

**INDUS HOSPITAL & HEALTH NETWORK
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

INDEPENDENT AUDITOR'S REPORT

To the members of Indus Hospital and Health Network

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Indus Hospital and Health Network (the Hospital), which comprise the statement of financial position as at June 30, 2021, and the statement of income and expenditure and other comprehensive income, the statement of changes in fund balance, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of income and expenditure and other comprehensive income, the statement of changes in fund balance and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Hospital's affairs as at June 30, 2021 and of the surplus and other comprehensive income, the changes in fund balance and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with 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 Hospital 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 obtained at the date of this auditor's report is information included in the director's 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 or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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 Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines 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, management is responsible for assessing the Hospital'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 Hospital or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Hospital's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital'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 Hospital'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 Hospital 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 the board of directors 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.

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Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- (a) proper books of account have been kept by the Hospital as required by the Companies Act, 2017 (XIX of 2017);
- (b) the statement of financial position, the statement of income and expenditure and other comprehensive income, the statement of changes in fund balance and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Hospital's business; and
- (d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Azhar Hussain.



**A. F. Ferguson & Co.,
Chartered Accountants
Karachi**

Date: December 1, 2021

INDUS HOSPITAL & HEALTH NETWORK
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	2021	2020
		-----Rupees-----	
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	15,791,256,913	12,150,222,401
Right-of-use assets	5	155,017,091	179,350,930
Intangible assets	6	7,237,406	9,201,875
Long term deposits	7	6,600,000	6,600,000
		<u>15,960,111,410</u>	<u>12,345,375,206</u>
Current Assets			
Inventories	8	1,185,509,628	1,157,090,509
Advances, deposits, prepayments and other receivables	9	718,195,221	1,153,301,884
Short term investments	10	819,415,348	407,424,864
Cash and bank balances	11	7,159,568,518	3,227,094,533
		<u>9,882,688,715</u>	<u>5,944,911,790</u>
TOTAL ASSETS		<u><u>25,842,800,125</u></u>	<u><u>18,290,286,996</u></u>
FUND			
Accumulated fund		833,348,038	813,462,489
LIABILITIES			
Non-Current Liabilities			
Lease liabilities	12	173,585,952	181,682,887
Deferred capital grant	13	16,679,663,789	11,814,308,424
		<u>16,853,249,741</u>	<u>11,995,991,311</u>
Current Liabilities			
Deferred income	14	5,261,032,044	4,233,027,924
Current portion of lease liabilities	12	8,096,935	3,958,495
Trade and other payables	15	2,887,073,367	1,243,846,777
		<u>8,156,202,346</u>	<u>5,480,833,196</u>
CONTINGENCIES AND COMMITMENTS	16		
TOTAL FUND AND LIABILITIES		<u><u>25,842,800,125</u></u>	<u><u>18,290,286,996</u></u>

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

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Chief Executive Officer

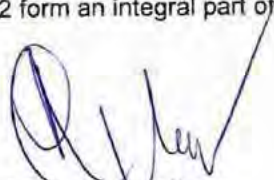



Director

INDUS HOSPITAL & HEALTH NETWORK
STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 -----Rupees-----	2020
INCOME			
Value of services rendered to patients financed through:			
- Zakat		3,529,813,707	2,909,724,985
- Donations		3,672,215,539	2,303,449,852
- Deferred capital grant		172,351,315	163,497,673
Grant-Funded Research and Development Projects (GFRDP) including deferred capital grant		2,635,642,099	2,522,955,225
		10,010,022,660	7,899,627,535
Proceeds from academic activities		76,094,440	62,522,552
		10,086,117,100	7,962,150,087
Other income	17	89,062,978	72,818,611
		10,175,180,078	8,034,968,698
EXPENDITURE			
Salaries, wages and other benefits	18	3,133,123,399	2,848,611,352
Medicines and other supplies consumed	4.1.2	3,138,625,920	1,696,740,146
Depreciation		360,270,316	333,489,139
Depreciation on right of use assets		24,333,839	24,333,839
Utilities		288,286,487	245,229,302
Marketing and advertisement		139,864,553	105,307,894
Repairs and maintenance		123,774,786	69,309,092
Outsourced - Medical facilities and diagnostics charges		69,529,159	65,896,971
Expense relating to short-term leases		576,529	121,984
Printing, stationery and courier		13,778,142	24,865,078
Security services		24,097,577	21,530,836
Travelling and transportation		28,104,845	18,152,146
Training and development		5,736,999	7,296,913
License fee		44,090,685	17,996,417
Fuel		10,692,826	14,376,456
Communication charges		16,051,611	16,106,703
Technical and professional services		11,061,531	9,989,156
Other expenses		16,300,445	9,505,118
Return on lease liabilities		25,594,363	26,198,236
Loss on disposal / write-off of property, plant and equipment	4.1.1	-	897,182
Insurance / takaful		19,960,176	9,073,216
Amortization	6.2	2,833,830	3,675,318
Inventories written-off	8.1	21,883,049	910,819
Auditor's remuneration	19	745,670	703,683
Research and publications		335,693	-
Expenditure on account of GFRDP	20	2,635,642,099	2,522,955,225
		10,155,294,529	8,093,272,221
Surplus / (deficit) for the year		19,885,549	(58,303,523)
Other comprehensive income		-	-
Total comprehensive Income / (loss)		<u>19,885,549</u>	<u>(58,303,523)</u>

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


Chief Executive Officer


Director

INDUS HOSPITAL & HEALTH NETWORK
 STATEMENT OF CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020
	-----Rupees-----	
Balance at beginning of the year	813,462,489	871,766,012
Surplus / (deficit) for the year	19,885,549	(58,303,523)
Other comprehensive income	-	-
Total comprehensive Income / (loss)	19,885,549	(58,303,523)
Balance at end of the year	833,348,038	813,462,489

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

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Chief Executive Officer

Director

INDUS HOSPITAL & HEALTH NETWORK
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

