



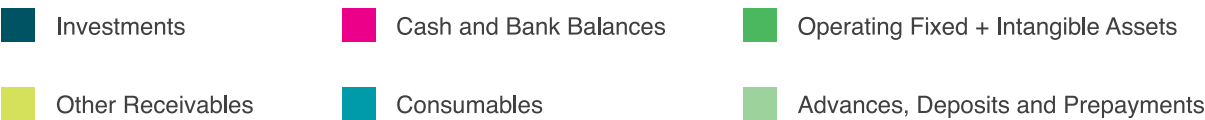
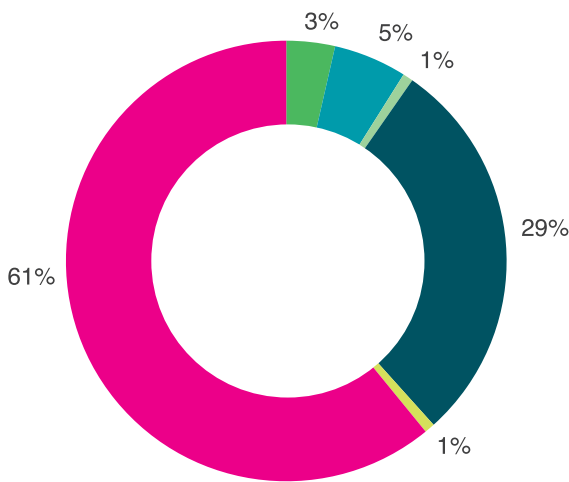


# Financials

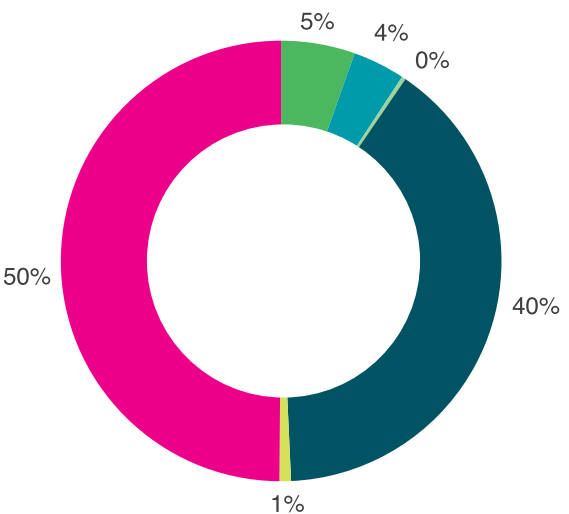
# FINANCIAL HIGHLIGHTS

## GRAPHICAL PRESENTATION OF BALANCE SHEET

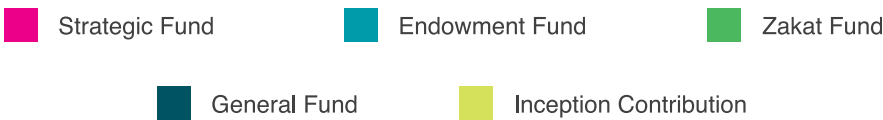
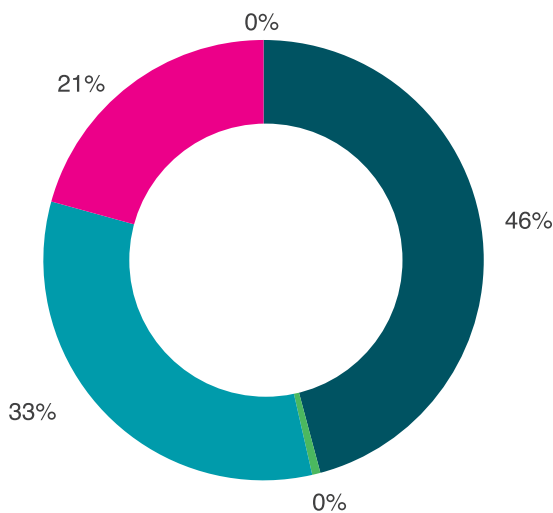
Assets 2023



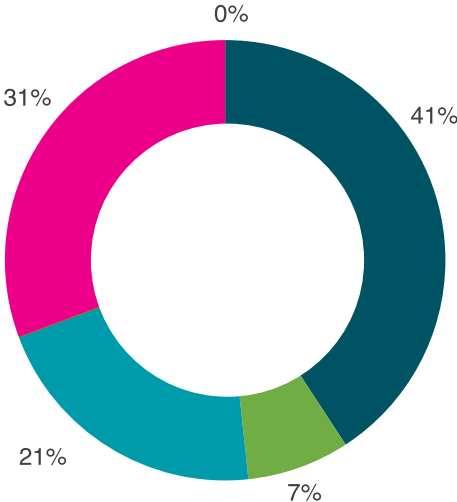
Assets 2022



Funds and Reserves 2023

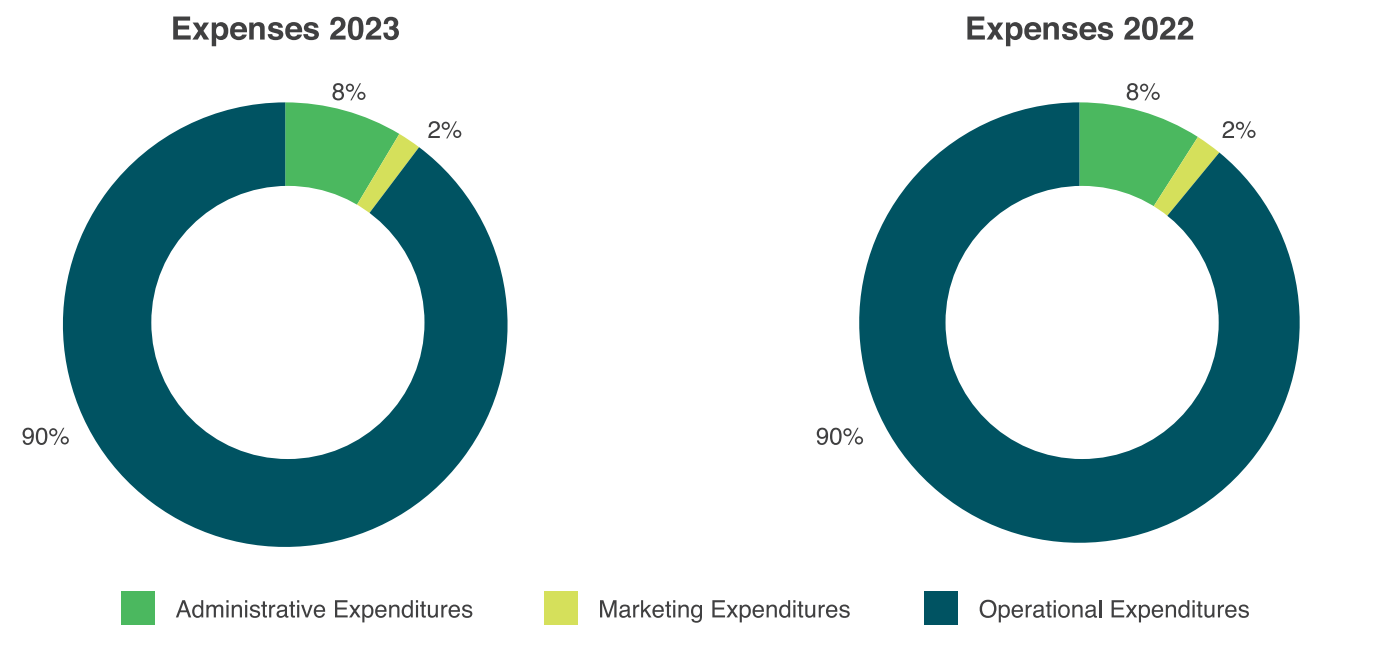
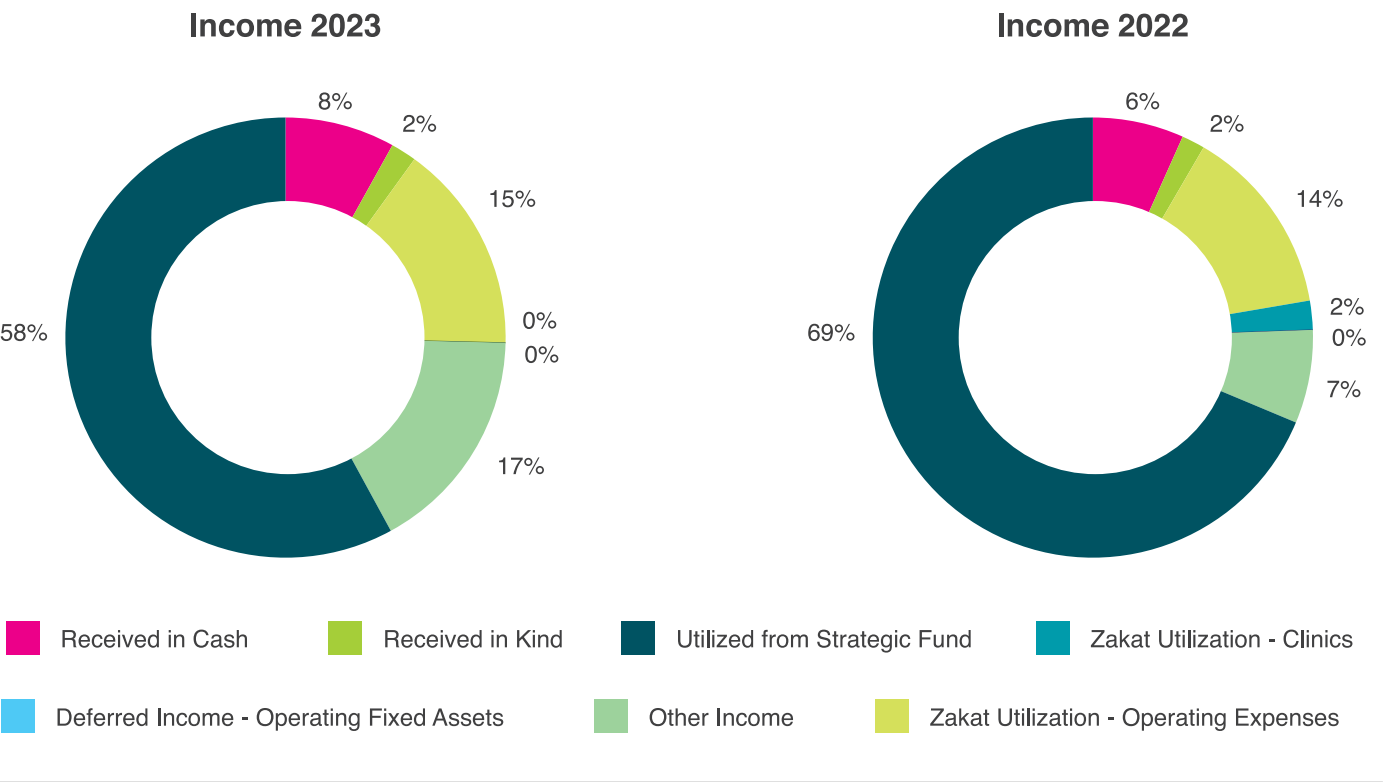


