

CHILD LIFE FOUNDATION

Financial Statements

for the year ended June 30, 2013



M. Yousuf Adil Saleem & Co
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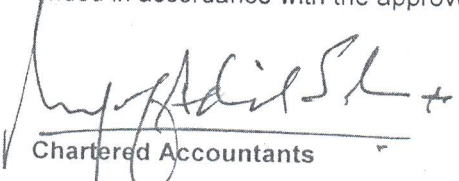
AUDITORS' REPORT TO THE TRUSTEES

We have audited the annexed balance sheet of the Childlife Foundation (the Trust) as at June 30, 2013 and the related income and expenditure account, cash flow statement and statement of changes in fund balances together with the notes forming part thereof (here-in-after referred to as the financial statements for the year then ended).

It is the responsibility of the trustees to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved accounting standards as applicable in Pakistan. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly in all material respects the financial position of the Trust as at June 30, 2013 and of its surplus, cash flows and changes in fund balances for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.


Chartered Accountants

Engagement Partner:
Mushtaq Ali Hirani

Dated: June 21, 2014
Place: Karachi

**CHILDLIFE FOUNDATION
BALANCE SHEET
AS AT JUNE 30, 2013**

	Note	2013 -----Rupees-----	2012 Restated
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	5	14,916,805	2,794,642
CURRENT ASSETS			
Inventory	6	3,152,170	429,966
Donations and other receivables	7	740,454	1,716,000
Advances, deposits and prepayments	8	885,953	-
Investments	9	20,000,000	-
Cash and bank balances	10	23,833,543	1,672,184
		48,612,120	3,818,150
TOTAL ASSETS		63,528,925	6,612,792
FUNDS AND LIABILITIES			
FUNDS			
Inception contribution		10,000	10,000
Zakat fund		1,195,649	1,599,768
Endowment fund	11	20,672,751	-
General fund		16,427,360	1,724,974
		38,305,759	3,334,742
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred income related to property and equipment		13,961,237	2,794,642
CURRENT LIABILITIES			
Creditors, accrued and other liabilities	12	11,261,929	483,408
TOTAL LIABILITIES		25,223,166	3,278,050
TOTAL FUNDS AND LIABILITIES		63,528,925	6,612,792

The annexed notes 1 to 18 form an integral part of these financial statements.

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CHILDLIFE FOUNDATION
 INCOME AND EXPENDITURE ACCOUNT
 FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013 -----Rupees-----	2012 Restated
INCOME	13	35,363,390	19,017,930
EXPENDITURE	14		
Project renovation expenses		38,002,920	5,503,773
Salaries and benefits		15,299,060	3,538,736
Medicines consumed		17,871,688	6,836,368
Patient consultation charges		4,106,065	-
Legal and professional		145,785	135,165
Auditors remuneration		200,000	-
Supplies and consumables		1,105,311	73,538
Utilities		438,309	117,996
Repairs and maintenance		447,608	-
Advertising		1,232,578	572,200
Depreciation		1,347,031	415,558
Other expenses		799,249	94,622
Total expenditure		<u>80,995,604</u>	<u>17,287,956</u>
Less: Zakat utilised for operating expenses	15	(24,227,968)	-
Less: Zakat utilised for project renovation	16	(31,192,638)	-
		<u>25,574,999</u>	<u>17,287,956</u>
Surplus for the year transferred to general fund		<u><u>9,788,392</u></u>	<u><u>1,729,974</u></u>

The annexed notes 1 to 18 form an integral part of these financial statements.