Note	2021	2020
	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus / (deficit) for the year	19,885,549	(58,303,523)
Adjustments for non-cash expenses and other items:		
Depreciation	626,824,453	611,480,321
Depreciation on right of use assets	24,333,839	24,333,839
Expenses relating to short-term leases	576,529	121,984
Amortization	2,896,670	3,722,328
Inventories written-off	21,883,049	910,819
(Gain) / loss on disposal of property, plant and equipment	(12,728,434)	897,182
Value of services rendered to patients through donations and zakat	(7,202,029,246)	(5,213,174,637)
Value of services rendered to patients through deferred capital grant	(172,351,315)	(163,497,673)
Return on lease liability	25,594,363	26,198,236
Income from Grant-Funded Research and Development Projects (GFRDP)	(2,635,642,099)	(2,522,955,225)
	(9,320,642,191)	(7,231,962,826)
Working capital changes		
Decrease / (increase) in current assets:		
Inventories	(50,302,168)	232,783,405
Advances, deposits, prepayments and other receivables	435,106,663	(854,235,593)
	384,804,495	(621,452,188)
Increase in current liabilities:		
Trade and other payables	1,643,226,590	71,662,816
	2,028,031,085	(549,789,372)
Donations received during the year	3,964,895,868	2,444,036,035
Donations paid during the year	(48,554,485)	(10,493,584)
Payment made in terms of short-term leases	(576,529,00)	(121,984)
Zakat received during the year	3,604,482,081	2,904,322,046
Contribution received on account of GFRDP	2,958,811,410	2,691,876,040
	10,479,058,345	8,029,618,553
	3,206,332,788	189,562,832
Net cash generated from operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(3,642,765,082)	(1,875,691,887)
Proceeds received from disposal of property, plant and equipment	60,461,935	1,140,886
Purchase of intangible assets	(932,201)	(3,502,279)
Investment made during the year	(952,162,448)	(634,104,300)
Investment encashed during the year	828,120,000	574,000,000
Profit received on short term investments and saving accounts	189,951,701	251,751,558
	(3,517,326,095)	(1,686,406,022)
Net cash used in investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Contribution for capital expenditure	4,548,020,150	2,123,868,169
Principal portion paid	(3,958,495)	(667,999)
Lease rentals paid	(25,594,363)	(26,198,236)
	4,518,467,292	2,097,001,934
	4,207,473,985	600,158,744
Net increase in cash and cash equivalents		
Cash and cash equivalents at beginning of the year	3,227,094,533	2,626,935,789
Cash and cash equivalents at end of the year	7,434,568,518	3,227,094,533

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

Chief Executive Officer

Director

**INDUS HOSPITAL & HEALTH NETWORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

1. LEGAL STATUS AND OPERATIONS

1.1 Indus Hospital & Health Network (the Hospital) is a not for profit organization incorporated in Pakistan on June 23, 2008 as a company limited by guarantee, not having share capital, under section 42 of the repealed Companies Ordinance, 1984 which has now been replaced with Companies Act, 2017. The registered office of the Hospital is situated at Plot C-76, Sector 31/5, Opposite Darussalam Society, Korangi Crossing, Karachi. The principal objective of the Hospital is to provide medical, housing, educational and other facilities to under privileged people free of cost and to apply its funds to achieve its objectives through the following fully operational units / locations:

- i) Indus Hospital Korangi Campus, Karachi, Sindh;
- ii) Indus Dialysis Centre and Family Medicine Clinics, PIB Colony, Karachi, Sindh;
- iii) Sheikh Saeed Memorial Maternity Hospital, Korangi, Karachi, Sindh; and
- iv) Indus Hospital Al Ghazi Campus, Tehsil Bhong Sadiqabad.

The Hospital in collaboration with Qarshi Foundation Trust (QFT) and Naimat Saleem Trust (NST) has undertaken to build a hospital in Block-B Jubilee Town Scheme, Lahore named The Indus Hospital Punjab - Lahore Campus. NST had transferred the ownership of plots (measuring 25 Kanal-11 Marla-110 Square Feet) having fair market value of Rs. 1,024,000,000 on the date of transfer via lease deed for 99 years commencing from May 1, 2017 exclusively for construction of the aforementioned hospital.

A branch office "The Indus Hospital - UAE Branch" (the Branch) was established in the International Humanitarian City, Dubai, United Arab Emirates. The registered office of the Branch is situated at office no. 330, 3rd Floor, Building no. 1, International Humanitarian City Dubai, United Arab Emirates. The objective of the Branch is to develop and provide humanitarian services comprising health care awareness and provide therapeutic appliances and equipment. The Branch also collects funds for helping the Hospital to achieve its objective.

The Hospital entered into an agreement with Islamic Mission Hospital Trust (IMHT) in 2014, whereby IMHT agreed to hand over complete management and control of School of Nursing (SON) to the Hospital. As per the terms of the agreement, IMHT had transferred all the assets and liabilities of the Trust and the school to the Hospital and the Board of the Hospital had undertaken to take over the assets and liabilities with effect from June 30, 2017. The Hospital derives fee income from the operations of SON.

In addition to above the Hospital has taken over management and operations of other hospitals / medical facilities as more fully explained in note 1.3.

1.2 The hospital on January 14, 2021 after obtaining authorization from Securities & Exchange Commission of Pakistan (SECP) has changed its name to Indus Hospital & Health Network

1.3 Hospital / facility management services

The Hospital entered into various agreements with Recep Tayyip Erdogan Hospital Trust (RTEHT), Government of Punjab, Government of Sindh, Government of Balochistan, other corporate entities and non-profit organizations to manage the operations of different hospitals and medical facilities. The agreements for the management of the hospitals and medical facilities is generally for the term of 5 to 30 years. As per the terms of the agreements the Hospital shall be responsible for the entire operation and management of the said managed hospitals and facilities to provide free of cost services to the patients, for no remuneration, with funding from the respective parties. Accordingly, these hospitals / medical facilities are not considered as business units of the Hospital.

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2. 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.

2.1 Basis of preparation

2.1.1 Statement of compliance

These financial statements have been prepared under the historical cost convention, except for remeasurement of certain financial assets and financial liabilities at fair value or amortized cost.

2.1.2 These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Accounting Standard for Not for Profit Organizations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provision of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs or the Accounting Standard for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.1.3 These financial statements are presented in Pakistan Rupees, which is Hospital's functional currency.