Funds and Reserves 2022



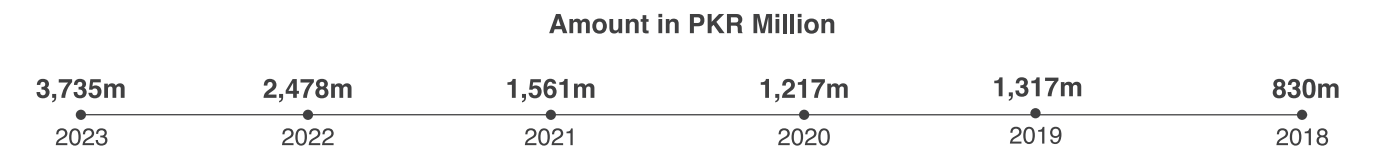
# FINANCIAL HIGHLIGHTS

## 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

## KEY FINANCIAL INDICATORS AND RATIOS

KEY FINANCIAL INDICATORS:	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18
	(Rupees in '000)					
Total Income	3,170,506	1,956,782	1,401,341	1,275,587	911,157	771,305
Total Expenses	2,468,038	1,713,250	1,237,652	1,046,248	775,405	590,307
Surplus/(deficit) for the year transferred to general fund	702,468	243,532	163,690	229,338	135,752	180,998
STATEMENT OF FINANCIAL POSITION						
Operating Fixed Assets	137,916	136,102	126,744	129,494	87,910	82,747
Operating Current Assets	3,731,999	2,377,124	1,585,076	1,260,194	1,116,366	614,953
Total Assets	3,869,915	2,513,226	1,711,820	1,389,688	1,204,276	697,700
Total Funds	3,674,387	2,407,476	1,642,991	1,319,243	1,147,952	606,771
Liabilities:						
Non-current Liabilities	1,969	-	-	33	1,306	3,454
Current Liabilities	193,559	105,750	68,829	70,412	55,019	87,476
Total Liabilities	195,528	105,750	68,829	70,445	56,324	90,930
Total Funds & Liabilities	3,869,915	2,513,226	1,711,820	1,389,688	1,204,276	697,700

KEY FINANCIAL RATIOS:	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18
Profitability Ratios						
Cost/income Ratio	77.8%	87.6%	88.3%	82.0%	85.1%	76.5%
Net Surplus / Income Ratio	22.2%	12.4%	11.7%	18.0%	14.9%	23.5%
Liquidity Ratios						
Current Ratio	19.28	22.48	23.03	17.90	20.29	7.03
Quick / Acid Test Ratio	18.21	21.57	22.00	17.13	19.81	6.74
Cash to Current Liabilities	12.18	11.85	11.24	12.21	8.68	2.15
Turnover Ratios						
Inventory Turnover Ratio	3.95	4.13	4.28	5.00	5.50	5.72
No. of Days in Inventory	92	88	85	73	66	64
Activity Ratios						
Return on Assets	18%	10%	10%	17%	11%	26%
Fixed Assets to Income Ratio	4%	7%	9%	10%	10%	11%
Total Assets to Income Ratio	122%	128%	122%	109%	132%	90%
Capital Structure						
Debt to Fund Ratio	0%	0%	0%	0%	0%	0%

# COMMENTARY ON FINANCIAL RATIOS

## Profitability Ratios

ChildLife Foundation is a non-profit organization and provides health care services in Children Emergency Rooms and Telemedicine Satellite Centers in Government Teaching Hospitals. ChildLife Foundation is a service-based organization and human capital intensive.

Main operational costs comprise of:

- Human resources whether in the form of own employees or third party.
- Medicines and consumables

The focus is not to earn a surplus but to be rational in spending in all areas. Our cost to income ratio has improved from 87.6% in FY 2021-22 to 77.8% in FY 2022-23 due to a more focused approach to spending. On the other hand, we have also focused on increasing self-generated funds from donations and zakat venues. Further due to improve rates of USD, additional exchange gain resulted in higher surplus.

## Liquidity Ratios

Liquidity is the efficiency or ease with which asset or security can be converted into ready cash without affecting its market price.

In terms of liquidity, ChildLife Foundation is performing very well in the current and past years. The main reason is to maintain self-sustainability being an organization serving in sensitive children emergency care. These ratios may be affected in case of non-release of grant in aid funds from provincial governments.

## Inventory Turnover Ratio

The inventory turnover ratio measures how many times a business sells and replaces its stock of goods in a given period of time. This ratio looks at medicine consumption relative to average inventory in the period.

Our policy is to keep at least 3 months stock at every emergency room for smooth operations. During FY 2022-23, challenges were faced in the smooth supply of medicines and consumables. Restrictions on imports and abnormal fluctuations in USD rates also impacted and prices of medicines and consumables have gone up.

Our operations also relate to rural areas of Pakistan. However, we are striving hard to minimize stock holding by adopting modern day techniques. This will further improve the quick ratios.

## Activity Ratios

The asset turnover ratio, also known as the total asset turnover ratio, measures how efficiently a company uses its assets to generate funds. This ratio looks at how many rupees in receipts are generated per rupee of total assets that the company owns.

These ratios are low in ChildLife Foundation as ChildLife Foundation is human capital intensive and not a machine-based organization. Further as compared to tertiary care hospitals, our specialty is pediatric emergency where heavy duty hospital equipment is not required.

## Capital Structure

A leverage ratio is any kind of financial ratio that indicates the level of debt incurred by a business entity against several other accounts in its balance sheet, income statement, or cash flow statement.

We do not have any sort of financing facilities from the banking sector, and we purely rely on government grant-in aid and donations from donors. That is why we have zero leverage in our business model.

# SUMMARY OF CASH FLOW

Description	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18
	(Rupees in '000)					
<b>Cash and cash equivalents at beginning of the year</b>	<b>1,653,455</b>	<b>773,492</b>	<b>859,837</b>	<b>477,381</b>	<b>188,450</b>	<b>103,432</b>
Net cash generated from operating activities	513,686	200,328	148,654	169,265	128,970	76,541
Net cash generated from / (used in) investing activities	132,580	158,681	(395,056)	271,237	(262,168)	(182,193)
Net cash generated from / (used in) financing activities	567,068	520,954	160,058	(58,047)	422,129	190,669
Net increase / (decrease) in cash and bank balances	1,213,334	879,963	(86,345)	382,456	288,931	85,017
<b>Cash and cash equivalents at end of the year</b>	<b>2,866,789</b>	<b>1,653,455</b>	<b>773,492</b>	<b>859,837</b>	<b>477,381</b>	<b>188,450</b>

## CASHFLOW STATEMENT OF ZAKAT FUNDS (DIRECT METHOD)

Description	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18
	(Rupees in '000)					
<b>Opening balance</b>	<b>181,299</b>	<b>140,419</b>	<b>109,916</b>	<b>42,063</b>	<b>35,334</b>	<b>44,214</b>
Received during the period	329,834	355,008	237,361	251,162	236,864	166,499
Utilization	(488,841)	(314,128)	(206,858)	(183,309)	(230,135)	(175,379)
<b>Closing balance</b>	<b>22,292</b>	<b>181,299</b>	<b>140,419</b>	<b>109,916</b>	<b>42,063</b>	<b>35,334</b>



