchange loss / gain on translation of foreign currency bank account. This analysis assumes that all other variables, in particular interest rates, remain constant. The sensitivity analysis is performed on the same basis as for 2018.

23.2.3.2 Interest rate risk

The interest rate risk is 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 significant interest bearing assets where interest rate risk may arise due to fluctuations in the rates. At the reporting date, the interest rate profile of the Trust's interest bearing financial assets are:

	2019 Rupees	2018 Rupees
Financial assets		
Variable rate instruments		
Islamic term deposit receipts - at amortized cost	545,500,000	311,000,000
Savings accounts	435,145,884	152,941,704
	980,645,884	463,941,704

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have (increased) / decreased surplus of income over expenditure by the amount shown below. This analysis assumes that all other variables remain constant. The analysis has been performed on the same basis as for 2018.

	Effect on surplus of income over expenditure due to 100 basis points	
	(Increase)	Decrease
	Rupees	
As at June 30, 2019		
Cash flow sensitivity	<u>(166,996)</u>	<u>166,996</u>
As at June 30, 2018		
Cash flow sensitivity	<u>(121,209)</u>	<u>121,209</u>

24. FUND MANAGEMENT

The objective of the Trust when managing funds is to safeguard its ability to continue as a going concern so that it can invest in Shariah compliant profitable investments and earn benefits which in turn, can help the Trust to grow and contribute to its objectives; and to maintain a strong fund base to support the sustained development of the Trust and to maintain confidence of donors, creditors and market.

25. 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 the measurement date.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

Fair value hierarchy

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Trust does not hold any financial instrument which can be classified under the above mentioned levels except for investment in Islamic mutual funds as follows:

	2019			
	Level 1	Level 2	Level 3	Level 4
	Rupees			
Investment in Islamic mutual funds	<u>55,549,533</u>	<u>-</u>	<u>-</u>	<u>55,549,533</u>
	2018			
	Level 1	Level 2	Level 3	Level 4
	Rupees			
Investment in Islamic mutual funds	<u>61,770,004</u>	<u>-</u>	<u>-</u>	<u>61,770,004</u>

There were no transfers between the levels during the year.

26. RECLASSIFICATION

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

27. GENERAL

Figures have been rounded off to the nearest Rupee.

28. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Trustees on December 02, 2019.