2.1.4 Initial application of standards, amendments and interpretations to existing standards

a) Amendments to accounting and reporting standards that became effective during the year

There are certain amendments to accounting and reporting standards that are applicable for the financial year beginning on July 01, 2020, however, these are considered not to be relevant or do not have any significant impact on the Hospital's financial reporting and operations and, therefore, have not been presented in these financial statements.

b) Standards and amendments to accounting and reporting standards that are not yet effective and have not been early adopted by the Hospital

There other new standards and amendments to accounting and reporting standards that are not yet effective are either considered not to be relevant or do not have any significant impact on the Hospital's financial reporting and operations and, therefore, have not have been presented in these financial statements.

2.2 Operating assets

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

Depreciation on operating assets is charged to statement of income and expenditure and other comprehensive income using the straight-line method at the rates stated in note 4.1. Depreciation on additions is charged from the month in which the asset is put to use and no depreciation is charged in the month of disposal.

Assets received as donation in kind are initially recognized at fair value and subsequently carried at valuation less accumulated depreciation and accumulated impairment, if any.

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

The carrying values of operating assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. The recoverable amount of operating assets is the greater of fair value less cost of disposal and value in use.

Subsequent costs are included in the assets' carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Hospital and the cost of the item can be measured reliably. Maintenance and normal repairs are charged to statement of income and expenditure and other comprehensive income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Disposal of asset is recognized when significant risks and rewards incidental to ownership have been transferred to the buyer. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense in the period of disposal or retirement.

2.3 Capital work-in-progress

Capital work-in-progress is stated at cost less impairment, if any. Capital work-in-progress consists of expenditure incurred and advances made in respect of tangible and intangible assets. Transfers are made to relevant operating asset category as and when assets are available for use.

2.4 Right-of-use assets and lease liabilities

At inception of a contract, the Hospital assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease liabilities are initially measured at the present value of the remaining lease payments at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Hospital's incremental borrowing rate.

Lease payments include fixed payments less any lease incentives received, variable lease payments that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if any, and if the Hospital is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Hospital's estimate of the amount expected to be payable under a residual value guarantee, or if the Hospital changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the respective right-of-use asset, or is recorded statement of income and expenditure and other comprehensive income if the carrying amount of that right-of-use asset has been reduced to zero.

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A change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increases the scope of lease by adding the right to use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

Payments associated with short-term leases of offices are recognised on a straight-line basis as an expense in income and expenditure. Short-term leases are leases with a lease term of 12 months or less.

The right-of-use asset is initially measured based on the initial amount of initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

2.5 Intangible assets - Computer software

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the Hospital and the cost of the asset can also be measured reliably. Intangible assets are carried at cost less accumulated amortization and any accumulated impairment, if any.

Generally, costs associated with maintaining computer software programmes are recognized as an expense as incurred. However, costs that are directly associated with identifiable software and have probable economic benefits exceeding the cost beyond one year, are recognized as an intangible asset. Direct costs include the purchase cost of software and related employee and other overhead costs.

Expenditure which enhances or extends the performance of computer software beyond its original specification and useful life is recognized as a capital improvement and added to the original cost of the software.

Computer software cost treated as intangible asset is amortized from the date the software is put to use on straight-line basis over a period of 5 years. The carrying amount of the intangible assets is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount.

2.6 Impairment of non-current assets

The carrying amounts of non-current assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated to assess whether the carrying value of asset exceeds its recoverable amount. Where carrying value exceeds the estimated recoverable amount, asset is written down to its recoverable amount. Impairment losses are recognised as expense in the statement of income and expenditure and other comprehensive income. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.7 Financial instruments

2.7.1 Financial assets

Classification

The Hospital classifies its financial assets in the following categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
- those to be measured at amortised cost.

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The classification depends on the Hospital's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in income and expenditure or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Hospital has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Hospital reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the hospital measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in income and expenditure.

Debt Instruments

Subsequent measurement of debt instruments depends on the Hospital's business model for managing the assets and the cash flow characteristics of the asset. There are three measurement categories into which the Hospital classifies its debt instruments:

a) Amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in income and expenditure when the asset is derecognized or impaired. Return for these financial assets is included in return using the effective interest method.

b) Fair Value through other comprehensive income (FVOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payment of principal and return, are measured at FVOCI. Movement in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment gains or losses, return and foreign exchange gains and losses which are recognized in Income & expenditure. When the financial assets is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from fund balance to income and expenditure and recognized in other gains / (losses). Return from these financial assets is included in return using the effective interest method. Foreign exchange gains and losses are presented in other gains and losses and impairment expenses in other expenses.

c) Fair Value through Profit or Loss (FVPL)

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in income and expenditure and presented net in the statement of income and expenditure and other comprehensive income in the period in which it arises

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Recognition and derecognition

All financial assets are recognised at the time when the Hospital becomes a party to the contractual provisions of the instrument. Financial assets at amortised cost are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Return and impairment losses are recognised in statement of income and expenditure and other comprehensive income. Financial assets carried at FVTOCI are initially and subsequently measured at fair value, with gains and losses arising from changes in fair value recognised in other comprehensive income / (loss). Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of income and expenditure and other comprehensive income. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the surplus / deficit in the period in which they arise. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Hospital has transferred substantially all the risks and rewards of ownership. On derecognition of a financial asset, in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the income and expenditure statement and other comprehensive income.

Equity instruments

The Hospital subsequently measures all equity investments at fair value. Where the Hospital's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in income and expenditure as other income when the Hospital's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain / (losses) in the statement of income and expenditure and other comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment of financial assets

For financial assets, the Hospital recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial asset has not increased significantly since initial recognition, the Hospital measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.

2.7.2 Financial liabilities

All financial liabilities are recognized at the time when the Hospital becomes a party to the contractual provisions of the instrument. Financial liabilities are recognised initially at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these are measured at amortised cost using the effective interest rate method.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the statement of income and expenditure and other comprehensive income.

2.7.3 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle either on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Hospital or the counterparty.

