



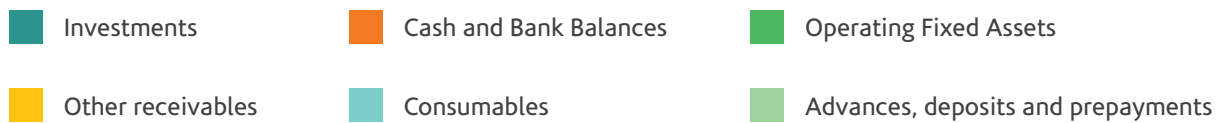
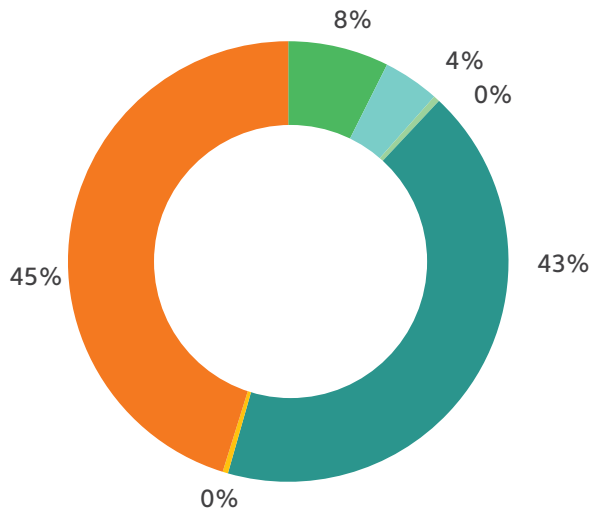


FINANCIALS

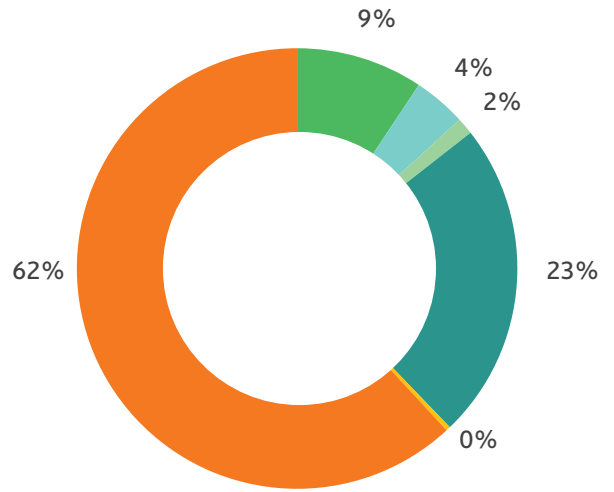
Financial Highlights

Graphical Presentation of Balance Sheet

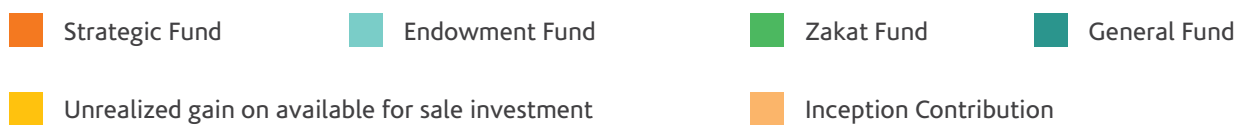
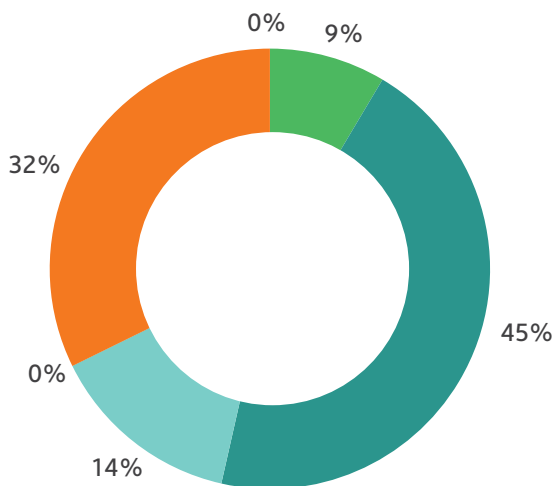
Assets 2021