# CHILDLIFE FOUNDATION

## SIX YEARS' VERTICAL ANALYSIS

	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18
<b>Income:</b>						
Received in Cash	8.07%	6.69%	6.90%	25.79%	1.95%	33.67%
Received in Kind	1.89%	1.70%	2.80%	1.76%	2.06%	4.58%
Zakat Utilization - Operating Expenses	15.42%	13.91%	12.10%	11.46%	20.09%	16.84%
Zakat Utilization - Clinics	0.00%	2.14%	2.67%	2.91%	5.17%	5.90%
Deferred income - Operating Fixed Assets	0.00%	0.00%	0.00%	0.10%	0.24%	0.56%
Other income	16.68%	6.86%	2.25%	4.75%	7.52%	2.27%
Utilized from Strategic Fund	57.94%	68.70%	73.28%	53.23%	62.97%	36.18%
<b>Total Income</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

<b>Expenses:</b>						
Salaries and benefits	40.99%	41.12%	45.40%	47.06%	48.33%	35.35%
Third party contractual services	11.99%	8.93%	9.18%	6.72%	9.34%	4.54%
Medicines consumed	24.35%	20.15%	21.52%	19.19%	18.26%	15.40%
Patient consultation	0.00%	3.52%	3.88%	4.57%	7.72%	9.55%
Project renovation	2.00%	6.91%	5.52%	9.12%	1.09%	23.52%
Depreciation & Amortization	2.55%	3.10%	3.78%	3.36%	3.62%	2.33%
Supplies and consumables	4.11%	2.90%	1.90%	3.15%	4.13%	2.19%
Oxygen supplies	2.80%	3.83%	2.01%	1.35%	1.05%	0.02%
Repairs and maintenance	1.62%	1.50%	1.23%	0.49%	1.08%	1.32%
Travelling and related expense	2.04%	2.02%	1.36%	1.00%	0.69%	1.38%
Utilities	2.30%	1.43%	0.86%	0.68%	0.75%	0.61%
Cartage expense	0.90%	0.45%	0.25%	0.19%	0.18%	0.00%
Insurance expense	0.56%	0.64%	0.85%	0.82%	0.71%	0.45%
Training and development	0.48%	0.30%	0.14%	0.27%	0.28%	0.36%
Information system maintenance	0.72%	0.64%	0.61%	0.59%	0.37%	0.13%
Legal and professional	0.25%	0.34%	0.20%	0.09%	0.16%	0.07%
Auditors' remuneration	0.02%	0.02%	0.08%	0.04%	0.03%	0.04%
Advertisement	1.53%	1.77%	0.92%	0.65%	1.04%	1.45%
Programmatic activities and preventive health care	0.18%	0.15%	0.06%	0.04%	0.11%	0.23%
Others	0.61%	0.28%	0.25%	0.62%	1.06%	1.06%
<b>Total Expenses</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

<b>FINANCIAL POSITION:</b>	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18
<b>Assets:</b>						
Operating Fixed Assets	3.56%	5.42%	7.40%	9.32%	7.30%	11.86%
Consumables	5.38%	3.84%	4.13%	3.88%	2.20%	3.57%
Advances, deposits and prepayments	0.75%	0.28%	0.46%	1.24%	0.58%	3.73%
Investments	28.65%	39.74%	42.42%	23.37%	49.91%	53.43%
Other receivables	0.76%	0.85%	0.40%	0.32%	0.37%	0.40%
Cash and bank balances	60.90%	49.87%	45.19%	61.87%	39.64%	27.01%
<b>Total Assets</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

<b>Funds:</b>						
Inception contribution	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
General fund	45.84%	40.79%	44.99%	43.73%	30.27%	33.87%
Zakat fund	0.61%	7.53%	8.55%	8.33%	3.66%	5.82%
Endowment fund	32.84%	20.99%	14.18%	17.56%	19.93%	38.73%
Strategic fund	20.71%	30.69%	32.28%	30.38%	46.14%	21.58%
<b>Total Funds</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

<b>Liabilities:</b>						
Deferred income related to operating fixed assets	1.28%	0.00%	0.00%	0.05%	2.32%	3.80%
Creditors, accrued and other liabilities	98.72%	100.00%	100.00%	99.95%	97.68%	96.20%
<b>Total Liabilities</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

<b>Total Funds &amp; Liabilities</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
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# CHILD LIFE FOUNDATION

## SIX YEARS' HORIZONTAL ANALYSIS

	% Variation					
	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18
<b>Income:</b>						
Received in Cash	99%	50%	37%	127%	7%	100%
Received in Kind	169%	94%	111%	64%	53%	100%
Zakat Utilization - Operating Expenses	376%	210%	131%	113%	141%	100%
Zakat Utilization - Clinics	0%	92%	82%	82%	103%	100%
Deferred income - Operating Fixed Assets	3%	0%	1%	30%	50%	100%
Other income	3024%	768%	181%	347%	392%	100%
Utilized from Strategic Fund	658%	482%	368%	243%	206%	100%
<b>Total Income</b>	<b>411%</b>	<b>254%</b>	<b>182%</b>	<b>165%</b>	<b>118%</b>	<b>100%</b>
<b>Expenses:</b>						
Salaries and benefits	485%	338%	269%	236%	180%	100%
Third party contractual services	1103%	571%	424%	262%	270%	100%
Medicines consumed	661%	380%	293%	221%	156%	100%
Patient consultation	0%	107%	85%	85%	106%	100%
Project renovation	36%	85%	49%	69%	6%	100%
Depreciation & Amortization	459%	387%	341%	256%	204%	100%
Supplies and consumables	784%	383%	182%	255%	247%	100%
Oxygen supplies	53783%	51107%	19348%	11102%	6260%	100%
Repairs and maintenance	514%	332%	196%	67%	108%	100%
Travelling and related expense	618%	426%	207%	128%	66%	100%
Utilities	1579%	682%	298%	197%	163%	100%
Cartage expense*	1569%	542%	217%	137%	100%	0%
Insurance expense	524%	415%	399%	327%	209%	100%
Training and development	566%	242%	80%	135%	104%	100%
Information system maintenance	2318%	1424%	989%	797%	377%	100%
Legal and professional	1374%	1324%	557%	223%	288%	100%
Auditors' remuneration	226%	160%	388%	169%	100%	100%
Advertisement	440%	353%	133%	79%	94%	100%
Programmatic activities and preventive health care	322%	190%	55%	31%	63%	100%
Others	242%	76%	49%	104%	130%	100%
<b>Total Expenses</b>	<b>418%</b>	<b>290%</b>	<b>210%</b>	<b>177%</b>	<b>131%</b>	<b>100%</b>
<b>Surplus/(deficit) for the year transferred to general fund</b>	<b>388%</b>	<b>135%</b>	<b>90%</b>	<b>127%</b>	<b>75%</b>	<b>100%</b>
<b>FINANCIAL POSITION:</b>						
	% Variation					
	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18
<b>Assets:</b>						
Operating Fixed Assets + Intangibles	167%	164%	153%	156%	106%	100%
Consumables	834%	386%	283%	216%	106%	100%
Advances, deposits and prepayments	112%	28%	30%	66%	27%	100%
Investments	297%	268%	195%	87%	161%	100%
Other receivables	1057%	768%	245%	163%	162%	100%
Cash and bank balances	1251%	665%	410%	456%	253%	100%
<b>Total Assets</b>	<b>555%</b>	<b>360%</b>	<b>245%</b>	<b>199%</b>	<b>173%</b>	<b>100%</b>
<b>Funds:</b>						
Inception contribution	100%	100%	100%	100%	100%	100%
General fund	820%	478%	360%	281%	169%	100%
Zakat fund	63%	513%	397%	311%	119%	100%
Endowment fund	514%	215%	99%	99%	97%	100%
Strategic fund	581%	564%	405%	306%	405%	100%
<b>Total Funds</b>	<b>606%</b>	<b>397%</b>	<b>271%</b>	<b>217%</b>	<b>189%</b>	<b>100%</b>
<b>Liabilities:</b>						
Deferred income related to operating fixed assets	72%	0%	0%	1%	38%	100%
Creditors, accrued and other liabilities	221%	121%	79%	80%	63%	100%
<b>Total Liabilities</b>	<b>215%</b>	<b>116%</b>	<b>76%</b>	<b>77%</b>	<b>62%</b>	<b>100%</b>
<b>Total Funds &amp; Liabilities</b>	<b>555%</b>	<b>360%</b>	<b>245%</b>	<b>199%</b>	<b>173%</b>	<b>100%</b>

\* Base Year is taken as 2018-19

## INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE TRUST

### Opinion

We have audited the financial statements of **ChildLife Foundation (the Trust)**, which comprise the statement of financial position as at June 30, 2023 and the statement of income and expenditure and other comprehensive income, 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, 2023, and of its financial performance 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 the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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.