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2.8 Inventories

Inventories comprise medicines, consumables and general supplies such as surgical supplies, stationery, grocery items, etc. These are valued at cost. Cost is determined on First In First Out (FIFO) basis. Cost comprises the purchase cost and other related costs incurred in bringing the inventories to their present location and condition. Donated inventories are carried at a valuation equivalent to the cost, which would have been incurred in bringing such inventories to their present location and condition had these inventories been purchased. Provision is made for slow moving and expired stock where necessary.

2.9 Stores and spares

These are valued at cost determined using the First In First Out (FIFO) method. Stores and spares are regularly reviewed for impairment and adequate provision is made for obsolete and slow moving items.

2.10 Cash and cash equivalents

Cash and cash equivalents for the purpose of statement of cash flows comprise of cash in hand and balances with banks in current and saving accounts and other short term highly liquid investments with original maturities of three months or less.

2.11 Zakat, donations and grants

Zakat and donations for treatment of patients and grants for research and development projects are considered restricted and accounted for on deferral method. Donations and grants restricted for capital expenditure and donations in kind, which are recognized at fair value, are recognized as 'deferred capital grant' when received. Any income from investments made from aforementioned restricted contributions is also accounted for on deferral method.

2.12 Trade and other payables

Trade and other payables are recognized initially at fair value of the consideration to be paid in the future for goods and services received, and are subsequently measured at amortized cost using the effective interest method.

These are classified as current liabilities if payment is due within one year or less. If not, these are presented as non-current liabilities.

2.13 Provisions

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

2.14 Provident Fund

The Hospital has constituted an approved contributory provident fund (the Fund) for all its permanent employees. Equal monthly contributions are made both by the Hospital and the employees to the Fund at the rate of 10 percent of the basic salary.

2.15 Foreign currency transactions and translations

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognized in the statement of income and expenditure and other comprehensive income.

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2.16 Income recognition

Income is recognized to the extent it is possible that the economic benefits will flow to the Hospital and income can be measured reliably. Income is measured at fair value of consideration received or receivable and is recognised on the following basis:

- Donations and Zakat received for the Hospital are regarded as restricted contribution and are recognized as income as and when expenses are incurred on providing services to needy / deserving patients. Such Zakat / donations are credited to income on pre-determined service rates as "value of services rendered" which are reviewed by the Hospital quarterly.
- Fee income comprises of admission fee and monthly tuition fee, which is recognized over time, as and when services are rendered.
- Income on bank deposits and short term investments are recognized on accrual basis.
- Income in respect of Grant Funded Research and Development Projects (GFRDP) is recognized as and when the related expenses are incurred for these projects, and equivalent amount is transferred from deferred income to the statement of income and expenditure and other comprehensive income.
- Deferred capital grant is recognized as income to match depreciation and amortisation provided during the year on the related capital assets.
- Proceeds generated from sale of food items in the Hospital's cafeteria, being unrestricted receipts, are recognized on receipt basis in the statement of income and expenditure and other comprehensive income.
- Cost recovery from blood bank clients against blood products are separately billed to the clients and are recognized on accrual basis.

2.17 Taxation

The Hospital is exempt from income tax under clause 66 Part I of the Second Schedule of the Income Tax Ordinance, 2001. Consequently no provision for taxation has been made in these financial statements.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Hospital makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial years are as follows:

3.1 Operating assets and intangible assets

The Hospital reviews appropriateness of rate of depreciation / amortization, useful life and residual values used for recording the depreciation / amortization of the Hospital's operating assets and intangibles on annual basis. Further, where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis.

3.2 Right of use assets and leases liabilities

The implementation process to identify and process all relevant data associated with the leases is complex and the measurement of the right-of-use asset and lease liability is based on assumptions such as discount rates and the lease terms, including termination and renewal options. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Hospital, the Hospital's incremental borrowing rate is used, being the rate the Hospital would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

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-----Rupees-----

4. PROPERTY, PLANT AND EQUIPMENT

Operating assets (note 4.1)	3,388,447,677	3,700,043,285
Capital work-in-progress (note 4.2)	12,402,809,236	8,450,179,116
	15,791,256,913	12,150,222,401

4.1 Operating assets

	Leasehold land	Building and civil work on lease hold land	Plant, machinery and equipment	Computers, printers and network cabling	Furniture and fixtures	Vehicles	Books and others	Total
	-----Rupees-----							
As at July 01, 2019								
Cost	1,846,544,515	649,663,574	2,566,988,827	209,550,364	104,073,876	242,843,511	3,358,877	5,622,823,544
Accumulated depreciation	(64,204,711)	(151,627,022)	(1,183,665,873)	(125,097,383)	(66,476,710)	(32,158,006)	(2,287,264)	(1,885,516,789)
Net book value	1,782,339,804	498,036,552	1,383,323,154	84,452,981	37,597,166	150,485,505	1,071,613	3,937,306,775
Year ended June 30, 2020								
Opening net book value	1,782,339,804	498,036,552	1,383,323,154	84,452,981	37,597,166	150,485,505	1,071,613	3,937,306,775
Additions including transfers from CWIP	-	79,416,076	214,975,869	18,811,230	49,581,837	13,469,887	-	376,254,899
Disposals / Write-offs (note 4.1.1)								
Cost	-	-	(33,819,400)	(1,454,117)	(285,000)	-	-	(35,558,517)
Accumulated depreciation	-	-	31,917,846	1,430,174	172,429	-	-	33,520,448
	-	-	(1,901,554)	(23,943)	(112,571)	-	-	(2,038,068)
Depreciation charge (note 4.1.2)	(18,465,445)	(41,511,810)	(434,440,561)	(50,415,565)	(20,075,374)	(46,273,849)	(297,627)	(611,480,321)
Closing net book value	1,763,874,359	535,940,818	1,161,956,908	52,824,713	66,991,058	117,681,443	773,986	3,700,043,285
As at July 01, 2020								
Cost	1,846,544,515	729,079,850	2,748,145,296	226,907,477	153,370,713	256,113,388	3,358,877	5,963,519,926
Accumulated depreciation	(82,670,156)	(193,138,832)	(1,586,188,388)	(174,082,764)	(86,379,655)	(138,431,955)	(2,584,891)	(2,263,476,641)
Net book value	1,763,874,359	535,940,818	1,161,956,908	52,824,713	66,991,058	117,681,443	773,986	3,700,043,285
Year ended June 30, 2021								
Opening net book value	1,763,874,359	535,940,818	1,161,956,908	52,824,713	66,991,058	117,681,443	773,986	3,700,043,285
Additions including transfers from CWIP	-	78,521,347	212,637,550	35,476,167	21,619,834	12,371,346	2,336,102	362,962,346
Disposals (note 4.1.1)								
Cost	(45,892,885)	(3,091,000)	(118,960)	(87,000)	-	(3,393,854)	-	(52,583,479)
Accumulated depreciation	1,908,298	708,718	52,135	86,038	-	2,094,789	-	4,849,978
	(43,984,367)	(2,382,282)	(66,825)	(962)	-	(1,299,065)	-	(47,733,501)
Depreciation charge (note 4.1.2)	(20,661,421)	(39,424,728)	(452,907,090)	(40,922,713)	(24,493,948)	(47,904,177)	(510,376)	(626,624,453)
Closing net book value	1,699,228,571	572,655,155	921,620,543	47,377,205	64,116,944	80,849,547	2,599,712	3,388,447,677
As at June 30, 2021								
Cost	1,800,651,850	804,509,997	2,960,683,886	262,286,644	174,990,547	265,090,890	5,694,979	6,273,898,793
Accumulated depreciation	(101,423,279)	(231,854,842)	(2,039,043,343)	(214,919,439)	(110,873,603)	(184,241,343)	(3,095,267)	(2,885,451,116)
Net book value	1,699,228,571	572,655,155	921,620,543	47,377,205	64,116,944	80,849,547	2,599,712	3,388,447,677
Annual rate of depreciation (%)	1	5	20	33	20	20	20	