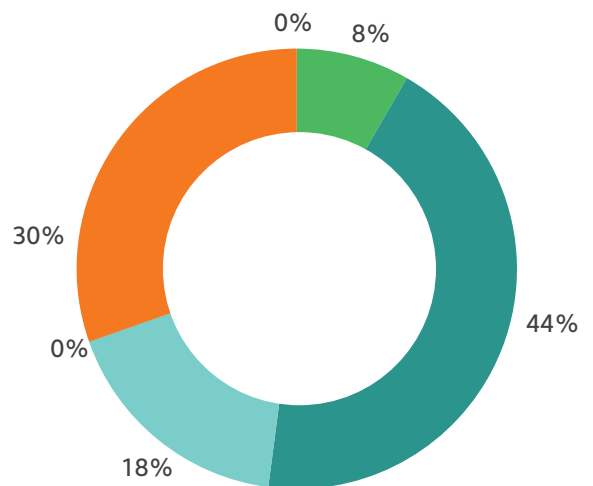
Assets 2020



Funds and Reserves 2021



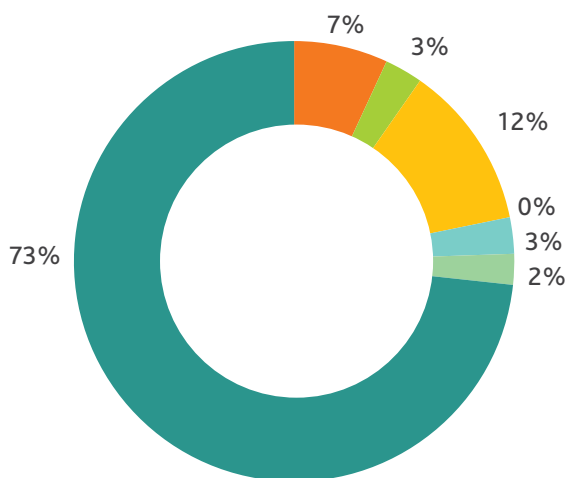
Funds and Reserves 2020



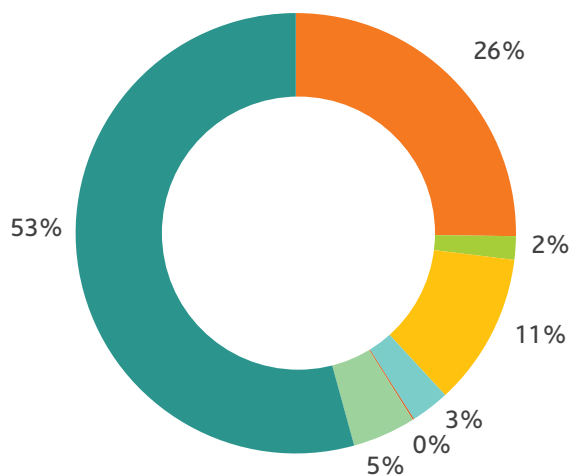
Financial Highlights

Graphical Presentation of Income and Expenditure Account

Income 2021

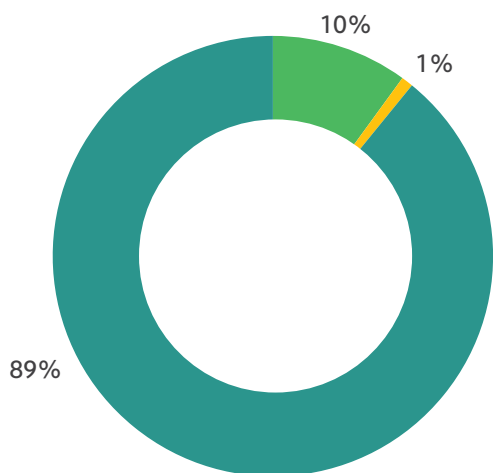


Income 2020

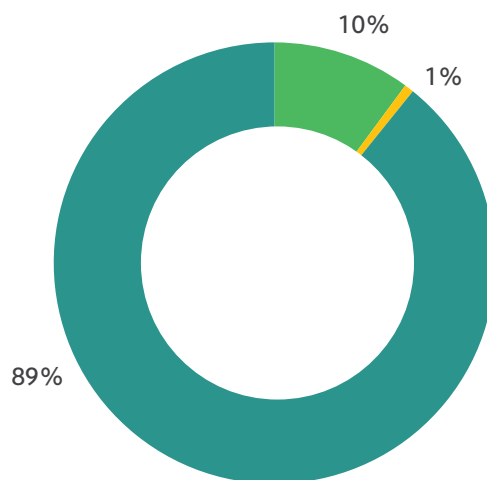


- Received in Cash
- Received in Kind
- Utilized from Strategic Fund
- Zakat Utilization - Clinics
- Deferred income - Operating Fixed Assets
- Other Income
- Zakat Utilization - Operating Expenses

Expenses 2021



Expenses 2020



- Administrative Expenditures
- Marketing Expenditures
- Operational Expenditures

Receipts Pattern

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

Amount in PKR Million



Financial Highlights

Key Financial Indicators and Ratios

KEY FINANCIAL INDICATORS:	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
Total Income	1,401,341,494	1,275,586,860	911,157,076	771,305,140	359,146,652	302,399,526
Total Expenses	1,237,651,925	1,046,248,456	775,405,414	590,306,932	358,749,467	289,077,989
Surplus/(deficit) for the year transferred to general fund	163,689,569	229,338,404	135,751,662	180,998,208	397,185	13,321,537
STATEMENT OF FINANCIAL POSITION						
Operating Fixed Assets	126,743,675	129,493,889	87,909,980	82,747,121	26,057,292	22,574,468
Operating Current Assets	1,585,076,435	1,260,193,997	1,116,365,927	614,953,308	375,112,736	229,215,832
Total Assets	1,711,820,110	1,389,687,886	1,204,275,907	697,700,429	401,170,028	251,790,300
Total Funds	1,642,990,955	1,319,243,127	1,147,951,634	606,770,775	370,201,027	223,674,764
Liabilities:						
Non-current liabilities	-	32,629	1,305,671	3,453,563	7,712,548	7,842,153
Current liabilities	68,829,155	70,412,130	55,018,602	87,476,091	23,256,453	20,273,383
Total Liabilities	68,829,155	70,444,759	56,324,273	90,929,654	30,969,001	28,115,536
Total Funds & Liabilities	1,711,820,110	1,389,687,886	1,204,275,907	697,700,429	401,170,028	251,790,300

KEY FINANCIAL RATIOS:	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
Profitability Ratios						
Cost/Income Ratio	88.3%	82.0%	85.1%	76.5%	99.9%	95.6%
Net Surplus/Income Ratio	11.7%	18.0%	14.9%	23.5%	0.1%	4.4%
Liquidity Ratios						
Current Ratio	23.03	17.90	20.29	7.03	16.13	11.31
Quick / Acid Test Ratio	22.00	17.13	19.81	6.74	15.84	11.02
Cash to Current Liabilities	11.24	12.21	8.68	2.15	4.45	3.82
Turnover Ratios						
Inventory Turnover Ratio	4.28	5.00	5.50	5.72	15.14	18.78
No. of Days in Inventory	85	73	66	64	24	19
Activity ratios						
Fixed assets to income ratio	0.09	0.10	0.10	0.11	0.07	0.07
Total assets to income ratio	1.22	1.09	1.32	0.90	1.12	0.83
Capital Structure						
Debt to fund ratio	0%	0%	0%	0%	0%	0%

Summary of Cash Flow

Description	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
Cash and cash equivalents at beginning of the year	859,836,715	477,380,961	188,449,717	103,432,247	77,347,022	66,933,982
Net cash generated from operating activities	148,653,697	169,265,460	128,970,350	76,541,048	11,431,289	16,411,595
Net cash (used in) / generated from investing activities	(395,056,467)	271,237,205	(262,167,898)	(182,192,890)	(129,769,868)	(52,541,341)
Net cash generated from / (used in) financing activities	160,058,259	(58,046,911)	422,128,792	190,669,312	144,423,804	46,542,786
Net (decrease) / increase in cash and bank balances	(86,344,511)	382,455,754	288,931,244	85,017,470	26,085,225	10,413,040
Cash and cash equivalents at end of the year	<u>773,492,204</u>	<u>859,836,715</u>	<u>477,380,961</u>	<u>188,449,717</u>	<u>103,432,247</u>	<u>77,347,022</u>

Cashflow Statement of Zakat Funds (Direct Method)

Description	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
Opening balance	109,916,429	42,063,047	35,333,877	44,213,911	39,474,965	46,457,296
Received during the period	237,360,640	251,162,491	236,863,781	166,499,320	215,297,101	175,683,236
Utilization	(206,858,002)	(183,309,109)	(230,134,611)	(175,379,354)	(210,558,155)	(182,665,567)
Closing balance	<u>140,419,067</u>	<u>109,916,429</u>	<u>42,063,047</u>	<u>35,333,877</u>	<u>44,213,911</u>	<u>39,474,965</u>