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**CHILDLIFE FOUNDATION
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2013**

	2013	2012 Restated
	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus of income over expenses for the year	9,788,392	1,729,974
Adjustments:		
Amortisation of deferred income related to property and equipment	(1,201,955)	(415,558)
Depreciation charge for the year	1,347,031	415,558
Loss on disposal of property and equipment	722	-
	<u>9,934,190</u>	<u>1,729,974</u>
Working capital changes		
(Increase) / decrease in current assets		
Inventory	(2,722,204)	(429,966)
Donations receivables	975,546	(1,716,000)
Advances, deposits and prepayments	(885,953)	-
Increase in current liabilities		
Creditors, accrued and other liabilities	10,778,521	483,408
Net cash generated from operating activities	<u>18,080,100</u>	<u>67,416</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(13,507,042)	(3,210,200)
Investment in Islamic term deposits	(20,000,000)	-
Proceeds from disposal of property and equipment	37,126	-
Net cash used in investing activities	<u>(33,469,916)</u>	<u>(3,210,200)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Donations received for property and equipment	-	3,210,200
Receipt of Zakat fund	72,299,030	1,600,000
Utilisation of Zakat fund	(55,420,606)	(232)
Receipt of Endowment fund	20,042,650	-
Profit received on Endowment fund	630,101	-
Net cash generated from financing activities	<u>37,551,176</u>	<u>4,809,968</u>
Net increase in cash and cash equivalents	22,161,359	1,667,184
Cash and cash equivalents at the beginning of the year	1,672,184	5,000
Cash and cash equivalents at the end of the year	<u>23,833,543</u>	<u>1,672,184</u>

The annexed notes 1 to 18 form an integral part of these financial statements.


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**CHILDLIFE FOUNDATION
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013**

	Note	Inception contribution	Zakat fund	Endowment fund	General fund	Total
----- Rupees -----						
Balance as at July 01, 2011		10,000	-	-	(5,000)	5,000
Funds received during the year		-	1,600,000	-	-	1,600,000
Funds utilised during the year		-	(232)	-	-	(232)
Surplus for the year (Restated)		-	-	-	1,729,974	1,729,974
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Balance as at June 30, 2012 (Restated)		10,000	1,599,768	-	1,724,974	3,334,742
Funds received during the year		-	72,299,030	20,042,650	-	92,341,680
Zakat utilised for operating expenses	15	-	(24,227,968)	-	-	(24,227,968)
Zakat utilized for project renovation	16	-	(31,192,638)	-	-	(31,192,638)
Zakat transferred to General fund	16	-	(17,282,544)	-	17,282,544	-
Surplus for the year		-	-	-	9,788,392	9,788,392
Property and equipment purchased during the year	16	-	-	-	(12,368,550)	(12,368,550)
Profit on investments		-	-	630,101	-	630,101
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Balance as at June 30, 2013		10,000	1,195,649	20,672,751	16,427,360	38,305,759

The annexed notes 1 to 18 form an integral part of these financial statements.

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**CHILDLIFE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

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;
 - to accept donations, grant contributions and subsidies from philanthropists, local and offshore donors, bodies and organisations;
 - to 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
 - to 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.
- 1.2 The Trust is currently managing the Children's Emergency Unit and Diarrhea Treatment Unit at Civil Hospital Karachi (CHK) under a Memorandum of Understanding (MOU) signed between the Trust, Adamjee Foundation and Government of Sindh (GoS) through the Secretary Health. Under the MOU;
- the Adamjee Foundation is responsible for providing and arranging funds for the complete rebuilding of the existing buildings of above mentioned units and to provide medical equipment, air conditioners etc.;
 - 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 CHK.
- 1.3 The Trust is also managing the Children's Emergency Unit under a Memorandum of Understanding (MOU) signed between the Trust, National Institute of Child Health (NICH) and Government of Sindh (GoS) through the Secretary Health. 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; and
 - the Trust is responsible for smooth management of the above mentioned unit and of the facilities and to ensure that the same will function according to the standard operating procedures agreed with the administration of NICH, and it is responsible for providing and arranging funds for the complete renovation of the above mentioned unit and to provide medical equipment, air conditioners etc.
- 1.4 The financial statements are presented in Pak Rupees which is the Trust's functional and presentation currency.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of Accounting and Financial Reporting Standards for Medium - Sized Entities (MSEs) issued by the Institute of Chartered Accountants of Pakistan and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

3. BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Cash and cash equivalents

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

4.2 Taxation

The income of the Trust from donations, voluntary contributions, subscriptions, house property, investment in government securities and so much of the income chargeable under the head "income from business" as is expended in Pakistan for the purpose of carrying out welfare activities are exempt from tax under clause 58 (1) of Part I of the Second Schedule to the Income Tax Ordinance, 2001.