4.1.1 During the year, following operating assets have been disposed:

	Description	Cost	Accumulated Depreciation	Net Book Value	Sale Proceeds / Insurance claim	Gain / (Loss)	Mode of disposal	Particulars of Buyers
		-----Rupees-----						
Leasehold Land	Residential Plot # A-47, Sector - V, Gulshan - e - Maymar, Karachi	4,504,000	286,602	4,217,398	12,800,000	8,582,602	Negotiation	Ahmer Nikhar
Leasehold Land	Residential Plot # B-11, Block - L North Nazimabad, Karachi	41,388,665	1,621,696	39,766,969	42,803,348	3,036,379	Negotiation	Syed Akkas ul Husaini
Building on Leasehold Land	Building on Plot # B-11, Block - L North Nazimabad, Karachi	3,091,000	708,717	2,382,283	3,195,652	814,369	Negotiation	Syed Akkas ul Husaini
Vehicles	Toyota Corolla - XLI	1,667,290	1,026,868	640,422	805,781	165,359	Takaful Claim	United Insurance Limited
Vehicles	Toyota Corolla - XLI	1,667,290	1,026,868	640,422	805,781	165,359	Takaful Claim	United Insurance Limited
		52,318,245	4,670,751	47,647,494	60,411,562	12,764,068		
Items sold during the year with book value below Rs 500,000								
Plant, Machinery & Equipment	Various	118,960	52,135	66,825	6,300	(60,525)	Scrap Sales	Local Scrap Dealers
Computers, Printers, Network cabling and installation	Various	87,000	86,038	962	4,500	3,538	Scrap Sales	Local Scrap Dealers
Vehicle	Motor Bike Honda CD - 70	59,274	41,054	18,220	39,573	21,353	Takaful Claim	Pak Qatar Takaful Limited
		265,234	179,227	86,007	50,373	(35,634)		
		52,583,479	4,849,978	47,733,501	60,461,935	12,728,434		
June 30, 2021		52,583,479	4,849,978	47,733,501	60,461,935	12,728,434		
June 30, 2020		35,558,517	33,520,449	2,038,068	1,140,886	(897,182)		

4.1.2 Comprises of depreciation amounting to Rs. 360,270,316 (2020: Rs. 333,489,139) pertaining to operating expenses and Rs. 266,554,137 (2020: Rs. 277,991,182) pertaining to assets purchased on account of GFRDP.

4.1.3 Operating assets includes assets costing Rs. 1,386,904,148 (2020: Rs. 1,370,770,175) having net book value of Rs. 435,123,209 (2020: Rs. 682,484,579) purchased on account of GFRDP.

4.2 Capital work-in-progress

	Expansion project	Building and civil works	Plant, machinery and equipment	Furniture and fixtures	Vehicle	Intangible	Total
-----Rupees-----							
Year ended June 30, 2020							
Balance at beginning of the year	3,844,202,986	2,494,109,291	104,413,084	11,219,260	1,305,200	-	6,455,249,821
Add: Additions during the year	1,343,025,567	35,571,562	66,494,119	697,000	-	-	1,445,788,248
Add: Additions for QFT and NST during the year	-	760,884,071	-	39,670,587	-	-	800,554,658
Less: Transfers to operating assets	(14,451,755)	(73,369,163)	(117,215,297)	(45,912,196)	(465,200)	-	(251,413,611)
Balance at end of the year	<u>5,172,776,798</u>	<u>3,217,195,761</u>	<u>53,691,906</u>	<u>5,674,651</u>	<u>840,000</u>	-	<u>8,450,179,116</u>
Year ended June 30, 2021							
Balance at beginning of the year	5,172,776,798	3,217,195,761	53,691,906	5,674,651	840,000	-	8,450,179,116
Add: Additions during the year	2,009,201,478	698,288,276	150,795,431	13,344,620	4,110,000	18,522,005	2,894,262,410
Add: Additions for QFT and NST during the year	-	1,073,107,499	-	-	-	-	1,073,107,499
Less: Transfers to operating assets	-	(14,739,789)	-	-	-	-	(14,739,789)
Balance at end of the year	<u>7,181,978,276</u>	<u>4,973,851,747</u>	<u>204,487,337</u>	<u>19,019,271</u>	<u>4,950,000</u>	<u>18,522,605</u>	<u>12,402,609,236</u>