ChildLife Foundation

Six Years' Vertical Analysis

	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
Income:						
Received in Cash	6.90%	25.79%	1.95%	33.67%	32.24%	32.77%
Received in Kind	2.80%	1.76%	2.06%	4.58%	9.10%	6.30%
Zakat Utilization - Operating Expenses	12.10%	11.46%	20.09%	16.84%	48.63%	49.91%
Zakat Utilization - Clinics	2.67%	2.91%	5.17%	5.90%	8.90%	9.69%
Deferred income - Operating Fixed Assets	0.00%	0.10%	0.24%	0.56%	1.13%	1.33%
Other income	2.25%	4.76%	7.52%	2.27%	0.00%	0.00%
Utilized from Strategic Fund	73.28%	53.22%	62.97%	36.18%	0.00%	0.00%
Total Income	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Expenses:						
Salaries and benefits	55.50%	54.80%	58.60%	40.61%	43.31%	37.87%
Medicines consumed	21.52%	19.19%	18.26%	15.40%	26.78%	31.14%
Patient consultation	3.88%	4.57%	7.72%	9.55%	12.17%	12.60%
Project renovation	5.52%	9.12%	1.09%	23.52%	6.56%	8.44%
Depreciation & Amortization	3.78%	3.36%	3.62%	2.33%	2.75%	2.39%
Supplies and consumables	3.91%	4.51%	5.16%	2.22%	2.09%	1.94%
Repairs and maintenance	1.93%	1.08%	1.46%	1.45%	1.56%	1.67%
Travelling expense	0.95%	1.00%	0.69%	1.38%	1.64%	1.13%
Programmatic activities and preventive health care	0.06%	0.04%	0.11%	0.23%	0.07%	0.00%
Communication and advertisement	0.81%	0.64%	1.04%	1.45%	1.26%	1.32%
Utilities	0.86%	0.68%	0.75%	0.61%	0.86%	0.59%
Legal and professional	0.20%	0.09%	0.16%	0.07%	0.27%	0.13%
Auditor's remuneration	0.08%	0.04%	0.04%	0.04%	0.07%	0.09%
Others	1.00%	0.88%	1.30%	1.14%	0.61%	0.69%
Total Expenses	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Surplus/(deficit) for the year transferred to general fund

FINANCIAL POSITION:	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
Assets:						
Operating Fixed Assets	7.40%	9.32%	7.30%	11.86%	6.49%	8.97%
Consumables	4.13%	3.88%	2.20%	3.57%	1.70%	2.33%
Advances, deposits and prepayments	0.46%	1.24%	0.58%	3.73%	0.65%	0.11%
Investments	42.42%	23.37%	49.91%	53.43%	65.06%	57.42%
Other receivables	0.40%	0.32%	0.37%	0.40%	0.32%	0.45%
Cash and bank balances	45.19%	61.87%	39.64%	27.01%	25.78%	30.72%
Total Assets	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Funds:						
Inception contribution	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Zakat fund	8.55%	8.33%	3.66%	5.82%	11.94%	17.65%
General fund	44.99%	43.73%	30.27%	33.87%	6.62%	10.77%
Endowment fund	14.18%	17.56%	19.93%	38.73%	57.33%	71.58%
Unrealized gain on available for sale investment	0.00%	0.00%	0.00%	0.00%	1.15%	0.00%
Strategic fund	32.28%	30.38%	46.14%	21.58%	22.96%	0.00%
Total Funds	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Liabilities:						
Deferred income related to operating fixed assets	0.00%	0.05%	2.32%	3.80%	24.90%	27.89%
Creditors, accrued and other liabilities	100.00%	99.95%	97.68%	96.20%	75.10%	72.11%
Total Liabilities	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Total Funds & Liabilities	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

ChildLife Foundation

Six Years' Horizontal Analysis

	TREND	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
Income:							
Received in Cash		98%	332%	18%	262%	117%	100%
Received in Kind		206%	118%	99%	186%	172%	100%
Zakat Utilization - Operating Expenses		112%	97%	121%	86%	116%	100%
Zakat Utilization - Clinics		128%	127%	161%	155%	109%	100%
Deferred income - Operating Fixed Assets		1%	32%	53%	107%	101%	100%
Other income**		181%	347%	392%	100%	0%	0%
Utilized from Strategic Fund**		368%	243%	206%	100%	0%	0%
Total Income		463%	422%	301%	255%	119%	100%
Expenses:							
Salaries and benefits		627%	524%	415%	219%	142%	100%
Medicines consumed		296%	223%	157%	101%	107%	100%
Patient consultation		132%	131%	164%	155%	120%	100%
Project renovation		280%	391%	35%	569%	96%	100%
Depreciation & Amortization		676%	508%	406%	198%	143%	100%
Supplies and consumables		862%	841%	713%	233%	133%	100%
Repairs and maintenance		496%	235%	235%	177%	116%	100%
Travelling expense		361%	320%	165%	250%	181%	100%
Programmatic activities and preventive health care*		289%	161%	328%	521%	100%	0%
Communication and advertisement		262%	177%	211%	225%	119%	100%
Utilities		627%	414%	343%	211%	182%	100%
Legal and professional		668%	268%	345%	120%	259%	100%
Auditor's remuneration		388%	169%	100%	100%	100%	100%
Others		621%	459%	502%	338%	110%	100%
Total Expenses		428%	362%	268%	204%	124%	100%
Surplus/(deficit) for the year transferred to general fund		1229%	1722%	1019%	1359%	3%	100%

FINANCIAL POSITION:

	TREND	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
Assets:							
Operating Fixed Assets + Intangibles		561%	574%	389%	367%	115%	100%
Consumables		1203%	917%	451%	425%	116%	100%
Advances, deposits and prepayments		2805%	6088%	2460%	9227%	921%	100%
Investments		502%	225%	416%	258%	181%	100%
Other receivables		605%	402%	401%	247%	114%	100%
Cash and bank balances		1000%	1112%	617%	244%	134%	100%
Total Assets		680%	552%	478%	277%	159%	100%
Funds:							
Inception contribution		100%	100%	100%	100%	100%	100%
Zakat fund		356%	278%	107%	90%	112%	100%
General fund		3068%	2395%	1442%	853%	102%	100%
Endowment fund		146%	145%	143%	147%	133%	100%
Unrealized gain on available for sale investment		0%	0%	0%	100%	0%	0%
Strategic fund*		624%	471%	623%	154%	100%	0%
Total Funds		735%	590%	513%	271%	166%	100%
Liabilities:							
Deferred income related to operating fixed assets		0%	0%	17%	44%	98%	100%
Creditors, accrued and other liabilities		340%	347%	271%	431%	115%	100%
Total Liabilities		245%	251%	200%	323%	110%	100%
Total Funds & Liabilities		680%	552%	478%	277%	159%	100%

* Base Year is taken as 2017

** Base Year is taken as 2018

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, 2021 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, 2021, 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.

Affirm

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
Date: November 2, 2021
Karachi
Engagement Partner: **Shahbaz Akbar**

Statement of Financial Position

As at June 30, 2021

	Note	2021 Rupees	2020 Rupees
ASSETS			
NON-CURRENT ASSETS			
Operating fixed assets	5	121,399,656	122,792,190
Intangible asset	6	<u>5,344,019</u>	<u>6,701,699</u>
		126,743,675	129,493,889
CURRENT ASSETS			
Consumables	7	<u>70,682,479</u>	53,875,848
Advances, deposits and prepayments	8	<u>7,909,374</u>	17,165,881
Investments	9	<u>726,208,890</u>	324,806,778
Other receivables		<u>6,783,488</u>	4,508,775
Cash and bank balances	10	<u>773,492,204</u>	859,836,715
		1,585,076,435	1,260,193,997
TOTAL ASSETS		<u><u>1,711,820,110</u></u>	<u><u>1,389,687,886</u></u>
FUNDS AND LIABILITIES			
FUNDS			
Un-Restricted Funds			
Inception contribution		<u>10,000</u>	10,000
General fund		<u>739,255,295</u>	576,967,839
		739,265,295	576,977,839
Restricted Funds			
Zakat fund		<u>140,419,067</u>	109,916,429
Endowment fund		<u>233,030,185</u>	231,628,072
Strategic fund	11	<u>530,276,408</u>	400,720,787
		903,725,660	742,265,288
TOTAL FUNDS		<u><u>1,642,990,955</u></u>	<u><u>1,319,243,127</u></u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred income related to operating fixed assets	12	-	32,629
CURRENT LIABILITIES			
Creditors, accrued and other liabilities	13	<u>68,829,155</u>	70,412,130
TOTAL LIABILITIES		<u><u>68,829,155</u></u>	<u><u>70,444,759</u></u>
TOTAL FUNDS AND LIABILITIES		<u><u>1,711,820,110</u></u>	<u><u>1,389,687,886</u></u>
CONTINGENCIES AND COMMITMENTS			
	14		