**A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network**  
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Tel: +92 (21) 32426682-6/32426711-5; Fax: +92(21) 32415007/32427938/32424740; <www.pwc.com/pk>

■ KARACHI ■ LAHORE ■ ISLAMABAD

**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.



A.F. Ferguson & Co.  
Chartered Accountants  
Dated: November 17, 2023  
Karachi  
Engagement Partner: Shahbaz Akbar  
UDIN: AR202310068TBOJSZrfz

# STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2023

	Note	2023 (Rupees in '000)	2022
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Operating fixed assets	5	137,176	134,481
Intangible assets	6	740	1,621
		<u>137,916</u>	<u>136,102</u>
<b>CURRENT ASSETS</b>			
Consumables	7	207,973	96,383
Advances, deposits and prepayments	8	29,202	7,259
Investments	9	1,108,781	998,781
Other receivables	10	29,254	21,246
Cash and bank balances	11	2,356,789	1,253,455
		<u>3,731,999</u>	<u>2,377,124</u>
<b>TOTAL ASSETS</b>		<u><b>3,869,915</b></u>	<u><b>2,513,226</b></u>
<b>FUNDS AND LIABILITIES</b>			
<b>FUNDS</b>			
<b>Un-Restricted Funds</b>			
Inception contribution		10	10
General fund		1,684,420	981,952
		<u>1,684,430</u>	<u>981,962</u>
<b>Restricted Funds</b>			
Zakat fund		22,292	181,299
Endowment fund		1,206,839	505,373
Strategic fund	12	760,826	738,842
		<u>1,989,957</u>	<u>1,425,514</u>
<b>TOTAL FUNDS</b>		<u><b>3,674,387</b></u>	<u><b>2,407,476</b></u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Deferred income related to operating fixed assets	13	1,969	-
<b>CURRENT LIABILITIES</b>			
Current portion of deferred income related to operating fixed assets	13	525	-
Creditors, accrued and other liabilities	14	193,034	105,750
<b>TOTAL LIABILITIES</b>		<u><b>195,528</b></u>	<u><b>105,750</b></u>
<b>TOTAL FUNDS AND LIABILITIES</b>		<u><b>3,869,915</b></u>	<u><b>2,513,226</b></u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	15		

The annexed notes from 1 to 32 form an integral part of these financial statements.

  
Trustee

  
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# STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 ———— (Rupees in '000) ————	2022 ————
<b>INCOME</b>	17	<b>3,170,506</b>	1,956,782
<b>EXPENDITURE</b>			
Operating expenses	18	<b>2,214,248</b>	1,535,509
Administrative expenses	19	<b>211,717</b>	144,917
Marketing expenses	20	<b>42,073</b>	32,824
<b>Total expenditure</b>		<b>2,468,038</b>	1,713,250
<b>Surplus for the year before taxation</b>		<b>702,468</b>	243,532
Taxation	22	-	-
<b>Net surplus for the year</b>		<b>702,468</b>	243,532
Other comprehensive income for the year		-	-
<b>Total comprehensive surplus for the year</b>		<b>702,468</b>	243,532

The annexed notes from 1 to 32 form an integral part of these financial statements.

  
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# STATEMENT OF CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2023

		Un-Restricted funds		Restricted funds			
	Note	Inception contribution	General fund	Zakat fund	Endowment fund	Strategic fund	Total
		(Rupees in '000)					
Balance as at June 30, 2021		10	739,255	140,419	233,030	530,276	1,642,990
Funds received during the year		-	-	355,008	271,508	1,552,753	2,179,269
Zakat utilised for operating expenses		-	-	(272,266)	-	-	(272,266)
Zakat claim for patients treated at SINA Trust	18.1	-	-	(41,862)	-	-	(41,862)
Surplus for the year		-	243,532	-	-	-	243,532
Funds utilised during the year	12	-	-	-	-	(1,344,187)	(1,344,187)
Realized gain upon encashment		-	(835)	-	835	-	-
Balance as at June 30, 2022		10	981,952	181,299	505,373	738,842	2,407,476
Funds received during the year		-	-	329,834	701,466	1,859,038	2,890,338
Zakat utilised for operating expenses		-	-	(488,841)	-	-	(488,841)
Surplus for the year		-	702,468	-	-	-	702,468
Funds utilised during the year	12	-	-	-	-	(1,837,054)	(1,837,054)
Balance as at June 30, 2023		10	1,684,420	22,292	1,206,839	760,826	3,674,387

The annexed notes from 1 to 32 form an integral part of these financial statements.

  
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# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 (Rupees in '000)	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Surplus for the year		702,468	243,532
<b>Adjustments for:</b>			
Amortisation of deferred income	17	(131)	-
Depreciation	5	62,108	49,789
Amortisation	6.1	881	3,332
Profit on investments and bank deposits	17.3	(197,628)	(92,765)
Gain on investments	17.3	-	(835)
Loss / (gain) on disposal of assets	17.3, 18.2 and 19.2	245	(133)
		<b>567,943</b>	<b>202,920</b>
<b>(Increase) / decrease in current assets</b>			
Consumables		(111,590)	(25,700)
Other receivables		(8,008)	(14,462)
Advances, deposits and prepayments		(21,943)	650
<b>Increase / (decrease) in current liabilities</b>			
Creditors, accrued and other liabilities		87,284	36,920
<b>Net cash generated from operating activities</b>		<b>513,686</b>	<b>200,328</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of operating fixed assets	5	(65,300)	(63,993)
Purchase of intangible asset		-	(664)
(Investment in) / matured Islamic term deposit receipts	9	-	101,219
Redemption of Islamic mutual funds	9	-	26,209
Realized gain from Islamic investments		197,628	93,600
Proceeds from disposal of operating fixed assets		252	2,310
<b>Net cash (used in) / generated from investing activities</b>		<b>132,580</b>	<b>158,681</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Deferred income received		2,625	-
Zakat fund received		329,834	355,008
Strategic fund received	12	1,859,038	1,552,753
Endowment fund received		701,466	271,508
Utilisation of zakat fund		(488,841)	(314,128)
Utilisation of strategic fund	12	(1,837,054)	(1,344,187)
<b>Net cash generated from financing activities</b>		<b>567,068</b>	<b>520,954</b>
<b>Net Increase in cash and cash equivalents</b>		<b>1,213,334</b>	<b>879,963</b>
Cash and cash equivalents at beginning of the year		1,653,455	773,492
<b>Cash and cash equivalents at end of the year</b>	23	<b>2,866,789</b>	<b>1,653,455</b>

The annexed notes from 1 to 32 form an integral part of these financial statements.

  
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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

## 1 LEGAL STATUS AND OBJECTIVES

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 172-B, 1st Floor, Najeeb Center, Shahrah-e-Quaideen, Block 2, P.E.C.H.S, Karachi. The principal objectives 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, fulfil 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:

172-B, 1st floor, Najeeb Center, Shakra-e-Quaideen, Block 2, P.E.C.H.S, Karachi, in the province of Sindh.

### Children's Emergency Units:

- Civil Hospital, Karachi, Sindh (CHK)
- National Institute of Child Health, Karachi, Sindh (NICH)
- Sindh Government Hospital Korangi 5, Karachi, Sindh (SGHK)
- Abbasi Shaheed Hospital, Karachi, Sindh (ASH)
- Sindh Government Lyari General Hospital, Karachi, Sindh (LGH)
- Maternal and Child Health Institute, District Shaheed Benazirabad, Nawabshah, Sindh (NWB)
- Children Hospital, Larkana, Sindh (LKN)
- Ghulam Mohammad Maher Medical College Teaching Hospital, Sukkur, Sindh (GMMMC)
- Liaquat University of Medical and Health Sciences Teaching Hospital, Hyderabad, Sindh (LUMHS)
- Civil Hospital, Quetta, Balochistan (CHQ)
- Mayo Hospital, Lahore, Punjab (MHL)
- PIMS Hospital, Islamabad, Punjab (PIMS)

1.2 The Trust is currently managing the Children's Emergency Unit at CHK, NICH, SGHK, ASH, LGH, NWB, LKN, GMMMC and LUMHS under revised Memorandum of Understanding (MOU) signed on August 17, 2021, 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. Further, the Trust is responsible for efficiently managing the project and the facilities, developing proper inventory and data management systems, appointing qualified and professional experts and paramedic staff where required, arranging for the provisions of medicines and medical equipment, and may engage in technological advancements for compliance with medical protocols and improving the efficiency and quality of care.

- 1.3** The Trust is also managing the Children's Emergency Unit in CHQ under a revised MOU signed on March 3, 2021 between the Trust and Government of Balochistan (GoB) through the Secretary Health. 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 Unit as and where necessary on its sole discretion. Further the Trust is responsible for efficiently managing the project and the facilities, developing proper inventory and data management systems, appointing qualified and professional experts and paramedic staff where required, arranging for the provisions of medicines and medical equipment, and may engage in technological advancements for compliance with medical protocols and improving the efficiency and quality of care.
- 1.4** The Trust is also managing the Children's Emergency Unit in MHL under a MOU signed on June 17, 2021 between the Trust and Mayo hospital, Lahore (MHL) through its Chairman, Board of Governors. Under the MOU:
- MHL 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 Unit as and where necessary on its sole discretion. Further the Trust is responsible for efficiently managing the project and the facilities, developing proper inventory and data management systems, appointing qualified and professional experts and paramedic staff where required, arranging for the provisions of medicines and medical equipment, 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 PIMS under a MOU signed on January 28, 2022 between the Trust and Federal Medical Teaching Institute, PIMS, Islamabad through its Chairman, Board of Governors. Under the MOU:
- PIMS 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 Unit as and where necessary on its sole discretion. Further the Trust is responsible for efficiently managing the project and the facilities, developing proper inventory and data management systems, appointing qualified and professional experts and paramedic staff where required, arranging for the provisions of medicines and medical equipment, and may engage in technological advancements for compliance with medical protocols and improving the efficiency and quality of care.
- 1.6** The Trust Act, 1882 has been repealed due to promulgation of Provincial Trust Acts [i.e. Sindh Trust Act, 2020, Punjab Trust Act, 2020, Balochistan Trust Act, 2020, KPK Trust Act, 2020 and Islamabad Capital Territory (ICT) Trust Act, 2020] as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Various new requirements including registration under the Trust Acts have been introduced. The Trust is required to be registered under the "Sindh Trusts Act, 2020" (the Sindh Trust Act). Accordingly, on June 2, 2023 the Trust Deed of the trust had been registered under the Sindh Trust Act. Moreover, as the Trust is registered under the province of Sindh hence it is not required to be registered under other Provincial Trust Acts.