2021

2020

-----Rupees-----

5. RIGHT-OF-USE ASSETS

Net carrying value

Balance at beginning of the year	179,350,930	203,684,769
Depreciation charge for the year	(24,333,839)	(24,333,839)
Balance at end of the year	<u>155,017,091</u>	<u>179,350,930</u>

Gross carrying value

Cost	203,684,769	203,684,769
Accumulated depreciation	(48,667,678)	(24,333,839)
Net book value	<u>155,017,091</u>	<u>179,350,930</u>

Annual rate of depreciation (%)

11.17 to 12.76

5.1 This represent right-of-use assets recognized in relation to the building space acquired on rental basis.

2021

2020

-----Rupees-----

6. INTANGIBLE ASSETS

Net carrying value

Balance at beginning of the year	9,201,875	9,421,924
Add: Additions	932,201	3,502,279
Less: Amortization charge for the year (note 6.2)	(2,896,670)	(3,722,328)
Balance at end of the year	<u>7,237,406</u>	<u>9,201,875</u>

Gross carrying value

Cost	24,516,189	23,583,988
Less: Accumulated amortization	(17,278,783)	(14,382,113)
Net book value	<u>7,237,406</u>	<u>9,201,875</u>

6.1 The cost is being amortized over a period of 5 years.

6.2 Comprises of amortization amounting to Rs. 2,833,830 (2020: 3,675,318) pertaining to operating expenses and Rs. 62,840 (2020: 47,010) related to GFRDP.

7. LONG TERM DEPOSITS

7.1 Represents security deposit paid by the Hospital against the rental premises.

	2021	2020
	-----Rupees-----	
8. INVENTORIES		
Medicines	489,438,548	535,019,137
Consumables	549,711,793	431,058,868
General	35,685,328	31,262,739
	<u>1,074,835,669</u>	<u>997,340,744</u>
Stock in-transit	58,467,641	84,252,214
Stores and spares	52,206,318	75,497,551
	<u>1,185,509,628</u>	<u>1,157,090,509</u>

8.1 During the year, inventories spoiled / damaged, amounting to Rs. 21,883,049 (2020: Rs. 910,819) were written off.

8.2 Inventories include medicines, consumables and general supplies amounting to Rs. 531,924,890 (2020: Rs. 281,735,051) held on account of GFRDP out of which inventories amounting to Rs. 152,339,766 (2020: Rs. 167,233,625) and Rs. 379,585,214 (2020: Nil) were stored in warehouse owned and operated by TCS Logistics (Private) Limited and Euro Cool Chain (Private) Limited respectively.

	2021	2020
	-----Rupees-----	
9. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Considered Good		
Advances to:		
- Suppliers and others (notes 9.2 and 9.3)	204,251,543	470,522,189
- Employees	7,371,326	1,561,463
- Global Fund sub-recipients (note 9.1)	97,154,205	170,475,616
- IRD Pakistan (Private) Limited	-	18,990,738
Deposits	79,234,407	24,338,196
Prepayments	6,432,073	11,764,833
Receivable under Hospital Management Services (notes 9.4 and 9.5)	177,311,401	409,383,524
Other receivables	146,317,982	45,006,735
Tax refundable / adjustable	87,324	1,103,490
Insurance claim receivable	34,960	155,100
	<u>718,195,221</u>	<u>1,153,301,884</u>

9.1 This represents advances given by the Hospital to the sub-recipients Community Health Solutions (Private) Limited (CHS) and Green Star Social Marketing Pakistan (GSSMP) for the project titled: "Contribute towards achieving the targets of National Strategic Plan for reducing the burden of TB and MDR-TB in Pakistan" amounting to Rs. 66,559,972 (2020: Rs. 104,291,293) and Nil (2020: Rs. 50,136,374) respectively and Frontier Primary Health Care (FPHC) and Baluchistan Rural Support Program (BRSP) for the project titled: "Expanding Support to Malaria Control Interventions in High Priority Districts of Pakistan" amounting to Rs. 15,968,734 (2020: Rs. 7,326,459) and Rs. 14,625,498 (2020: Rs. 8,721,490) respectively. The Hospital, as principal recipient, has received grants for the aforementioned project from The Global Fund and the sub-recipients are the implementing support partners. These advances are adjustable against expenditure incurred / payment made by the sub-recipients on behalf of the aforementioned projects.

9.2 Includes advances made to suppliers amounting to Rs. 6,363,204 (2020: Rs. 1,865,874) on account of purchases made on behalf of the managed hospitals.

9.3 Includes advances to foreign suppliers details of which are mentioned in note 23.

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- 9.4 As explained in note 1.3, the Hospital entered into agreements to take management control and run operations of various hospitals / medical facilities, the details of which are as follows:

Name of hospital / medical facility	Agreement entered into with	Receivable at beginning of the year	Transferred to payable / Transferred from payable under Hospital Management agreement	Funds transferred during the year to the Hospital bank account for operational / capital expenditure	Funds generated during the year from other sources	Funds disbursed by the Hospital during the year	Receivable at end of the year
-----Rupees-----							
Regional Blood Centers in Jamshoro	Health Department - Government of Sindh	74,772,666	-	(325,031,076)	(1,349,278)	273,967,113	22,359,427
Civil Hospital Badin	Health Department - Government of Sindh	307,090,384	-	(1,091,258,830)	(15,601,356)	890,878,457	91,108,655
Level 1 - Health Care Facility - Thatta Gurmani - Tehsil Kotadu District Muzaffargarh	The Gurmani Foundation	507,892	-	(42,602,113)	-	42,735,723	641,492
A&M Clinica Kashmir		3,032,890	-	-	-	22,893,931	25,926,821
Jahangir Siddiqui Hospital - Sehwan	Mahvash & Jahangir Siddiqui Foundation	14,700,095	-	(25,000,000)	-	33,328,558	23,028,651
Marvi Mother & Child Clinic - Site Tharyo Halepota	Engro Energy Limited & Sindh Engro Coal Mining Company	6,279,805	-	(25,599,258)	-	30,566,008	14,246,355
		<u>409,383,524</u>	<u>-</u>	<u>(1,509,491,277)</u>	<u>(16,690,634)</u>	<u>1,294,369,788</u>	<u>177,311,401</u>

- 9.5 The maximum amount due from managed Hospitals at the end of any month during the year aggregated to Rs. 675,628,862 (2020: Rs. 495,008,531).