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


Trustee


Trustee

Statement of Income and Expenditure and Other Comprehensive Income

For the year ended June 30, 2021

	Note	2021 Rupees	2020 Rupees
INCOME	16	1,401,341,494	1,275,586,860
EXPENDITURE			
Operating expenses	17	1,103,013,544	933,232,626
Administrative expenses	18	123,908,410	105,849,336
Marketing expenses	19	10,729,971	7,166,494
Total expenditure		1,237,651,925	1,046,248,456
Surplus for the year before taxation		163,689,569	229,338,404
Taxation	21	-	-
Net surplus for the year		163,689,569	229,338,404
Other Comprehensive Income for the year		-	-
Total Comprehensive Surplus for the year		163,689,569	229,338,404

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


Trustee


Trustee

Statement of Cash Flows

For the year ended June 30, 2021

	Note	2021 Rupees	2020 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		163,689,569	229,338,404
Adjustments for:			
Amortization of deferred income	16	(32,629)	(1,273,042)
Depreciation	5	43,513,296	32,698,521
Amortization	6.1	3,274,705	2,411,326
Gain on investments	16.3	(50,132,841)	(72,922,513)
Gain on disposal of operating fixed assets	16.3	(250,591)	(372,977)
		<u>160,061,509</u>	<u>189,879,719</u>
(Increase) / decrease in current assets			
Consumables		(16,806,631)	(27,370,455)
Other receivables		(2,274,713)	1,592,881
Advances, deposits and prepayments		9,256,507	(10,230,213)
(Decrease) / increase in current liabilities			
Creditors, accrued and other liabilities		(1,582,975)	15,393,528
Net cash generated from operating activities		<u>148,653,697</u>	<u>169,265,460</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of operating fixed assets	5	(42,120,771)	(74,023,414)
Purchase of intangible asset	6	(1,917,025)	(2,713,615)
Dividend received		1,398,040	1,424,959
(Investment in) / Encashment of Islamic term deposit receipts	9	(400,000,000)	245,500,000
(Investment in) / Redemption of Islamic mutual funds	9	(1,402,112)	30,742,755
Realized gain from Islamic investments		48,734,801	69,890,270
Proceeds from disposal of operating fixed assets		250,600	416,250
Net cash (used in) / generated from investing activities		<u>(395,056,467)</u>	<u>271,237,205</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Zakat fund received		237,360,640	251,162,491
Funds received under restrictions	11	1,156,534,870	550,000,000
Utilization of strategic fund	11	(1,026,979,249)	(678,900,293)
Utilization of Zakat fund		(206,858,002)	(183,309,109)
Endowment fund received		-	3,000,000
Net cash generated from / (used in) financing activities		<u>160,058,259</u>	<u>(58,046,911)</u>
Net (decrease) / increase in cash and cash equivalents		<u>(86,344,511)</u>	<u>382,455,754</u>
Cash and cash equivalents at beginning of the year		859,836,715	477,380,961
Cash and cash equivalents at end of the year	10	<u><u>773,492,204</u></u>	<u><u>859,836,715</u></u>

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


Trustee


Trustee

Statement of Changes in Fund Balances

For the year ended June 30, 2021

Note	Un-Restricted funds		Restricted funds			Total
	Inception contribution	General fund	Zakat fund	Endowment fund	Strategic fund	
Rupees						
Balance as at July 1, 2019 (restated)	10,000	347,461,040	42,063,047	228,796,467	529,621,080	1,147,951,634
Funds received during the year	-	-	251,162,491	3,000,000	550,000,000	804,162,491
Zakat utilized for operating expenses	-	-	(146,172,362)	-	-	(146,172,362)
Zakat claim for patients treated at SINA Trust	17	-	(37,136,747)	-	-	(37,136,747)
Surplus for the year	-	229,338,404	-	-	-	229,338,404
Funds utilized during the year	11	-	-	-	(678,900,293)	(678,900,293)
Realized loss upon encashment	-	1,607,284	-	(1,607,284)	-	-
Dividend income on mutual funds	-	(1,424,959)	-	1,424,959	-	-
Unrealized gain on:						
- Islamic mutual funds investments	-	(13,930)	-	13,930	-	-
Balance as at June 30, 2020	10,000	576,967,839	109,916,429	231,628,072	400,720,787	1,319,243,127
Funds received during the year	-	-	237,360,640	-	1,156,534,870	1,393,895,510
Zakat utilized for operating expenses	-	-	(169,503,126)	-	-	(169,503,126)
Zakat claim for patients treated at SINA Trust	17	-	(37,354,876)	-	-	(37,354,876)
Surplus for the year	-	163,689,569	-	-	-	163,689,569
Funds utilized during the year	11	-	-	-	(1,026,979,249)	(1,026,979,249)
Dividend income on mutual funds	-	(1,398,040)	-	1,398,040	-	-
Unrealized gain on:						
- Islamic mutual funds investments	-	(4,073)	-	4,073	-	-
Balance as at June 30, 2021	10,000	739,255,295	140,419,067	233,030,185	530,276,408	1,642,990,955

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


Trustee


Trustee

Notes to the Financial Statements

For the year ended June 30, 2021

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 3rd Floor, Adamjee House, I.I. Chundrigar Road, 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, fulfill and undertake all other social welfare and charitable activities and to plan, implement and execute charitable and welfare projects of all kinds as may be permissible under the law.

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

Head Office:

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

Children's Emergency Units:

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

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

- the GoS through Health Department is responsible for providing adequate resources in the annual budget and depute, post and assign such qualified, technical, professional and surgical / medical experts, paramedical staff and other experts of related disciplines and would also provide basic utilities without cost and the use of an appropriate stand-by generator; and
- the Trust is responsible for renovation and providing medical equipment, air conditioning and other essential equipment for the Children's Emergency Units as and where necessary on its sole discretion. 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 paramedical 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 managing the Children's Emergency Unit under revised MOU signed on July 4, 2017 among the Trust, NICH and GoS through the Secretary Health:

- the NICH is responsible for providing adequate resources in the annual budget and depute, post and assign such qualified, technical, professional and surgical / medical experts, paramedical staff and other experts of related disciplines and would also provide basic utilities without cost and the use of an appropriate stand-by generator; and
- the Trust is responsible for renovation and providing medical equipment, air conditioning and other essential equipment for the Children's Emergency 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 Korangi under a revised MOU signed on July 4, 2017 among the Trust, SGHK, and GoS through the Secretary Health. Under the MOU:

- the SGHK is responsible for providing adequate resources in the annual budget and depute, post and assign such qualified, technical, professional and surgical / medical experts, paramedical staff and other experts of related disciplines and would also provide basic utilities without cost and the use of an appropriate stand-by generator; and
- the Trust is responsible for renovation and providing medical equipment, air conditioning and other essential equipment for the Children's Emergency 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 ASH under a MOU signed on September 11, 2017 between ASH, Karachi Metropolitan Corporation (KMC) and the Trust for upgradation and operation of paediatric emergency room of ASH. Under the MOU:

- the KMC is responsible for providing quality service to paediatric patients. Further, to improve the functioning and management, it has been principally agreed by the Medical Health and Services Department that certain facilities being provided by them should be supplemented by private sector philanthropists through donations and Zakat; and
- the Trust is responsible for maintaining transparency in the application of such donations and Zakat. 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 is also managing the Children's Emergency Units in NWB and LKN under a MOU signed on September 29, 2017 between the Trust and GoS through the Secretary Health. Under the MOU:

- the GoS through Health Department is responsible for providing adequate resources in the annual budget and depute, post, assign or transfer such qualified, technical, professional and surgical / medical experts, paramedical staff and other experts of related disciplines and would also provide basic utilities without cost; and

- the Trust is responsible for renovation and providing medical equipment, air conditioning and other essential equipment for the Children's Emergency 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.

1.7 The Trust is also managing the Children's Emergency Unit in LGH under a MOU signed on January 15, 2018 between the Trust and GoS through the Secretary Health. Under the MOU:

- the GoS through Health Department is responsible for providing adequate resources in the annual budget and depute, post and assign such qualified, technical, professional and surgical / medical experts, paramedical staff and other experts of related disciplines and would also provide basic utilities; and
- the Trust is responsible for 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.

1.8 The Trust is also managing the Children's Emergency Units in GMMMC and LUMHS under a MOU signed on March 9, 2018 between the Trust and GoS through the Secretary Health. Under the MOU:

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

1.9 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.

- 1.10** The Trust initiated a strategic partnership with SINA Trust under signed MOU dated July 1, 2015. Based on the MOU, SINA leads construction of clinics and provides OPD services to all patients and Childlife donates a certain amount of sum per patient. Rates of donations are further detailed in note 17.1.
- 1.11** The Trust will also manage 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. The operations will commence during the next financial year. 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.
- 1.12** 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 in the process of submitting the required documents for registration to the Registrar to fulfil the requirement for registration of Trust Deed under Sindh Trusts Act, 2020. 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 01, 2020. 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:

Amendments	Effective date (accounting period beginning on or after)
- IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2023
- IAS 8 - 'Accounting policies, change in accounting estimates and errors' (amendments)	January 1, 2023
- IAS 12 - 'Income taxes' (amendments)	January 1, 2023
- IFRS 16 - 'Leases' (amendments)	April 1, 2021

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 1 July 2021 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 presentational 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 amortization 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 amortization and accumulated impairment losses, if any. The cost of intangible assets is amortized over the estimated useful life using the straight line method. Costs associated with maintaining the computer software are recognised as expense in the statement of income and expenditure as and when incurred. The useful life, residual value and amortization method of intangible asset is reviewed and adjusted, if appropriate, at each reporting date.

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 amortization 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 income and expenditure (FVTIE).

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 FVTIE, 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, and that are not designated at FVTIE, 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 income and expenditure (FVTIE)

Assets that do not meet the criteria for classification at amortised cost or FVOCI are measured at FVTIE. A gain or loss on a debt investment that is subsequently measured at FVTIE 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 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, and CHQ. 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

Donation contributions are recognised on receipt basis.

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

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

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

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.

4.15.1.1 General Fund

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

4.15.2 Inception Fund

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

4.15.3 Restricted funds

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

4.15.3.1 Zakat fund

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

As recommended by the Shariah Committee, 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 utilization of Zakat funds for operating expenses are duly approved by the Committee and endorsed by the Board of Trustees.

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

4.15.3.2 Endowment fund

Endowment fund has been created with the approval of the Trustees for the purpose to achieving sustainability. This fund is invested in Islamic investments. Any gain on investments pertaining to the Endowment fund are appropriated to the Endowment fund through an appropriation of surplus.

4.15.3.3 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 utilized".

5 OPERATING FIXED ASSETS

	June 30, 2021					
	Furniture and fixtures	Office equipment	Computer equipment	Medical equipment	Motor vehicle	Total
At July 1, 2020	Rupees					
Cost	21,449,776	75,119,576	39,307,034	81,214,964	2,290,500	219,381,850
Accumulated depreciation	(9,125,023)	(26,031,090)	(28,001,295)	(31,141,752)	(2,290,500)	(96,589,660)
Net book value	<u>12,324,753</u>	<u>49,088,486</u>	<u>11,305,739</u>	<u>50,073,212</u>	<u>-</u>	<u>122,792,190</u>
Additions during the year	2,238,501	24,403,100	4,739,874	10,739,296	-	42,120,771
Disposals (note 5.1)						
Cost	(40,872)	(4,801,586)	-	-	-	(4,842,458)
Accumulated depreciation	40,865	4,801,584	-	-	-	4,842,449
	(7)	(2)	-	-	-	(9)
Depreciation charge for the year	(3,938,423)	(15,645,562)	(8,259,559)	(15,669,752)	-	(43,513,296)
Closing net book value	<u>10,624,824</u>	<u>57,846,022</u>	<u>7,786,054</u>	<u>45,142,756</u>	<u>-</u>	<u>121,399,656</u>
At June 30, 2021						
Cost	23,647,405	94,721,090	44,046,908	91,954,260	2,290,500	256,660,163
Accumulated depreciation	(13,022,581)	(36,875,068)	(36,260,854)	(46,811,504)	(2,290,500)	(135,260,507)
Net book value	<u>10,624,824</u>	<u>57,846,022</u>	<u>7,786,054</u>	<u>45,142,756</u>	<u>-</u>	<u>121,399,656</u>
Depreciation rate per annum	20%	20%	33%	20%	20%	
	June 30, 2020					
	Furniture and fixtures	Office equipment	Computer equipment	Medical equipment	Motor vehicle	Total
At July 1, 2019	Rupees					
Cost	16,609,858	47,693,670	30,478,874	50,922,898	2,290,500	147,995,800
Accumulated depreciation	(5,875,066)	(17,913,428)	(21,056,339)	(19,388,073)	(2,252,324)	(66,485,230)
Net book value	<u>10,734,792</u>	<u>29,780,242</u>	<u>9,422,535</u>	<u>31,534,825</u>	<u>38,176</u>	<u>81,510,570</u>
Additions during the year	4,839,918	30,063,270	8,828,160	30,292,066	-	74,023,414
Disposals						
Cost	-	(2,637,364)	-	-	-	(2,637,364)
Accumulated depreciation	-	2,594,091	-	-	-	2,594,091
	-	(43,273)	-	-	-	(43,273)
Depreciation charge for the year	(3,249,957)	(10,711,753)	(6,944,956)	(11,753,679)	(38,176)	(32,698,521)
Closing net book value	<u>12,324,753</u>	<u>49,088,486</u>	<u>11,305,739</u>	<u>50,073,212</u>	<u>-</u>	<u>122,792,190</u>
At June 30, 2020						
Cost	21,449,776	75,119,576	39,307,034	81,214,964	2,290,500	219,381,850
Accumulated depreciation	(9,125,023)	(26,031,090)	(28,001,295)	(31,141,752)	(2,290,500)	(96,589,660)
Net book value	<u>12,324,753</u>	<u>49,088,486</u>	<u>11,305,739</u>	<u>50,073,212</u>	<u>-</u>	<u>122,792,190</u>
Depreciation rate per annum	20%	20%	33%	20%	20%	