Trustee



Trustee

ChildLife Foundation

Six Years' Vertical Analysis

OPERATING & FINANCIAL TREND:	2019	%	2018	%	2017	%	2016	%	2015	%	2014	%
Income:												
Received in Cash	461,503,442	54.48%	259,724,293	39.87%	115,775,411	32.24%	99,089,360	32.77%	45,242,668	22.84%	26,875,132	18.24%
Received in Kind	18,782,451	2.22%	35,350,462	5.43%	32,683,481	9.10%	19,056,317	6.30%	18,910,316	9.55%	18,153,621	12.32%
Zakat Utilization - Operating Expenses	183,057,511	21.61%	129,855,029	19.94%	174,655,875	48.63%	150,944,428	49.92%	115,387,411	58.26%	98,318,950	66.71%
Zakat Utilization - Clinics	47,077,100	5.56%	45,524,325	6.99%	31,979,573	8.90%	29,289,433	9.69%	14,381,364	7.26%	-	0.00%
Deferred income - Operating Fixed Assets	2,147,892	0.25%	4,289,202	0.66%	4,052,312	1.13%	4,019,988	1.33%	4,141,731	2.09%	4,034,315	2.74%
Gain on Investments*	12,956,688	1.53%	17,482,882	2.68%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Utilized from Strategic Fund	121,558,770	14.35%	159,152,696	24.43%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Total Income	847,083,854	100.00%	651,378,889	100.00%	359,146,652	100.00%	302,399,526	100.00%	198,063,490	100.00%	147,382,018	100.00%
Expenses:												
Salaries and benefits	454,379,656	58.55%	236,675,779	40.61%	155,362,697	43.31%	109,482,843	37.87%	73,549,822	37.28%	43,879,134	29.61%
Medicines consumed	155,025,711	19.98%	90,905,093	15.40%	96,071,210	26.78%	90,017,339	31.14%	65,916,314	33.41%	49,721,779	33.56%
Patient consultation	59,869,050	7.71%	56,379,994	9.55%	43,656,954	12.17%	36,431,439	12.60%	20,650,216	10.47%	15,871,531	10.71%
Project renovation	8,470,294	1.09%	138,853,259	23.52%	23,526,157	6.56%	24,396,593	8.44%	13,721,681	6.96%	23,032,760	15.54%
Depreciation & amortization	28,065,447	3.62%	13,726,771	2.33%	9,862,235	2.75%	6,917,233	2.39%	5,320,009	2.70%	4,235,415	2.86%
Supplies and consumables	18,571,704	2.39%	13,076,153	2.22%	7,482,683	2.09%	5,613,509	1.94%	4,077,611	2.07%	3,551,450	2.40%
Repairs and maintenance	11,744,058	1.51%	11,573,147	1.45%	5,591,512	1.56%	4,814,762	1.67%	3,303,495	1.67%	1,482,196	1.00%
Programmatic activities and preventive health care	5,862,312	0.76%	9,476,915	1.61%	6,146,460	1.71%	3,252,645	1.13%	2,501,480	1.27%	-	0.00%
Communication and advertisement	8,037,368	1.04%	8,581,534	1.45%	4,535,552	1.26%	3,814,800	1.32%	4,402,772	2.23%	2,572,192	1.74%
Utilities	13,452,125	1.73%	3,591,787	0.61%	3,097,720	0.86%	1,705,667	0.59%	1,453,804	0.74%	1,451,431	0.98%
Legal and professional	1,266,336	0.16%	440,351	0.07%	953,060	0.27%	367,296	0.13%	135,476	0.07%	-	0.00%
Auditors' remuneration	264,000	0.03%	264,000	0.04%	264,000	0.07%	264,000	0.09%	236,000	0.12%	216,000	0.15%
Others	11,057,416	1.42%	6,762,149	1.15%	2,199,227	0.61%	1,999,863	0.69%	2,012,434	1.02%	2,155,915	1.46%
Total Expenses	776,065,477	100.00%	590,306,932	100.00%	358,749,467	100.00%	289,077,989	100.00%	197,281,114	100.00%	148,169,803	100.00%
Surplus/(defecit) for the year transferred to general fund	71,018,377		61,071,957		397,185		13,321,537		782,376		(787,785)	

* Re-estimated figures for 2017 - 2018 after adaptation of IFRS in accordance with financial disclosures note 3.15.

FINANCIAL POSITION:	2019	%	2018	%	2017	%	2016	%	2015	%	2014	%
Assets:												
Operating Fixed Assets	87,909,980	7.30%	82,747,121	11.86%	26,057,292	6.50%	22,574,468	8.97%	15,544,039	7.99%	15,178,656	19.41%
Consumables	26,505,393	2.20%	24,951,454	3.58%	6,817,880	1.70%	5,873,342	2.33%	3,711,883	1.91%	2,833,485	3.62%
Advances, deposits and prepayments	6,935,668	0.58%	26,014,597	3.73%	2,596,179	0.65%	281,947	0.11%	226,066	0.12%	1,705,315	2.18%
Investments	601,049,533	49.91%	372,770,004	53.43%	260,990,714	65.06%	144,591,742	57.43%	2,055,239	1.06%	1,012,166	1.29%
Other receivables	4,494,372	0.37%	2,767,536	0.40%	1,275,716	0.32%	1,121,779	0.45%	106,000,000	54.51%	35,187,578	44.99%
Cash and bank balances	477,380,961	39.64%	188,449,717	27.01%	103,432,247	25.78%	77,347,022	30.72%	66,933,982	34.42%	22,298,163	28.51%
Total Assets	1,204,275,907	100.00%	697,700,429	100.00%	401,170,028	100.00%	251,790,300	100.00%	194,471,209	100.00%	78,215,363	100.00%
Funds:												
Inception contribution	10,000	0.00%	10,000	0.00%	10,000	0.00%	10,000	0.00%	10,000	0.01%	10,000	0.02%
Zakat fund	42,063,048	3.66%	35,333,877	5.22%	44,213,911	11.94%	39,474,966	17.65%	46,457,296	28.32%	32,885	0.06%
General fund	162,801,504	14.18%	85,562,656	14.10%	24,490,699	6.62%	24,093,513	10.77%	10,771,977	6.57%	15,923,162	30.12%
Endowment fund	228,796,467	19.93%	233,720,421	38.52%	212,220,421	57.33%	160,096,285	71.58%	106,786,055	65.10%	36,892,893	69.79%
Unrealized gain on available for sale investment*	-	0.00%	1,296,517	0.21%	4,265,996	1.15%	-	0.00%	-	0.00%	-	0.00%
Strategic fund	714,280,616	62.22%	250,847,304	41.34%	85,000,000	22.96%	-	0.00%	-	0.00%	-	0.00%
Total Funds	1,147,951,634	100.00%	606,770,775	100.00%	370,201,027	100.00%	223,674,764	100.00%	164,025,328	100.00%	52,858,940	100.00%
Liabilities:												
Deferred income related to operating fixed assets	1,305,671	2.32%	3,453,563	3.80%	7,712,548	24.90%	7,842,153	27.89%	9,430,435	30.97%	12,812,246	50.53%
Creditors, accrued and other liabilities	55,018,602	97.68%	87,476,091	96.20%	23,256,453	75.10%	20,273,383	72.11%	21,015,446	69.03%	12,544,177	49.47%
Total Liabilities	56,324,273	100.00%	90,929,654	100.00%	30,969,001	100.00%	28,115,536	100.00%	30,445,881	100.00%	25,356,423	100.00%
Total Funds & Liabilities	1,204,275,907		697,700,429		401,170,028		251,790,300		194,471,209		78,215,363	