## **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 as applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by International Accounting Standards Board (IASB) as notified by the Securities and Exchange Commission of Pakistan (SECP);
- Accounting Standard for Not for Profit Organizations (NPOs) issued by the Institute of Chartered Accountants of Pakistan (ICAP).

In case requirements differ, the Accounting Standard for Not for Profit Organizations (NPOs) shall prevail.

## **2.2 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current year:**

There are certain new standards and interpretations of and amendments to existing accounting standards that have become applicable to the Trust for accounting periods beginning on or after July 1, 2022. These are considered either not to be relevant or not to have any significant impact on the Trust's financial statements.

## **2.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective**

### **2.3.1 The following amendments with respect to the accounting and reporting standards, would be effective from the dates mentioned below against respective amendment:**

<b>Amendments</b>	<b>Effective date (accounting period beginning on or after)</b>
- IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2024
- IAS 8 - 'Accounting policies, change in accounting estimates and errors' (amendments)	January 1, 2023

These amendments may impact the financial statements of the Trust on adoption. The management is in the process of assessing the impact of these amendments on the financial statements of the Trust.

### **2.3.2 There are certain other new standards, interpretations and amendments that are mandatory for the Trust's accounting periods beginning on or after July 1, 2023 but are considered not to be relevant or will not have any significant effect on the Trust's operations and, therefore, have not been detailed in these financials statements.**

## **3 BASIS OF MEASUREMENT**

### **3.1 Accounting convention**

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

### **3.2 Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Trust operates. The financial statements are presented in Pakistani Rupees, which is the Trust's functional and presentation currency.

### **3.3 Critical accounting estimates and judgments**

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 (notes 4.1 and 5);
- b) Useful life, residual value and amortisation method of intangible asset (notes 4.2 and 6);
- c) Impairment of financial and non-financial assets (notes 4.3 and 4.4.1.2); and
- d) Provisions (note 4.11)

## **4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

### **4.1 Operating fixed assets**

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

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. Gains or losses on disposal of operating fixed assets, if any, are recognised in the statement of income and expenditure as and when incurred.

Repairs and maintenance costs are recognised in the statement of income and expenditure as and when incurred.

### **4.2 Intangible assets**

Intangible assets comprise of cost of computer software and is stated at cost less accumulated amortisation and accumulated impairment losses, if any. The cost of intangible assets is amortised 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 amortisation method of intangible asset is reviewed and adjusted, if appropriate, at each reporting date.

### **4.3 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 amortisation or depreciation) had no impairment loss been recognised. Reversal of impairment loss is recognised as income.

## **4.4 Financial instruments**

### **4.4.1 Financial assets**

#### **4.4.1.1 Classification and subsequent measurement**

The Trust has applied IFRS 9 and classifies its financial assets in the following measurement categories:

- at amortised cost;
- at fair value through other comprehensive income (FVOCI); and
- at fair value through profit and loss (FVTPL).

The classification requirements for debt and equity instruments are described below:

##### **(i) Debt instruments**

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and puttable instruments like units of open-ended mutual funds.

Classification and subsequent measurement of debt instruments depend on:

- the Trust's business model for managing the asset; and
- the cash flow characteristics of the asset.

Based on these factors, the Trust classifies its debt instruments in one of the following three measurement categories:

##### **a) At amortised cost**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 4.4.1.2.

##### **b) Fair value through other comprehensive income (FVOCI)**

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest (SPPI), and that are not designated at FVTPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, recognised and measured as described in note 4.4.1.2, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in the statement of income and expenditure. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the statement of income and expenditure.

##### **c) Fair value through profit and loss (FVTPL)**

Assets that do not meet the criteria for classification at amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in the statement of income and expenditure in the period in which it arises.

#### **4.4.1.2 Impairment**

The Trust assesses on a forward looking basis the expected credit losses (ECL) associated with its debt instrument assets carried at amortised cost and FVOCI. The Trust recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:



- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available with out undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions

#### **4.4.1.3 Derecognition**

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either:

- (i) the Trust transfers substantially all the risks and rewards of ownership; or
- (ii) the Trust neither transfers nor retains substantially all the risks and rewards of ownership and the Trust has not retained control.

#### **4.4.2 Financial liabilities**

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

##### **4.4.2.1 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 of income and expenditure.

#### **4.5 Offsetting 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.

#### **4.6 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 and 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.

#### **4.7 Retirement benefit obligation**

##### **4.7.1 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.

#### **4.8 Consumables**

Consumables include medicines and general store items purchased by the Trust and received as donation from CHK, NICH, SGHK, ASH, NWB, LKN, LGH, GMMMC, LUMHS, CHQ, MHL and PIMS. They are initially recorded at the cost and are subsequently valued using the weightage average cost method.

#### **4.9 Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise of balances with banks and short term highly liquid investments with maturities of less than three months.

#### **4.10 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.

#### **4.11 Provisions**

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

#### **4.12 Advances, deposits and prepayments**

These include advance to suppliers for contract work at emergency care units, security deposit made against rented property and prepayments. These are stated at cost less estimates made for doubtful receivables based on review of all outstanding amounts at year end. Balances considered bad and irrecoverable are written off when identified.

#### **4.13 Taxation**

The Trust is registered with the income tax authorities as a non-profit organisation under section 2(36)(c) of the Income Tax Ordinance, 2001 read with Rules 212 and 220 of the Income Tax Rules, 2002. The Trust does not account for taxation, as non-profit organisations are allowed a tax credit equal to one hundred percent (100%) of the tax payable including minimum tax and final tax payable, under section 100C of the Income Tax Ordinance, 2001, subject to fulfilment of certain conditions stipulated therein.

#### **4.14 Income recognition**

##### **4.14.1 Donations**

Donation contributions are recognised on receipt basis.

##### **4.14.2 Donations in kind**

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.

##### **4.14.3 Zakat received**

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

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.

#### **4.15 Fund accounting**

Resources are categorised, for accounting and reporting purposes, into funds in accordance with activities or objectives specified by the donor. Accordingly, two main groups of funds are distinguished - Unrestricted and Restricted funds.



#### **4.15.1 Un-restricted funds**

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

##### **4.15.1.1 General Fund**

General fund is used to record all resource inflows and outflows that are not associated with specific funds.

##### **4.15.1.2 Inception Fund**

Inception fund represents the initial token amount received by the Trust at the time of formation of the Trust.

#### **4.15.2 Restricted funds**

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

##### **4.15.2.1 Zakat fund**

Zakat fund mainly includes the amount received in the Holy month of Ramadan. Funds received are utilised for the operating expenses of the Trust in accordance with approved SAC guidelines.

As recommended by the SAC, the fund was created for the benefits of Zakat eligible patients. All the funds received on account of Zakat are directly credited to the fund. Each year, the utilisation of Zakat funds for operating expenses are duly approved by the SAC and endorsed by the Board of Trustees.

In a meeting held on June 6, 2015, the SAC recommended 67% of operating expenses except for depreciation as adjustable from Zakat fund. The SAC also approved the utilisation of Zakat fund for patient consultation as per actual number of Zakat eligible patients. This was endorsed by the Board of Trustees in their meeting held on June 21, 2015.

##### **4.15.2.2 Endowment fund**

Endowment fund has been created with the approval of the Trustees for the purpose of achieving sustainability. This fund is invested in Islamic investments. Realized gain on investments pertaining to the Endowment fund are appropriated to the Endowment fund through an appropriation of surplus. Investment income earned on Endowment fund is utilised for operating expenses of the Trust.

##### **4.15.2.3 Strategic fund**

The Trust receives funds each year for strategic purposes such as establishing new Children's Emergency Care 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.

#### **4.16 Government Grant**

Government grants are recognized at the fair value of consideration received. A grant that imposes specified future performance obligations is recognized in income when all those conditions are met. Government grants are recognized in the statement of income and expenditure on a systematic basis over the periods in which the entity recognizes as expenses the related costs for which the grants are intended to compensate and are presented separately in "strategic fund utilised".