4.3 Revenue recognition

4.3.1 Donations and zakat contributions are recognised on receipt basis except the donations contributed by the founder trustees and Sina trust which are recorded on accrual basis.

4.3.2 Medicines and other donations received in kind are recorded at fair value as and when they are received.

4.3.3 Donations and zakat contributions related to specific property and equipment are recognised as deferred income and amortised over the useful lives of the asset from the date the asset is available for intended use.

4.4 Property and equipment

Property and equipment are initially recorded at original cost and are depreciated on straight-line basis over their estimated useful service lives with full month depreciation in the month of purchase and no depreciation in the month of disposal as follows:

	Years
Furniture and fixtures	5
Office equipment	5
Computer equipment	3
Medical equipment	5

4.5 Inventory

Inventory include medicines purchased by the Trust and received as donation from Civil Hospital Karachi. It is recorded at lower of cost and net realizable value. Cost is determined using first-in-first-out basis.

4.6 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.

4.7 Investments

Held-to-maturity

Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity that the Trust has the positive intent and ability to hold to maturity. These are initially recognised at fair value plus transaction cost and are subsequently carried at amortised cost using effective interest rate method.

Derecognition

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

4.8 Change in accounting policy

During the year, the Trust has changed its accounting policy regarding donations and zakat contributions related to specific property and equipment. In prior years, the amounts received in this regard were treated as donation income while according to new policy such contributions are deferred and amortised over the useful lives of assets.

The Trust has applied the change in accounting policy and restated the comparative figures on retrospective basis in accordance with the Section - 12 of Accounting and Financial Reporting Standards for Medium - Sized Entities (MSEs) issued by the Institute of Chartered Accountants of Pakistan. The effect of retrospective application of change in accounting policy is as follows:

	As per Audited financial statements	Prior period effect	Restated amounts
.....Rupees.....			
Effect of change in accounting policy on financials statements for the year ended June 30, 2012			
Restatement in balance sheet			
Deferred income relating to property and equipment	-	2,794,642	2,794,642
General fund	4,519,616	(2,794,642)	1,724,974
Restatement in income and expenditure account			
Income	21,812,572	(2,794,642)	19,017,930
Surplus for the year	4,524,616	(2,794,642)	1,729,974

5. PROPERTY AND EQUIPMENT

Particulars	Cost			Accumulated Depreciation			Written down value as at June 30, 2013
	As at July 1, 2012	Additions / (Deletion) during the year	As at June 30, 2013	As at July 01, 2012	Charge / (Adjustment) for the year	As at June 30, 2013	
.....Rupees.....							
Furniture and fixtures	1,060,850	1,176,055	2,236,905	121,317	264,109	385,426	1,851,479
Office equipment	588,100	4,552,099	5,140,199	61,558	225,644	287,202	4,852,997
Computer equipment	137,000	1,864,038 (41,250)	1,959,788	30,140	243,909 (3,402)	270,647	1,689,141
Medical equipment	1,424,250	5,914,850	7,339,100	202,543	613,369	815,912	6,523,188
June 30, 2013	3,210,200	13,507,042 (41,250)	16,675,992	415,558	1,347,031 (3,402)	1,759,187	14,916,805

Particulars	Cost			Depreciation			Written down value as at June 30, 2012
	As at July 1, 2011	Additions during the year	As at June 30, 2012	As at July 01, 2011	Charge for the year	As at June 30, 2012	
.....Rupees.....							
Furniture and fixtures	-	1,060,850	1,060,850	-	121,317	121,317	939,533
Office equipment	-	588,100	588,100	-	61,558	61,558	526,542
Computer equipment	-	137,000	137,000	-	30,140	30,140	106,860
Medical equipment	-	1,424,250	1,424,250	-	202,543	202,543	1,221,707
June 30, 2012	-	3,210,200	3,210,200	-	415,558	415,558	2,794,642