* Re-estimated figures for 2017 - 2018 after adaptation of IFRS in accordance with financial disclosures note 3.15.

ChildLife Foundation

Six Years' Horizontal Analysis

OPERATING & FINANCIAL TREND:	2019	2018	2017	2016	2015	2014	19vs18	18vs17	17vs16	16vs15	15vs14
Income:											
Received in Cash	461,503,442	259,724,293	115,775,411	99,089,360	45,242,668	26,875,132	77.69%	124.33%		119.02%	68.34%
Received in Kind	18,782,451	35,350,462	32,683,481	19,056,317	18,910,316	18,153,621	-46.87%	81.6%		0.77%	41.7%
Zakat Utilization - Operating Expenses	183,057,511	129,855,029	174,655,875	150,944,428	115,387,411	98,318,950	40.97%	-25.65%		30.82%	17.36%
Zakat Utilization - Clinics	47,077,100	45,524,325	31,979,573	29,289,433	14,381,364	-	3.4%	42.35%		103.66%	0.00%
Deferred income - Operating Fixed Assets	2,147,892	4,289,202	4,052,312	4,019,988	4,141,731	4,034,315	-49.92%	5.85%		-2.94%	2.66%
Gain on Investments*	12,956,688	17,482,882	-	-	-	-	-25.89%	0.00%		0.00%	0.00%
Utilized from Strategic Fund	121,558,770	159,152,696	-	-	-	-	-23.62%	0.00%		0.00%	0.00%
Total Income	847,083,854	651,378,889	359,146,652	302,399,526	198,063,490	147,382,018	30.04%	81.37%		52.68%	34.39%
Expenses:											
Salaries and benefits	454,379,656	236,675,779	155,362,697	109,482,843	73,549,822	43,879,134	89.55%	54.29%		48.86%	67.62%
Medicines consumed	155,025,711	90,905,093	96,071,210	90,017,339	65,916,314	49,721,779	70.54%	-5.38%		36.56%	32.57%
Patient consultation	59,869,050	56,379,994	43,656,954	36,431,439	20,650,216	15,871,531	61.9%	29.14%		76.42%	30.11%
Project renovation	8,470,294	138,853,259	23,526,157	24,396,593	13,721,681	23,032,760	-93.90%	490.21%		77.80%	-40.43%
Depreciation & Amortization	28,065,447	13,726,771	9,862,235	6,917,233	5,320,009	4,235,415	104.46%	39.19%		30.02%	25.61%
Supplies and consumables	18,571,704	13,076,153	7,482,683	5,613,509	4,077,611	3,551,450	42.03%	74.75%		37.67%	14.82%
Repairs and maintenance	11,744,058	11,573,147	5,591,512	4,814,762	3,303,495	1,482,196	37.56%	52.68%		45.75%	122.88%
Programmatic activities and preventive health care	5,862,312	9,476,915	6,146,460	3,252,645	2,501,480	-	-38.14%	54.18%		30.03%	0.00%
Communication and advertisement	8,037,368	8,581,534	4,535,552	3,814,800	4,402,772	2,572,192	-6.34%	89.21%		-13.35%	71.17%
Utilities	13,452,125	3,591,787	3,097,720	1,705,667	1,453,804	1,451,431	274.52%	15.95%		17.32%	01.6%
Legal and professional	1,266,336	440,351	953,060	367,296	135,476	-	187.57%	-53.80%		171.12%	0.00%
Auditors' remuneration	264,000	264,000	264,000	264,000	236,000	216,000	0.00%	0.00%		11.86%	9.26%
Others	11,057,416	6,762,149	2,199,227	1,999,863	2,012,434	2,155,915	63.52%	207.48%		-0.62%	-6.66%
Total Expenses	776,065,477	590,306,932	358,749,467	289,077,989	197,281,114	148,169,803	31.47%	64.55%		46.53%	33.15%
Surplus/(defecit) for the year transferred to general fund	71,018,377	61,071,957	397,185	13,321,537	782,376	(787,785)	16.29%	1527.21%		1602.70%	-199.31%