## 5 OPERATING FIXED ASSETS

June 30, 2023						
	Furniture and fixtures	Office equipment	Computer equipment	Medical equipment	Motor vehicle	Total
(Rupees in '000)						
<b>At July 1, 2022</b>						
Cost	24,424	109,339	52,185	111,155	4,053	301,156
Accumulated depreciation	(14,803)	(54,869)	(34,870)	(61,863)	(270)	(166,675)
<b>Net book value</b>	<u>9,621</u>	<u>54,470</u>	<u>17,315</u>	<u>49,292</u>	<u>3,783</u>	<u>134,481</u>
<b>Transfer in / transfer out</b>						
Cost	(247)	4,656	(5,091)	682	-	-
Accumulated depreciation	78	(3,190)	3,774	(662)	-	-
	(169)	1,466	(1,317)	20	-	-
Additions during the year	447	17,178	24,742	22,933	-	65,300
Disposals						
Cost	(117)	(3,533)	(995)	(347)	-	(4,992)
Accumulated depreciation	103	3,174	940	278	-	4,495
	(14)	(359)	(55)	(69)	-	(497)
Depreciation charge for the year	(4,359)	(22,358)	(12,244)	(22,336)	(811)	(62,108)
Closing net book value	<u>5,526</u>	<u>50,397</u>	<u>28,441</u>	<u>49,840</u>	<u>2,972</u>	<u>137,176</u>
<b>At June 30, 2023</b>						
Cost	24,507	127,640	70,841	134,423	4,053	361,464
Accumulated depreciation	(18,981)	(77,243)	(42,400)	(84,583)	(1,081)	(224,288)
<b>Net book value</b>	<u>5,526</u>	<u>50,397</u>	<u>28,441</u>	<u>49,840</u>	<u>2,972</u>	<u>137,176</u>
Depreciation rate per annum	20%	20%	33%	20%	20%	
June 30, 2022						
	Furniture and fixtures	Office equipment	Computer equipment	Medical equipment	Motor vehicle	Total
(Rupees in '000)						
<b>At July 1, 2021</b>						
Cost	23,647	94,721	44,047	91,955	2,291	256,661
Accumulated depreciation	(13,023)	(36,875)	(36,261)	(46,811)	(2,291)	(135,261)
<b>Net book value</b>	<u>10,624</u>	<u>57,846</u>	<u>7,786</u>	<u>45,144</u>	<u>-</u>	<u>121,400</u>
Additions during the year	3,620	16,657	17,257	22,406	4,053	63,993
Disposals / write-offs						
Cost	(2,843)	(2,039)	(9,119)	(3,206)	(2,291)	(19,498)
Accumulated depreciation	2,665	1,584	8,886	2,949	2,291	18,375
	(178)	(455)	(233)	(257)	-	(1,123)
Depreciation charge for the year	(4,445)	(19,578)	(7,495)	(18,001)	(270)	(49,789)
Closing net book value	<u>9,621</u>	<u>54,470</u>	<u>17,315</u>	<u>49,292</u>	<u>3,783</u>	<u>134,481</u>
<b>At June 30, 2022</b>						
Cost	24,424	109,339	52,185	111,155	4,053	301,156
Accumulated depreciation	(14,803)	(54,869)	(34,870)	(61,863)	(270)	(166,675)
<b>Net book value</b>	<u>9,621</u>	<u>54,470</u>	<u>17,315</u>	<u>49,292</u>	<u>3,783</u>	<u>134,481</u>
Depreciation rate per annum	20%	20%	33%	20%	20%	

**5.1** The operating fixed assets of the Trust include capitalized assets purchased via funding received from its strategic partnerships with the Government of Sindh (GOS) and Government of Balochistan (GOB). The partnerships are governed by MOUs signed with the GOS and the GOB. The arrangements with GOS are for a period of 10 years extendable with consent of both parties, while arrangements with GOB are valid for three years, subject to yearly renewal by both parties and after three years they will be extendable with consent of both parties. The Trust has capitalized the assets as the substantial period of useful lives of these assets falls within the length of contract where the Trust will control the assets and receive the economic benefits flowing from them.

Purchase of the above assets is reflected in the income and expenditure account as part of 'Strategic fund utilised' and recorded as revenue when the Trust spends them on the purpose of the funding, i.e. to operate the Emergency Care Units.

Note

	<b>2023</b>	2022
	<b>(Rupees in '000)</b>	

## 6 INTANGIBLE ASSET

Computer software	6.1	<b>740</b>	1,621
		<b>740</b>	1,621

### 6.1 Computer Software

Particulars									Carrying value	Annual rate of amortization
	Cost				Accumulated amortization					
	At July 1, 2022	Addition during the year	Disposal	At June 30, 2023	At July 1, 2022	Charge for the year	Accumulated amortization on Disposal / Write-offs	At June 30, 2023	At June 30, 2023	
	(Rupees in '000)									
Computer software	9,877	-	-	9,877	8,256	881	-	9,137	740	33
Total	9,877	-	-	9,877	8,256	881	-	9,137	740	

Particulars	Cost				Accumulated amortization				Carrying value	Annual rate of amortization
	At July 1, 2021	Addition during the year	Disposal / Write-offs	At June 30, 2022	At July 1, 2021	Charge for the year	Accumulated amortization on Disposal / Write-offs	At June 30, 2022	At June 30, 2022	
					(Rupees in '000)				%	
Computer software	10,148	1,729	(2,000)	9,877	5,868	3,332	(944)	8,256	1,621	33
Total	10,148	1,729	(2,000)	9,877	5,868	3,332	(944)	8,256	1,621	

			2023	2022
			(Rupees in '000)	
<b>7</b>	<b>CONSUMABLES</b>	Note		
			96,383	70,682
	Balance as at July 1		769,276	400,195
	Purchases during the year		(657,686)	(374,494)
	Consumed during the year		207,973	96,383
	Balance as at June 30			
<b>8</b>	<b>ADVANCES, DEPOSITS AND PREPAYMENTS</b>			
	Advance to suppliers	8.1	21,762	2,270
	Advance to staff		150	222
	Deposits	8.2	5,208	3,254
	Prepayments	8.3	2,082	1,513
			29,202	7,259
<b>8.1</b>	This represents advance given for the following purposes:			
	Advance against construction / renovation of Emergency care units		20,183	1,407
	Advance against maintenance expense - software		439	191
	Promotional expenses		195	-
	Others		945	672
			21,762	2,270
<b>8.2</b>	This represents security deposits given in relation to head office premises, water supply, oxygen and LPG cylinders.			
		Note	2023	2022
			(Rupees in '000)	
<b>8.3</b>	This represents prepayments made for the following purposes:			
			1,996	-
	Rent		-	1,357
	Health insurance		-	106
	Life insurance		86	50
	Vehicle insurance		2,082	1,513
<b>9</b>	<b>INVESTMENTS</b>			
	Islamic term deposit receipts with banks - at amortized cost	9.1	1,108,781	998,781
			1,108,781	998,781
<b>9.1</b>	This includes investments made on behalf of Endowment and other funds. They carry return at rates ranging from 15.0% to 20.30% (2022: 10.25% to 12.00%) per annum and are due to mature in July and August of 2023 and January, May and June of 2024.			
<b>10</b>	<b>OTHER RECEIVABLES</b>		2023	2022
			(Rupees in '000)	
	Accrued interest on:			
	- Bank deposits		5,054	2,649
	- Term deposit receipts		22,069	16,883
			27,123	19,532
	Full and final settlement receivable - relating to employees		1,933	1,480
	Others		198	234
			29,254	21,246

	Note	2023 ———— (Rupees in '000) ————	2022
<b>11 CASH AND BANK BALANCES</b>			
Local currency			
Cash in hand		<b>412</b>	322
Cash at banks:			
Current accounts	11.1	<b>205,018</b>	182,827
Savings accounts	11.2	<b>572,241</b>	579,089
		<b>777,259</b>	761,916
Foreign currency			
Cash at banks in savings account	11.2	<b>1,579,118</b>	491,217
		<b>2,356,789</b>	1,253,455

**11.1** These include Zakat current accounts amounting to Rs. 22.292 million (2022: Rs. 181.298 million).

**11.2** These carry return at the rates ranging from 0.25% to 17.5% (2022: 0.25% to 11.40%) per annum.

	Note	2023 ———— (Rupees in '000) ————	2022
<b>12 STRATEGIC FUND</b>			
Balance as at July 1		<b>738,842</b>	530,276
Received during the year	12.1	<b>1,859,038</b>	1,552,754
Utilised during the year	12.2	<b>(1,837,054)</b>	(1,344,188)
Balance as at June 30	12.3	<b>760,826</b>	738,842

**12.1** This represents funds received during the year for construction and running operations of Emergency Care Units in Pakistan. These include funds received from GoS, GoB, Bank Alfalah, Infaq Foundation and International Development and Relief Foundation (IDRF).

**12.2** Represents utilisation of funds in meeting operational expenses of Emergency Care Units in CHK, NICH, SGHK, ASH, NWB, LKN, LGH, GMMMC, LUMHS, CHQ, PIMS and MHL.

**12.3** The management intends to utilise these funds for meeting the expenditures of Emergency Care Units in Pakistan.

	Note	2023 ———— (Rupees in '000) ————	2022
<b>13 DEFERRED INCOME RELATED TO OPERATING FIXED ASSETS</b>			
Balance as at July 1		-	-
Assets purchased during the year		<b>2,625</b>	-
Amortisation during the year		<b>(131)</b>	-
Balance as at June 30	13.1	<b>2,494</b>	-

	Note	2023 ———— (Rupees in '000) ————	2022 ————
<b>13.1</b>	This represents deferred income related to operating fixed assets to be recognized:		
Within one year		525	-
After one year		1,969	-
		<u>2,494</u>	<u>-</u>
<b>14</b>	<b>CREDITORS, ACCRUED AND OTHER LIABILITIES</b>		
Creditors	14.1	107,809	55,607
Accrued liabilities	14.2	75,953	42,336
Others	14.3	9,272	7,807
		<u>193,034</u>	<u>105,750</u>
<b>14.1</b>	<b>Creditors</b>		
- Payables relating to medicines & medical supplies		20,739	6,447
- General payables		59,952	16,112
- Other payables		27,118	32,651
- Payable to Oracle Pakistan		-	397
		<u>107,809</u>	<u>55,607</u>
<b>14.2</b>	<b>Accrued liabilities</b>		
- Salary & benefits payable		521	691
- Leave encashment payable		22,682	14,787
- Full and final settlement payables - relating to employees		501	525
- Provident fund payable		3	-
- Other accrued payables		289	-
- Provision for insurance payables		-	679
- Provision for audit expenses		596	596
- Provision for monthly expenses		51,361	25,058
		<u>75,953</u>	<u>42,336</u>
<b>14.3</b>	<b>Others</b>		
- Retention payable	14.3.1	1,401	5,487
- Withholding tax payable		7,871	2,320
		<u>9,272</u>	<u>7,807</u>