5.1 Disposals during the year

Details of assets disposed off by the Trust during the year are as follows:

	Original cost	Accumulated depreciation	Net Book value	Sale proceeds	Gain on disposal	Mode of disposal	Particulars of buyer	Relationship with buyer
	Rupees							
Office equipment	4,801,586	(4,801,584)	2	250,000	249,998	As per the Trust policy	Ahsan Brothers	N/A
Furniture and fixtures	40,872	(40,865)	7	600	593	As per the Trust policy	Siddiq	N/A
	<u>4,842,458</u>	<u>(4,842,449)</u>	<u>9</u>	<u>250,600</u>	<u>250,591</u>			

- 5.2** The Trust's capitalizes certain 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 utilized' and recorded as revenue when the Trust spends them on the purpose of the funding, i.e. to operate the Emergency Care Units.

	Note	2021 Rupees	2020 Rupees
6 INTANGIBLE ASSET			
Computer software	6.1	4,279,559	5,101,699
Software under implementation	6.2	1,064,460	1,600,000
		<u>5,344,019</u>	<u>6,701,699</u>

6.1 Computer Software

Particulars	Cost			Accumulated amortization			Carrying value	Annual rate of amortization
	At July 1, 2020	Addition during the year	At June 30, 2021	At July 1, 2020	Charge for the year	At June 30, 2021	At June 30, 2021	
	Rupees							%
Computer software	7,695,865	2,452,565	10,148,430	2,594,166	3,274,705	5,868,871	4,279,559	33
June 30, 2021	<u>7,695,865</u>	<u>2,452,565</u>	<u>10,148,430</u>	<u>2,594,166</u>	<u>3,274,705</u>	<u>5,868,871</u>	<u>4,279,559</u>	

Particulars	Cost			Accumulated amortization			Carrying value	Annual rate of amortization
	At July 1, 2019	Addition during the year	At June 30, 2020	At July 1, 2019	Charge for the year	At June 30, 2020	At June 30, 2020	
	Rupees							%
Computer software	6,582,250	1,113,615	7,695,865	182,840	2,411,326	2,594,166	5,101,699	33
June 30, 2020	<u>6,582,250</u>	<u>1,113,615</u>	<u>7,695,865</u>	<u>182,840</u>	<u>2,411,326</u>	<u>2,594,166</u>	<u>5,101,699</u>	

6.2 Software under implementation

This represents software under implementation for payroll generation and attendance software for all employees at all Emergency Units of the Trust.

	Note	2021 Rupees	2020 Rupees
7 CONSUMABLES			
Balance as at July 1		53,875,848	26,505,393
Purchases during the year		300,444,067	231,466,259
Transfers / adjustments		3,852,678	(3,331,365)
Consumed during the year		(287,490,114)	(200,764,439)
Balance as at June 30		<u>70,682,479</u>	<u>53,875,848</u>
8 ADVANCES, DEPOSITS AND PREPAYMENTS			
Advance to suppliers			
Advance to staff	8.1	3,772,851	15,122,294
Deposits		794,693	535,049
Prepayments	8.2	2,060,580	960,580
	8.3	<u>1,281,250</u>	<u>547,958</u>
		<u>7,909,374</u>	<u>17,165,881</u>
8.1 This represents advance given for the following purposes:			
Advance against construction / renovation of Emergency care units		1,439,335	12,398,700
Advance against maintenance expense - software		770,980	449,883
Promotional expenses		1,012,656	182,424
Others		549,880	2,091,287
		<u>3,772,851</u>	<u>15,122,294</u>
8.2 This represents security deposits given in relation to head office premises, water supply and oxygen cylinders.			
	Note	2020 Rupees	2019 Rupees
8.3 This represents prepayments made for the following purposes:			
General insurance		-	542,248
Health insurance		1,189,620	-
Life insurance		86,410	-
Vehicle insurance		5,220	5,710
		<u>1,281,250</u>	<u>547,958</u>
9 INVESTMENTS			
Islamic term deposit receipts with banks - at amortized cost	9.1	700,000,000	300,000,000
Mutual funds - at FVTIE	9.2	26,208,890	24,806,778
		<u>726,208,890</u>	<u>324,806,778</u>

9.1 This includes investments made on behalf of Endowment and other funds. They carry return at rates ranging from 6.25% to 6.8% (2020: 6.25% to 6.96%) per annum and are due to mature in September 2021.

9.2 This represents investments made on behalf of Endowment and other funds.

9.2.1 Details of investment in mutual funds are as follows:

Particulars	Number of units	2021		
		Cost at June 30, 2021	Market value at June 30, 2021	Unrealized gain at June 30, 2021
Rupees				
Meezan Islamic Income Fund	509,172	<u>26,204,817</u>	<u>26,208,890</u>	<u>4,073</u>
Particulars	Number of units	2020		
		Cost at June 30, 2020	Market value at June 30, 2020	Unrealized loss at June 30, 2020
Rupees				
Meezan Islamic Income Fund	482,007	<u>24,792,848</u>	<u>24,806,778</u>	<u>13,930</u>
		<u>24,792,848</u>	<u>24,806,778</u>	<u>13,930</u>
	Note	2021 Rupees	2020 Rupees	
10 CASH AND BANK BALANCES				
Cash in hand			269,480	307,020
Cash at banks:				
- Local currency				
Current accounts	10.1		141,947,859	109,916,471
Savings accounts	10.2		430,248,453	498,230,947
			<u>572,196,312</u>	<u>608,147,418</u>
- Foreign currency				
Savings account			201,026,412	251,382,277
			<u>773,492,204</u>	<u>859,836,715</u>

10.1 These include Zakat current accounts amounting to Rs. 140,419,067 (2020: Rs. 109,916,429).

10.2 These carry return at the rates ranging from 2.9% to 6.6% (2020: 3.0% to 12.25%) per annum.

	Note	2021 Rupees	2020 Rupees
11 STRATEGIC FUND			
Balance as at July 01		400,720,787	529,621,080
Received during the year	11.1	1,156,534,870	550,000,000
Utilized during the year	11.2	<u>(1,026,979,249)</u>	<u>(678,900,293)</u>
Balance as at June 30	11.3	<u>530,276,408</u>	<u>400,720,787</u>

11.1 This represents funds received during the year for construction and running operations of Emergency Care Units in Pakistan.