* Re-estimated figures for 2017 - 2018 after adaptation of IFRS in accordance with financial disclosures note 3.15.

FINANCIAL POSITION:

OPERATING & FINANCIAL TREND:	2019	2018	2017	2016	2015	2014	19vs18	18vs17	17vs16	16vs15	15vs14
Assets:											
Operating Fixed Assets	87,909,980	82,747,121	26,057,292	22,574,468	15,544,039	15,178,656	6.24%	217.56%	15.43%	45.23%	2.41%
Consumables	26,505,393	24,951,454	6,817,880	5,873,342	3,711,883	2,833,485	6.23%	265.97%	16.08%	58.23%	31.00%
Advances, deposits and prepayments	6,935,668	26,014,597	2,596,179	281,947	226,066	1,705,315	-73.34%	902.03%	820.80%	24.72%	-86.74%
Investments	601,049,533	372,770,004	260,990,714	144,591,742	2,055,239	1,012,166	61.24%	42.83%	80.50%	6935.28%	103.05%
Other receivables	4,494,372	2,767,536	1,275,716	1,121,779	106,000,000	35,187,578	62.40%	116.94%	13.72%	-98.94%	201.24%
Cash and bank balances	477,380,961	188,449,717	103,432,247	77,347,022	66,933,982	22,298,163	153.32%	82.20%	33.72%	15.56%	200.18%
Total Assets	1,204,275,907	697,700,429	401,170,028	251,790,300	194,471,209	78,215,363	72.61%	73.92%	59.33%	29.47%	148.64%
Funds:											
Inception contribution	10,000	10,000	10,000	10,000	10,000	10,000	0.00%	0.00%	0.00%	0.00%	0.00%
Zakat fund	42,063,048	35,333,877	44,213,911	39,474,966	46,457,296	32,885	18.04%	-20.08%	12.00%	-15.03%	141172.00%
General fund	162,801,504	85,562,656	24,490,699	24,093,513	10,771,977	15,923,162	90.27%	249.37%	1.65%	123.67%	-32.35%
Endowment fund	228,796,467	233,720,421	212,220,421	160,096,285	106,786,055	36,892,893	-2.11%	10.13%	32.56%	49.92%	189.45%
Unrealized gain on available for sale investment*	-	1,296,517	4,265,996	-	-	-	-100.00%	-69.61%	0.00%	0.00%	0.00%
Strategic fund	714,280,616	250,847,304	85,000,000	-	-	-	184.75%	195.11%	0.00%	0.00%	0.00%
Total Funds	1,147,951,634	606,770,775	370,201,027	223,674,764	164,025,328	52,858,940	89.19%	63.90%	65.51%	36.37%	210.31%
Liabilities:											
Deferred income related to operating fixed assets	1,305,671	3,453,563	7,712,548	7,842,153	9,430,435	12,812,246	-62.19%	-55.22%	-1.65%	-16.84%	-26.40%
Creditors, accrued and other liabilities	55,018,602	87,476,091	23,256,453	20,273,383	21,015,446	12,544,177	-37.10%	276.14%	14.71%	-3.53%	67.53%
Total Liabilities	56,324,273	90,929,654	30,969,001	28,115,536	30,445,881	25,356,423	-38.06%	193.62%	10.15%	-7.65%	20.07%
Total Funds & Liabilities	1,204,275,907	697,700,429	401,170,028	251,790,300	194,471,209	78,215,363	72.61%	73.92%	59.33%	29.47%	148.64%

* Re-estimated figures for 2017 - 2018 after adaptation of IFRS in accordance with financial disclosures note 3.15.