	Note	2013 -----Rupees-----	2012
6. INVENTORY			
Medicines at Civil Hospital	6.1	276,556	429,966
Medicines at National Institute of Child Health	6.2	2,875,614	-
		<u>3,152,170</u>	<u>429,966</u>
7. DONATIONS AND OTHER RECEIVABLES			
Donations receivable		650,000	1,716,000
Other receivables		90,454	-
		<u>740,454</u>	<u>1,716,000</u>
8. ADVANCES, DEPOSITS AND PREPAYMENTS			
Advance to suppliers		661,906	-
Advance to staff		203,048	-
Deposits and prepayments		20,999	-
		<u>885,953</u>	<u>-</u>
9. INVESTMENTS			
Held-to-maturity			
Placements		20,000,000	-
		<u>20,000,000</u>	<u>-</u>
9.1	This represents short term placements made in Islamic term deposits with Bank Al-Habib Limited carrying profit rate of 8.11% to 9.25% per annum and have a maturity period of 1 year.		
		2013	2012
		-----Rupees-----	
10. CASH AND BANK BALANCES			
Cash in hand		20,000	31,385
Cash at bank in current account - Zakat		1,000,000	1,599,768
Cash at bank in saving account		22,813,543	41,031
		<u>23,833,543</u>	<u>1,672,184</u>
11. ENDOWMENT FUND			
This fund has been created with the approval of the Trustees for the purpose to achieve sustainability. This fund is to be utilised for investments in Islamic Term Deposits.			
		2013	2012
		-----Rupees-----	
12. ACCRUED AND OTHER LIABILITIES			
Creditors		7,793,421	-
Retention payable		1,146,445	459,873
Accrued liabilities		2,136,724	23,535
Others		185,339	-
		<u>11,261,929</u>	<u>483,408</u>

	Note	2013 -----Rupees-----	2012 Restated
13. INCOME			
Donations			
Donations received in cash		24,461,335	13,722,368
Amortisation of deferred income related to property and equipment		1,201,955	415,558
Donations received in kind			
Medicines	13.1	9,350,100	4,880,004
Others		350,000	-
		<u>35,363,390</u>	<u>19,017,930</u>

13.1 This represents medicines received from Civil Hospital Karachi and National Institute of Child Health for Children Emergency Unit operated by the Trust.

14. EXPENDITURE

In accordance with the MOUs (refer notes 1.2 and 1.3), CHK and NICH also contributes in the provision of utilities and staff (Medical and Support) for Children Emergency Units being operated by the Trust. These costs are not included in the Income and Expenditure Account of the Trust.

15. ZAKAT UTILISATION FOR OPERATING EXPENSES

The amount represents utilisation of Zakat funds for operating expenses. The utilisation of Zakat funds for operating expenses was approved by the Zakat Shariah Advisory Committee of the Trust in their meeting held on September 15, 2012. Subsequently, the Board of Trustees in their meeting held on November 6, 2012 have approved that 50% of the operating expenses, after deducting depreciation, can be funded from Zakat funds effective from July 1, 2012.

16. TRANSFER FROM ZAKAT FUND TO GENERAL FUND


During the year, the Trust has received approval from the Zakat Shariah Advisory Committee for utilization of Zakat Fund for (1) purchase of fixed assets for NICH Project, (2) project renovation expense at NICH and (3) purchase of medical equipment for CHK, (4) transfer to General fund for an aggregate amount of Rs. 51.16 million. During the year, the Trust has incurred project renovation expense of Rs. 31.193 million and transferred Rs. 17.284 million to General fund out of which Rs. 12.369 million have been used to purchase property and equipment for NICH project and remaining Rs. 4.915 will be utilised next year. The balance of Rs. 2.683 million will be utilized from next year's Zakat receipt.

17. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Trustees on 21 JUN 2014.


18. GENERAL

Figures have been rounded off to the nearest Rupee.



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