- 9.6 The ageing analysis of receivables under Hospital Management Services is as follows:

	Total	Neither past due nor impaired	
		Up to 6 months	6 to 12 months
-----Rupees-----			
2021	<u>177,311,401</u>	<u>157,470,687</u>	<u>19,840,714</u>
2020	<u>409,383,524</u>	<u>393,181,443</u>	<u>16,202,081</u>
		2021	2020
		-----Rupees-----	

10. SHORT TERM INVESTMENTS

- At fair value through profit or loss

- Meezan Sovereign Fund
- Allied Bank Limited - Islamic Income Fund

1,680,128	1,731,918
2,615,768	2,472,946
<u>4,295,896</u>	<u>4,204,864</u>

- Amortized Cost

- Islamic Income Certificate - Habib Metropolitan Bank Limited
- Term deposit - Habib Bank Limited
- Term deposit - Dubai Islamic Bank Limited
- Term deposit - Meezan Bank Limited

-	376,220,000
513,119,452	-
27,000,000	27,000,000
275,000,000	-
<u>815,119,452</u>	<u>403,220,000</u>
<u>819,415,348</u>	<u>407,424,864</u>

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	2021	2020
	-----Rupees-----	
11. CASH AND BANK BALANCES		
Local currency		
Cash in hand	2,833,883	2,627,059
Cheques in hand	112,997,766	-
	115,831,649	2,627,059
Balances with banks in:		
- current accounts (note 11.3)	520,078,521	58,289,758
- savings accounts (notes 11.1, 11.2 & 11.3)	6,466,813,506	3,098,442,682
	6,986,892,027	3,156,732,440
Foreign currency		
Balances with banks in current accounts	56,844,842	67,735,034
	<u>7,159,568,518</u>	<u>3,227,094,533</u>

- 11.1 These savings accounts carry markup ranging from 2.75% to 7.00% (2020: 5.70% to 13.50%) per annum.
- 11.2 This includes Rs. 34,090,219 (2020: Rs. 36,790,796) on which bank has charged lien in respect of letter of credits.
- 11.3 This includes Rs. 947,197,169 and Rs. 20,010,550 in respect of Zakat kept in savings accounts and current accounts respectively. Out of which Rs. 855,603,492 have been utilised as at June 30, 2021 against Value of Services rendered to Zakat eligible patients and will be transferred to operational account after approval of Zakat Committee.

	2021	2020
	-----Rupees-----	
12. LEASE LIABILITIES		
Current portion	8,096,935	3,958,495
Non-current portion	173,585,952	181,682,887
	<u>181,682,887</u>	<u>185,641,382</u>

13. DEFERRED CAPITAL GRANT

13.1 Movement in deferred capital grant

Balance at beginning of the year	11,814,308,424	9,574,096,060
Add: Deferred capital grant		
- Donation for construction of Paeds Ward	503,874	14,095,484
- Donation for other construction and capital expenditure	2,530,190,004	1,058,413,306
- Donation from Government of Sindh for Expansion	2,000,000,000	1,000,000,000
- Donation in kind	672,827,384	495,492,307
- Donation for capital expenditure on account of GFRDP	17,326,272	51,359,379
- Profit on Paeds Ward funds held in short term investments	21,963,930	37,264,102
- Profit on funds for other construction and capital expenditure held in daily product account	61,449,353	25,076,641
	5,304,260,817	2,681,701,219
Less: Deferred capital grant released against:		
- Depreciation on account of other construction and capital expenditure	65,588,472	74,460,236
- Depreciation of Paeds Ward	18,614,695	18,190,224
- Depreciation of donated assets	88,148,148	70,847,213
- Depreciation of assets pertaining to GFRDP (note 4.1.2)	266,554,137	277,991,182
	438,905,452	441,488,855
Balance at end of the year	<u>16,679,663,789</u>	<u>11,814,308,424</u>

2021

2020

-----Rupees-----

13.2 Balance at end of the year comprises of:

- Donation for construction of Paeds Ward	935,779,064	931,925,955
- Donation for other construction and capital expenditure (note 13.3)	11,718,805,619	7,192,754,734
- Donation in kind	3,275,811,064	2,691,131,828
- Donation for capital expenditure on account of GFRDP	749,268,042	998,495,907
	<u>16,679,663,789</u>	<u>11,814,308,424</u>

13.3 Includes donation restricted for expenditure for expansion of the Hospital amounting to Rs. 7,533,019,009 (2020: Rs. 4,782,551,043).

14. DEFERRED INCOME

Movement in the deferred income balance is as follows:

	2021				2020			
	Zakat	Donations	GFRDP	Total	Zakat	Donations	GFRDP	Total
	-----Rupees-----							
Balance at beginning of the year	20,546,835	3,338,369,125	874,111,965	4,233,027,925	1,116,737	2,324,137,881	374,040,525	2,699,295,143
Zakat / donations / grants received during the year (note 14.4)	3,604,482,081	1,964,895,668	2,958,811,410	8,528,189,359	2,904,322,046	1,893,462,247	2,891,876,040	7,489,680,333
Donation from Government of Sindh	-	2,000,000,000	-	2,000,000,000	-	1,323,132,749	-	1,323,132,749
Profit on short term investments	-	6,698,892	-	6,698,892	12,022,209	4,002,652	-	16,024,861
Profit on daily product account	16,389,018	77,417,784	18,980,779	112,787,561	12,810,828	107,576,831	53,159,443	173,547,102
	<u>3,620,871,099</u>	<u>4,049,012,524</u>	<u>2,977,792,189</u>	<u>10,647,675,812</u>	<u>2,929,155,083</u>	<u>3,328,174,480</u>	<u>2,745,035,483</u>	<u>9,002,365,045</u>
Value of services rendered to patients	(3,529,813,707)	(3,672,215,539)	-	(7,202,029,246)	(2,909,724,985)	(2,303,449,652)	-	(5,213,174,637)
Expenses incurred in respect of GFRDP	-	-	(2,369,087,962)	(2,369,087,962)	-	-	(2,244,964,043)	(2,244,964,043)
Donations utilized to aid other hospitals / patients	-	(48,554,485)	-	(48,554,485)	-	(10,493,584)	-	(10,493,584)
	<u>(3,529,813,707)</u>	<u>(3,720,770,024)</u>	<u>(2,369,087,962)</u>	<u>(9,619,671,693)</u>	<u>(2,909,724,985)</u>	<u>(2,313,943,236)</u>	<u>(2,244,964,043)</u>	<u>(7,468,632,284)</u>
Balance at end of the year	<u>111,804,227</u>	<u>3,696,611,825</u>	<u>1,482,816,192</u>	<u>5,261,032,044</u>	<u>20,546,835</u>	<u>3,338,369,125</u>	<u>874,111,965</u>	<u>4,233,027,924</u>