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

11.3 The management intends to utilize these funds for meeting the expenditures of Emergency Care Units in Pakistan.

	Note	2021 Rupees	2020 Rupees
12 DEFERRED INCOME RELATED TO OPERATING FIXED ASSETS			
Balance as at July 1		32,629	1,305,671
Amortization during the year		(32,629)	(1,273,042)
Balance as at June 30		<u>-</u>	<u>32,629</u>

13 CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors		36,117,670	33,152,394
Accrued liabilities		28,037,422	32,850,998
Others	13.1	4,674,063	4,408,738
		<u>68,829,155</u>	<u>70,412,130</u>

13.1 This includes retention money withheld at the rate of 5% (2020: 5%) on the amount of invoices paid to contractors.

14 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at June 30, 2021 (June 30, 2020: Nil).

	2021 Rupees	2020 Rupees
15 MAJOR SOURCES OF CONTRIBUTIONS		

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

Government of Sindh	900,000,000	500,000,000
Government of Balochistan	190,000,000	50,000,000
ChildLife America	68,063,604	335,291,820
Lucky Textile Mills Limited	30,995,240	31,329,800
M/S Nutrico Pakistan Private Limited	29,517,906	19,000,000
Artistic Fabric & Garment Industries Pvt Ltd	26,000,000	22,000,000
Soorty Enterprises Private Limited	20,000,000	500,000
Grupo Karims Foundation	19,536,840	4,658,160
Mr Muhammad Tahsin ul haq	17,399,840	17,203,637
Mr Imran Rauf	15,353,700	17,498,738
Bank Al Habib Limited	15,000,000	10,000,000
Mr Mohammad Shoaib	14,000,000	9,000,000
Shahbaz Garments (Pvt) Ltd / Mr. Mustafa Kassam	11,767,250	11,587,500
Iqbal Adamjee Trust	10,000,000	7,000,000
ICI Pakistan Foundation	7,500,000	-
Hanif Adamjee Charitable Trust	5,443,450	2,546,950
Aftab Adamjee Trust	1,895,445	2,597,017

16 INCOME	Note	2021 Rupees	2020 Rupees
Strategic fund utilized	11	1,026,979,249	678,900,293
Donations			
Received in cash		96,667,697	328,985,448
Received in kind	16.1	39,199,171	22,470,915
Zakat utilised for			
Operating expenses	16.2	169,503,126	146,172,362
Operating expenses clinics	17	37,354,876	37,136,747
Amortization of deferred income related to operating fixed assets		32,629	1,273,042
Other income	16.3	31,604,746	60,648,053
		<u>1,401,341,494</u>	<u>1,275,586,860</u>

16.1 This represents medicines received from CHK, NICH, SGHK, ASH, NWB, LKN, LGH, GMMMC, LUMHS and CHQ for Emergency Care Units operated by the Trust.

16.2 This represents actual amount transferred to income in accordance with approval received from the Committee. During the year, 17.27% (2020: 17.73%) of operating expenses (excluding depreciation) have been utilized from Zakat fund.

16.3 Other income	Note	2021 Rupees	2020 Rupees
Income:			
- Profit on bank deposits		26,174,905	25,679,526
- Gain on sale of fixed assets		250,591	372,977
- Exchange loss		(18,778,686)	(12,647,437)
- Other		238,372	-
- Income from investments	16.3.1	23,719,564	47,242,987
		<u>31,604,746</u>	<u>60,648,053</u>

16.3.1 Income from investments

Term deposit receipts	22,317,451	47,411,382
Realised loss on Islamic mutual funds investments	-	(1,607,284)
Unrealised gain on revaluation of investments classified as 'financial assets at fair value through income or expenditure' - net	4,073	13,930
Dividend income	1,398,040	1,424,959
	<u>23,719,564</u>	<u>47,242,987</u>

17 OPERATING EXPENSES	Note	2021 Rupees	2020 Rupees
Salaries and benefits	20	501,211,972	418,564,797
Third party contractual services		91,650,373	69,360,998
Medicines consumed		266,348,987	200,764,439
Patient consultation	17.1	47,993,270	47,805,439
Project renovation		67,470,299	94,404,761
Depreciation		40,667,860	31,094,094
Amortization		2,224,861	1,428,411
Supplies and consumables		44,237,838	44,608,315
Repairs and maintenance		14,931,670	4,979,166
Travelling expense		9,384,389	9,889,026
Utilities		8,476,780	4,899,671
Legal and professional		124,700	29,640
Others	17.2	8,290,545	5,403,869
		<u>1,103,013,544</u>	<u>933,232,626</u>

17.1 Patient consultation

This include charges paid by the Trust to SINA Trust for treatment of children @ Rs. 403 (2020: @ Rs. 403) 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. 37.35 million (2020: Rs. 37.14 million) against Zakat eligible patients.

17.2 Others	Note	2021 Rupees	2020 Rupees
Cartage expense		3,073,864	1,948,367
Miscellaneous		5,216,681	3,455,505
		<u>8,290,545</u>	<u>5,403,872</u>

18 ADMINISTRATIVE EXPENSES

Salaries and benefits	20	91,826,123	84,527,980
Third party contractual services		2,225,413	932,072
Project renovation		811,938	980,088
Depreciation		2,845,445	1,604,427
Amortization		1,049,844	982,915
Supplies and consumables		4,154,378	2,624,117
Repairs and maintenance		8,933,549	6,317,905
Travelling expense		2,362,447	531,460
Utilities		2,213,064	2,168,448
Legal and professional		2,329,712	954,178
Auditor's remuneration	18.1	1,025,322	445,500
Others	18.2	4,131,175	3,780,246
		<u>123,908,410</u>	<u>105,849,336</u>

	Note	2021 Rupees	2020 Rupees
18.1 Auditor's remuneration			
Annual audit fee		885,000	375,000
Out of pocket expense		64,520	37,500
Sales tax		75,802	33,000
		<u>1,025,322</u>	<u>445,500</u>
18.2 Others			
Head office rent expense		2,448,379	2,127,992
Bank charges		155,978	199,948
Miscellaneous		1,526,818	1,452,306
		<u>4,131,175</u>	<u>3,780,246</u>
19 MARKETING EXPENSES			
Programmatic activities and preventive health care		747,891	417,136
Communication and advertisement	19.1	9,982,080	6,749,358
		<u>10,729,971</u>	<u>7,166,494</u>

19.1 Communication and advertisement

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

20 SALARIES AND BENEFITS

Salaries and benefits include Rs. 17.57 million (2020: Rs. 13.97 million) in respect of employees' provident fund.

The following information is based on un-audited financial statements of the Fund. The funds have been kept in Meezan Islamic Income Fund and Meezan Cash Fund (2020: Meezan Islamic Income Fund and Meezan Cash Fund).

	2021	2020
Cost of investments made (Rs.)	69,667,380	46,616,923
Percentage of investments made	100%	100%
Fair value of investments (Rs.)	69,705,424	46,648,007
Size of the fund - Total assets		
<i>Money Market</i>	11.81%	16.97%
<i>Income</i>	88.19%	83.03%

21 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 the 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 descendents 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 dated 22nd July 2019 which is valid upto 22nd January 2022.

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.