**14.3.1** Retention money is withheld at the rate of 5.00% (2022: 5.00%) on the amount of invoices paid to contractors.

## 15 CONTINGENCIES AND COMMITMENTS

### 15.1 Contingencies

On May 30, 2022, the Deputy Commissioner Inland Revenue (DCIR) issued a demand of Rs. 40.830 million pertaining to tax year 2019 that the Trust has not obtained approval from the Chief Commissioner in order to become eligible for tax credit as required under section 100C(2)(c) of the Income Tax Ordinance 2001. In calculating the tax demand DCIR made an addition on account of exchange gain amounting to Rs. 56.218 million despite the fact that said exchange gain has already been declared by the Trust as part of taxable income in the return of income. Being aggrieved by the decision, the Trust in consultation with its tax consultant has filed an appeal before the Commissioner (Appeals) on grounds that the requirement was withdrawn by Finance Act 2019 and simultaneously filed stay application. Therefore no provision for taxation has been made in the financials.

On Feb 20, 2023, the Deputy Commissioner Inland Revenue (DCIR) issued a show cause notice under section 4C of the Income Tax Ordinance, 2001 for the tax year 2022. The notice was passed relating to super tax by raising demand of Rs. 4.978 million. The Trust has responded to the notice on the grounds that the Trust is a non-profit organisation under section 2(36)(c) of Income Tax Ordinance and is also subject to 100% tax credit under section 100 of the Ordinance. Based on the advice of its tax advisor, the case would be decided in favor of the Trust. Therefore, no provision has been recognised in these financial statements.

### 15.2 Commitments

The Trust's commitment in respect of fixed capital expenditure contracted but not incurred amounted in aggregate to Rs. 114.79 million relating to new head office renovation (2022: Rs. 11.13 million relating to Emergency Care Unit at PIMS Hospital)

	2023	2022
	(Rupees in '000)	

## 16 MAJOR SOURCES OF CONTRIBUTIONS

Major contributories of the Trust during the year are as follows:

Government of Sindh	1,600,000	1,200,000
ChildLife America	756,059	702,970
Government of Balochistan	190,000	95,000
Bank Alfalah Limited	50,000	-
Shahbaz Garments (Pvt.) Limited	39,761	18,450
Lucky Textile Mills Limited	20,000	29,450
Artistic Fabric & Garment Industries (Pvt.) Limited	26,000	24,000
PIMS Hospital Islamabad	10,582	-
Liaquat University Hospital Hyderabad	9,905	5,084
Ismail Industries Limited	6,000	6,000
Dr. Ruth Pfau Civil Hospital	5,762	6,677
Chandka Medical College Larkana	5,682	4,408
300 Mother & Child Hospital-Nawabshah	5,273	2,042
GMC Hospital Sukkur	2,383	4,147
Sindh Government Lyari General Hospital	1,020	874
Mayo Hospital Lahore	774	1,044
Khaadi Pakistan SMC (Pvt.) Limited	-	10,000
Indus Motor Company Limited	-	6,500
Hinovex Trading	-	5,000
Other individual and non-profit organizations	443,495	234,310



	Note	2023 ———— (Rupees in '000) ————	2022 ————
<b>17 INCOME</b>			
Strategic fund utilised	12.2	<b>1,837,054</b>	1,344,187
Donations			
Received in cash / bank		<b>255,977</b>	130,911
Received in kind	17.1	<b>59,817</b>	33,288
Zakat utilised for			
Operating expenses	17.2	<b>488,841</b>	272,266
Operating expenses clinics		-	41,862
Amortisation of deferred income related to operating fixed assets	13	<b>131</b>	-
Other income	17.3	<b>528,686</b>	134,268
		<b>3,170,506</b>	1,956,782

**17.1** This includes medicines received from CHK, NICH, SGHK, ASH, NWB, LKN, LGH, GMMMC, LUMHS, CHQ, MHL and PIMS for Emergency Care Units operated by the Trust.

**17.2** This represents actual amount transferred to income in accordance with approval received from the SAC. During the year, 22.68% (2022: 18.28%) of operating expenses (excluding depreciation) have been utilised from Zakat fund.

	Note	2023 ———— (Rupees in '000) ————	2022 ————
<b>17.3 Other income</b>			
Income:			
- Profit on bank deposits		<b>58,111</b>	21,516
- Net gain on sale of assets		-	133
- Exchange gain		<b>325,318</b>	40,188
- Other		<b>5,741</b>	350
- Income from investments	17.3.1	<b>139,517</b>	72,084
		<b>528,687</b>	134,271

#### 17.3.1 Income from investments

Term deposit receipts	17.3.1.1	<b>139,517</b>	71,249
Realised gain on Islamic mutual funds investments		-	835
		<b>139,517</b>	72,084

**17.3.1.1** This includes income from investments made through endowment fund amounting to Rs. 38.63 million (2022: Rs. 23.84 million), general fund amounting to Rs. 35.88 million (2022: Rs. 2.28 million) and strategic fund amounting to Rs 61.59 million (2022: Rs. 44.85 million)

18 OPERATING EXPENSES	Note	2023	2022
		(Rupees in '000)	
Salaries and benefits	21	870,002	598,264
Third party contractual services		291,963	149,447
Medicines consumed		601,034	345,265
Patient consultation	18.1	-	60,311
Project renovation		27,061	117,344
Depreciation		58,450	44,173
Amortisation		813	1,575
Supplies and consumables		93,525	47,478
Oxygen supplies		69,058	65,621
Repairs and maintenance		37,195	23,853
Travelling and related expense		48,861	31,322
Utilities		52,274	20,926
Cartage expense		22,268	7,692
Insurance expense		11,617	9,795
Training and development		3,665	1,031
Information system maintenance		16,449	10,104
Legal and professional		1,250	-
Others	18.2	8,763	1,308
		<u>2,214,248</u>	<u>1,535,509</u>

#### 18.1 Patient consultation

This include charges paid by the Trust to SINA Trust for treatment of children @ Rs. 443 in 2022 plus actual lab charges per patient at the clinics being managed by SINA Trust in the urban slums of Karachi. Funds utilized from Zakat fund amount to Rs. 41.862 million in 2022 against Zakat eligible patients. The Trust is no longer providing funds to SINA Trust, hence no expenses were incurred relating to this in 2023.

18.2 Others	Note	2023	2022
		(Rupees in '000)	
Expenses:			
- Rent expense	18.2.1	6,939	-
- Net loss on sale of assets		95	-
- Miscellaneous and other expense		1,729	1,308
		<u>8,763</u>	<u>1,308</u>

**18.2.1** This rent pertains to warehouse maintained in Karachi amounting to Rs. 4.37 million and telemedicine control room maintained in Lahore amounting to Rs. 2.57 million.

	Note	2023 (Rupees in '000)	2022
<b>19 ADMINISTRATIVE EXPENSES</b>			
Salaries and benefits	21	141,616	106,226
Third party contractual services		3,978	3,607
Project renovation		22,250	1,059
Depreciation		3,656	5,616
Amortisation		68	1,757
Supplies and consumables		8,026	2,134
Repairs and maintenance		2,710	1,914
Travelling and related expense		1,367	3,286
Utilities		4,448	3,570
Insurance expense		2,185	1,118
Training and development		8,291	4,080
Information system maintenance		1,371	842
Legal and professional		4,801	5,829
Auditors' remuneration	19.1	596	422
Others	19.2	6,354	3,457
		<b>211,717</b>	<b>144,917</b>
<b>19.1 Auditors' remuneration</b>			
Annual audit fee		500	350
Out of pocket expense		52	41
Sales tax		44	31
		<b>596</b>	<b>422</b>
<b>19.2 Others</b>			
Expenses:			
- Head office rent expense		3,626	2,743
- Loss on sale of assets		150	-
- Miscellaneous		2,728	713
		<b>6,504</b>	<b>3,456</b>
<b>20 MARKETING EXPENSES</b>			
Programmatic activities and preventive health care		4,342	2,566
Advertisement	20.1	37,731	30,258
		<b>42,073</b>	<b>32,824</b>
<b>20.1 Advertisement</b>			

This includes resource mobilization, fund raising and advertisement cost for Emergency Care Units.

## 21 SALARIES AND BENEFITS

**21.1** Salaries and benefits include Rs. 28.16 million (2022: Rs. 20.72 million) in respect of employees' provident fund.

**21.2** The following information is based on un-audited financial statements of the Fund. The funds have been kept in Meezan Islamic Income Fund and Meezan Cash Fund (2022: Meezan Islamic Income Fund and Meezan Cash Fund).