22 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 and Director Communications as its key management personnel. Transactions with related parties not shown elsewhere in financial statements are as follows:

Relationship with the Trust	Nature of Transaction	2021 Rupees	2020 Rupees
SINA Trust (Dr. Naseeruddin Mahmood is a common Trustee)	Payments made to SINA Trust for patient consultation	47,993,270	47,805,439
ChildLife America (Mr. Osman Rashid is a common Trustee)	Donations received	68,063,604	335,291,820
Lucky Textile Mills Limited (Mr. Sohail Tabba, the Trustee of Childlife Foundation is Director of Lucky Textile Mills Limited)	Zakat received	30,995,240	31,329,800
ICI Pakistan Limited (Mr. Abid Ganatra, the Trustee of Childlife Foundation is Executive Director of ICI Pakistan Limited)	Payments made to ICI against purchase of medicine	2,320,306	-
	Donations received	7,500,000	-
Nutrico Morinaga (Mr. Sohail Tabba, a trustee of ChildLife Foundation, is Chairman of Nutrico Morinaga)	Zakat received	29,517,906	19,000,000
	Donations received	10,000,000	6,000,000
Iqbal Adamjee Trust (Mr. Iqbal Adamjee is a common Trustee)	Donations received	1,000,000	649,125
Dr. Ahson Rabbani (Chief Executive Officer)	Donations received		

22.1 Remuneration of Chief Executive officer and Directors

	2021		2020	
	Chief Executive Officer	Directors	Chief Executive Officer	Directors
	Rupees			
Gross salary (net of deductions)	12,024,672	11,342,511	10,758,978	8,629,077
Allowances and reimbursements	726,619	1,295,508	486,533	901,668
Provident fund contribution	730,224	716,918	661,011	554,846
	<u>13,481,515</u>	<u>13,354,937</u>	<u>11,906,522</u>	<u>10,085,591</u>
Number of persons	1	4	1	2

23 NUMBER OF EMPLOYEES

	2021 Number	2020 Number
- At June 30	752	702
- Average during the year	732	648

24 FINANCIAL INSTRUMENTS BY CATEGORIES

		June 30, 2021		
	Note	At amortised cost	At fair value through income and expenditure	Total
Rupees				
Financial assets				
Deposits	8	2,060,580	-	2,060,580
Investments	9	700,000,000	26,208,890	726,208,890
Other receivables		6,783,488	-	6,783,488
Cash and bank balances	10	773,492,204	-	773,492,204
		<u>1,482,336,272</u>	<u>26,208,890</u>	<u>1,508,545,162</u>

		June 30, 2021		
	Note	At amortised cost	Total	
Rupees				
Financial liabilities				
Creditors, accrued and other liabilities	13	<u>66,575,825</u>	<u>66,575,825</u>	

		June 30, 2020		
	Note	At amortised cost	At fair value through income and expenditure	Total
Rupees				
Financial assets				
Deposits	8	960,580	-	960,580
Investments	9	300,000,000	24,806,778	324,806,778
Other receivables		4,508,775	-	4,508,775
Cash and bank balances	10	859,836,715	-	859,836,715
		<u>1,165,306,070</u>	<u>24,806,778</u>	<u>1,190,112,848</u>

		June 30, 2020		
	Note	At amortised cost	Total	
Rupees				
Financial liabilities				
Creditors, accrued and other liabilities	13	<u>70,468,542</u>	<u>70,468,542</u>	

25 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:

25.1 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 fulfill their obligations.

Exposure to credit risk

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

	2021 Rupees	2020 Rupees
Deposits	2,060,580	960,580
Other receivables	6,036,220	4,412,521
Investments in term deposit receipts	700,000,000	300,000,000
Investments in mutual funds	26,208,890	24,806,778
Bank balances	<u>773,492,204</u>	<u>859,836,715</u>
	<u>1,507,797,894</u>	<u>1,190,016,594</u>

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. Investments in mutual funds are placed with funds having good credit ratings assigned by credit rating agencies. 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
Dubai Islamic Bank Limited	A1+	AA
Sindh Bank Limited	A1	A+

The ratings of mutual funds in which the Trust held investments as at reporting dates are as follows:

	2021	2020
Meezan Islamic Income Fund	A+(f)	A(f)

25.2 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:

	2021		
	Contractual cash flows	Upto one year	More than one year
	Rupees		
Non-derivative financial liabilities			
Creditors, accrued and other liabilities	66,575,825	66,575,825	-
	2020		
	Contractual cash flows	Upto one year	More than one year
	Rupees		
Non-derivative financial liabilities			
Creditors, accrued and other liabilities	70,468,542	70,468,542	-

25.3 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.

25.3.1 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:

	2021 Rupees	2020 Rupees
Foreign currency bank account	201,026,412	251,382,277

The following exchange rates have been applied:

	Average rates		Reporting date rates	
	2021 Rupees	2020 Rupees	2021 Rupees	2020 Rupees
USD to PKR	159.56	158.77	157.54	168.05

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. 20.1 million (June 30, 2020: Rs. 25.14 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 2020.

25.3.2 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:

	2021 Rupees	2020 Rupees
Financial assets		
Variable rate instruments		
Savings accounts	<u>631,274,865</u>	<u>749,613,224</u>
	<u>631,274,865</u>	<u>749,613,224</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. 6.3 million (2020: 7.5 million).

25.3.3 Price risk

This is the risk that the fair value of or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting similar financial instruments traded in the market. The Trust's investments in mutual funds as at the year end exposes it to price risk. The management monitors the fluctuations in the prices of its investments on a regular basis. As at June 30, 2021, if the prices of the mutual funds had increased / decreased by 10%, with all other variables held constant, the surplus for the year would have been higher / lower by Rs. 2.62 million (2020: 2.48 million) as a result of unrealized appreciation / diminution on re-measurement of investments.

26 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.

27 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

Fair value hierarchy

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

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

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

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

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

	2021			
	Level 1	Level 2	Level 3	Total
	Rupees			
Investment in Islamic mutual funds	-	26,208,890	-	26,208,890
	2020			
	Level 1	Level 2	Level 3	Total
	Rupees			
Investment in Islamic mutual funds	-	24,806,778	-	24,806,778

There were no transfers between the levels during the year.

28 RECLASSIFICATION

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

29 GENERAL

29.1 Rounding off

Figures have been rounded off to the nearest Rupee unless otherwise stated.

29.2 Effects of COVID-19 pandemic

On March 11, 2020, the World Health Organisation made an assessment that the outbreak of a coronavirus (COVID-19) can be characterised as a pandemic. As a result, businesses have subsequently been affected amongst others with temporary suspension of travel, and closure of recreation and public facilities.

To alleviate the negative impact of the COVID-19 pandemic, the Government of Pakistan, the State Bank of Pakistan and the Securities & Exchange Commission of Pakistan (SECP) have taken measures and issued directives to support businesses, including extensions of deadlines, facilitating continued business through social-distancing and easing pressure on credit and liquidity in the market.

The Trust has made an assessment in order to evaluate the impact of COVID-19 pandemic over the operations and surplus of the Trust as well as a going concern assessment. As a result of such assessment, the management has not identified any adverse impact on the surplus, liquidity and continuity of the Trust due to COVID-19 pandemic situation. Further, the management believes that there is no material impact of COVID-19 on any of the financial statement line item.

30 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Trustees on October 28, 2021.



Trustee



Trustee