	2023	2022
Cost of investments made (Rs. in '000)	140,283	97,461
Percentage of investments made	100%	100%
Fair value of investments (Rs. in '000)	140,510	97,623
Size of the fund - Total assets		
<i>Money Market</i>	7.23%	8.97%
<i>Income</i>	92.77%	91.03%

## 22 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.

As per section 100C of the Income Tax Ordinance, 2001, non profit organisations, trusts or welfare organisations as mentioned in sub section 2 of section 100C shall be allowed a tax credit equal to one hundred percent of the tax payable, including minimum and final tax payable under any of the provisions of the Income Tax Ordinance, 2001, subject to the following conditions, namely:

- (a) return has been filed;
- (b) tax required to be deducted or collected has been deducted or collected and paid;
- (c) withholding tax statements for the immediately preceding tax year have been filed;
- (d) the administrative and management expenditure does not exceed 15% of the total receipts;
- (e) approval of Commissioner has been obtained as per requirement of clause (36) of section 2;
- (f) none of the assets of trusts or welfare institutions confers, or may confer, a private benefit to the donors or family, children or author of the trust or his descendants or the maker of the institution or to any other person and where such private benefit is conferred, the amount of such benefit shall be added to the income of the donor; and
- (g) a statement of voluntary contributions and donations received in the immediately preceding tax year has been filed in the prescribed form and manner

The Trust has complied with the aforementioned conditions of the Income Tax Ordinance, 2001 and obtained certificate from Pakistan Centre for Philanthropy which is valid upto 30th March 2025.

The operations of the Trust fall within the purview of section 100C of the Income Tax Ordinance, 2001 and the tax credit of hundred percent is allowed under section 100C of the Income Tax Ordinance, 2001 in respect of tax payable including minimum and final taxes payable and consequently no charge has been recognised in these financial statements.

		2023 ———— (Rupees in '000) ————	2022 ————
<b>23 CASH AND CASH EQUIVALENTS</b>	<b>Note</b>		
Cash and bank balances	11	<b>2,356,789</b>	1,253,455
Term deposit receipt maturing within 3 months	9	<b>510,000</b>	400,000
		<b>2,866,789</b>	1,653,455

## 24 TRANSACTIONS WITH RELATED PARTIES

The related parties of the Trust comprise of employees' provident fund, trustees of the Trust, associated undertakings with common trustees and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Trust. The Trust considers Chief Executive Officer, Director Finance, Director Clinical Affairs, Director Operations, Director Communications, Director Planning & Services and Associate Director Quality as its key management personnel. Transactions with related parties not shown elsewhere in financial statements are as follows:

		2023 ———— (Rupees in '000) ————	2022 ————
<b>Relationship with the Trust</b>	<b>Nature of Transaction</b>		
SINA Trust (Dr. Naseeruddin Mahmood is a common Trustee)	Expenses for patient consultation made to SINA Trust	-	60,311
ChildLife America (Mr. Osman Rashid is a common Trustee)	Strategic funds received	-	257,753
	Endowment funds received	<b>701,466</b>	271,508
	Zakat received	<b>54,593</b>	173,709
Lucky Textile Mills Limited (Mr. Sohail Tabba, the Trustee of ChildLife Foundation is Director of Lucky Textile Mills Limited)	Zakat received	<b>20,000</b>	29,450
Lucky Core Industries Limited (formerly ICI Pakistan Limited) (Mr. Abid Ganatra, the Trustee of ChildLife Foundation is Executive Director of Lucky Core Industries Limited) (Mr. Sohail Tabba, the Trustee of ChildLife Foundation is Chairman of Lucky Core Industries Limited)	Purchases of medicine from LCI	<b>8,032</b>	4,323
Lucky Core Foundation (formerly ICI Pakistan Foundation) (Mr. Abid Ganatra, the Trustee of ChildLife Foundation is Executive Director of Lucky Core Industries Limited) (Mr. Sohail Tabba, the Trustee of ChildLife Foundation is Chairman of Lucky Core Industries Limited)	Donations received	<b>31,500</b>	7,600
Iqbal Adamjee Trust (Mr. Iqbal Adamjee is a common Trustee)	Zakat received	-	3,500
Dr. Ahson Rabbani (Chief Executive Officer)	Donations received	<b>1,550</b>	2,500
Mr. Abid Ganatra (Trustee)	Zakat received	<b>1,250</b>	1,000

## 24.1 Remuneration of Chief Executive Officer and Executives

	2023		2022	
	Chief Executive Officer	Directors	Chief Executive Officer	Directors
	(Rupees in '000)			
Gross salary (net of deductions)	13,587	29,538	13,095	20,569
Allowances and reimbursements	402	3,338	349	2,201
Provident fund contribution	888	1,705	803	1,090
	<b>14,877</b>	<b>34,581</b>	<b>14,247</b>	<b>23,860</b>
Number of persons	<b>1</b>	<b>5</b>	<b>1</b>	<b>6</b>

## 25 NUMBER OF EMPLOYEES

	2023	2022
	Number	
- At June 30	1015	911
- Average during the year	996	811

## 26 FINANCIAL INSTRUMENTS BY CATEGORIES

		June 30, 2023		
	Note	At amortised cost	At fair value through income and expenditure	Total
Financial assets		(Rupees in '000)		
Deposits	8	5,208	-	5,208
Investments	9	1,108,781	-	1,108,781
Other receivables	10	29,254	-	29,254
Cash and bank balances	11	2,356,789	-	2,356,789
		<b>3,500,032</b>	<b>-</b>	<b>3,500,032</b>

		June 30, 2023		
	Note	At amortised cost	Total	
Financial liabilities		(Rupees in '000)		
Creditors, accrued and other liabilities	14	185,162	185,162	
		<b>185,162</b>	<b>185,162</b>	

		June 30, 2022		
	Note	At amortised cost	At fair value through income and expenditure	Total
Financial assets		(Rupees in '000)		
Deposits	8	3,254	-	3,254
Investments	9	998,781	-	998,781
Other receivables	10	21,246	-	21,246
Cash and bank balances	11	1,253,455	-	1,253,455
		<b>2,276,736</b>	<b>-</b>	<b>2,276,736</b>

		June 30, 2022	
	Note	At amortised cost	Total
Financial liabilities		(Rupees in '000)	
Creditors, accrued and other liabilities	14	103,429	103,429

## 27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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's exposure to the risks associated with the financial instruments and the risk management policies and procedures adopted by it are summarized as follows:

### 27.1 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. 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 fulfil 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:

	2023	2022
	<b>(Rupees in '000)</b>	
Deposits	5,208	3,254
Other receivables	29,254	21,246
Investments in term deposit receipts	1,108,781	998,781
Bank balances	2,356,789	1,253,455
	<b>3,500,032</b>	<b>2,276,736</b>

For deposits, the management does not expect to incur material losses and considers that such amount is receivable upon termination of contract. For other receivables (includes accrued markup), bank balances and investment in term deposit receipts with banks, 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 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+	AAA
Bank Al-Habib Limited	A1+	AAA
Bank Alfalah Limited	A1+	AA+
Dubai Islamic Bank Limited	A1+	AA
Sindh Bank Limited	A1	A+



## 27.2 Liquidity risk

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they fall due. To guard against the risk, the Trust has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents.

The following are the contractual maturities of financial liabilities:-

	2023		
	Contractual cash flows	Upto one year	More than one year
	(Rupees in '000)		
<b>Non-derivative financial liabilities</b>			
Creditors, accrued and other liabilities	185,162	185,162	-
	2022		
	Contractual cash flows	Upto one year	More than one year
	(Rupees in '000)		
<b>Non-derivative financial liabilities</b>			
Creditors, accrued and other liabilities	103,429	103,429	-

## 27.3 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.

Market risk comprises of three types of risks: currency risk, interest rate risk and other price risk.

### 27.3.1 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. The Trust monitors exchange rates on a regular basis.

As at the reporting date, the Trust is exposed to currency risk on its foreign currency bank account:

	2023	2022
	(Rupees in '000)	
Foreign currency bank account	1,579,118	491,217

The following exchange rates have been applied:

	Average rates		Reporting date rates	
	2023	2022	2023	2022
USD to PKR	248.00	178.01	285.99	204.84

As at the reporting date, if the Rupee is strengthened / weakened by 10% against the US dollar, with all other variables held constant, surplus for the year and total funds would have been lower/higher by Rs. 157.912 million (June 30, 2022: Rs. 49.121 million) 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 2022.

### 27.3.2 Interest rate risk

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.

Sensitivity analysis for variable rate instruments:

As at the reporting date, the Trust has the following variable interest bearing assets where interest rate risk may arise due to fluctuations in the rates:

Financial assets	2023	2022
	(Rupees in '000)	
Variable rate instruments		
Savings accounts	2,151,359	1,070,306
	<u>2,151,359</u>	<u>1,070,306</u>

With all other variables held constant, in case of 100 basis points increase / decrease in applicable rates at the last repricing date, the surplus of income over expenditure and total funds would have been higher / lower by Rs. 21.514 million (2022: Rs. 10.703 million).

## 28 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 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.

## 29 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. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Trust is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

### 29.1 Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

**Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities;

**Level 2:** inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

**Level 3:** inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The Trust does not hold any financial instrument which can be classified under the above mentioned levels.

### **30 RECLASSIFICATION**

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

### **31 GENERAL**

#### **31.1 Rounding off**

Figures have been rounded off to the nearest thousand rupees unless otherwise specified.

### **32 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue by the Board of Trustees on 28 October 2023.

  
\_\_\_\_\_  
Trustee  
\_\_\_\_\_  
Trustee

افراد کے ہاتھوں میں ہے اقوام کی تقدیر  
ہر فرد ہے بِلّت کے مقدر کا ستارا

- علامہ اقبال



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