14.1 Zakat funds are restricted for expenditure on patients who are entitled to receive Zakat under the Islamic shariah.

14.2 Donations received comprise of contributions subject to implicit external restrictions for treatment of patients of the Hospital and associated activities.

14.3 Contributions received on account of GFRDP are restricted for the purpose of expenditure for specific projects as per respective grant agreements.

14.4 Includes funds received from foreign sources during the year amounts to Rs. 2,295,194,922 (2020 : Rs. 1,882,172,787).

2021

2020

-----Rupees-----

15. TRADE AND OTHER PAYABLES

Creditors (note 15.1)	791,200,008	495,381,874
Accrued liabilities	9,133,860	45,941,472
Payable to Provident Fund	539,553,372	34,903,275
Retention money	27,616,635	32,098,597
Security deposit - ICON & M students (note 15.2)	6,687,600	5,295,600
Payable under Hospital Management Services (note 15.3)	1,483,136,863	602,565,335
Withholding tax payable	19,734,592	471,610
Miscellaneous	10,010,437	27,189,014
	<u>2,887,073,367</u>	<u>1,243,846,777</u>

- 15.1 This includes payable to Swiss Pharmaceuticals (Private) Limited, a related party, amounting to Rs. 1,767,885 (2020: Rs. 2,775,405) in respect of medical supplies purchased by the Hospital.
- 15.2 Represents security deposit received from the students of Indus College of Nursing & Midwifery (ICON & M) in accordance with the terms of admission and are refundable at the time of completion of programs / courses. The amount is not utilizable for the Hospital's operation and has not been kept in a separate bank account.
- 15.3 As explained in note 1.3, the Hospital entered into agreements to take management control and run operations of various hospitals / medical facilities, the details of which are as follows:

Name of hospital / medical facility	Agreement entered into with	Payable at beginning of the year	Transferred to receivable / transferred from receivable under Hospital Management agreement	Funds transferred during the year to the Hospital bank account for operational / capital expenditure	Funds generated during the year from other sources	Funds disbursed by the Hospital during the year	Payable at end of the year
-----Rupees-----							
Recep Tayyip Erdogan Hospital - Muzaffargarh	RTEHT	315,701,502	-	2,085,000,000	38,946,632	(1,700,832,226)	738,815,908
General Hospital - Manawan Lahore	RTEHT	14,037,844	-	442,000,000	7,362,937	(443,364,885)	20,035,696
Multan Institute of Kidney Diseases (MIKD)	RTEHT	70,503,538	-	800,000,000	21,155,123	(772,378,515)	119,280,146
Regional Blood Centers at Multan and Bahawalpur	RTEHT	80,324,017	-	457,053,000	2,972,498	(438,958,334)	101,391,181
Tehsil Headquarter Hospital - Kahna Nau Lahore	RTEHT	17,467,526	-	511,000,000	3,802,717	(416,827,641)	115,442,602
Mian Muhammad Shahbaz Sharif Hospital - Lahore	RTEHT	86,144,544	-	354,000,000	12,509,901	(338,834,052)	113,820,393
Tehsil Headquarter Hospital - Sabzazaar Lahore	RTEHT	6,884,009	-	402,000,000	2,509,480	(369,514,169)	41,879,320
Tehsil Headquarter Hospital - Raiwind Lahore	RTEHT	11,502,355	-	421,000,000	3,767,748	(374,927,470)	61,342,633
Peads Oncology Unit - Shaikh Zayed Hospital - Quetta	Government of Balochistan	-	-	171,854,000	-	(725,216)	171,128,784
		<u>602,565,335</u>	<u>-</u>	<u>5,643,907,000</u>	<u>93,027,036</u>	<u>(4,856,362,508)</u>	<u>1,483,135,653</u>

16. CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

- 16.1.1 Contingent liabilities represent bank guarantees given to following suppliers:

	2021	2020
-----Rupees-----		
Canteen Stores Department	2,000,000	1,000,000
Government of Sindh	27,000,000	27,000,000
	<u>29,000,000</u>	<u>28,000,000</u>

- 16.1.2 In the financial year 2018, Deputy Commissioner Inland Revenue raised a demand amounting to Rs. 5,919,453 (including default surcharge), vide order dated August 16, 2017, claiming short deduction of withholding taxes under section 161 of Income Tax Ordinance, 2001. The Hospital had filed an appeal before Commissioner Inland Revenue Appeals pursuant to which Commissioner Inland Revenue Appeals referred the case back to Deputy Commissioner Inland Revenue (DCIR) for perusal. Subsequently, the DCIR issued a notice whereby the Hospital in response submitted the requisite information to the DCIR and the case is pending to date. The management is confident that the case will be decided in favour of the Hospital.

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16.1.3 On April 1, 2021, the Office of Inspector General (OIG), an agency appointed by The Global Fund (TGF), issued an investigation report (the report) asserting certain irregularities in the utilization of funds in relation to the Tuberculosis (TB) Grant to the tune of USD 1,171,589. The related Grant has been discontinued with effect from September 30, 2021. No subsequent demand or claim has been received from TGF in this respect.

16.1.4 The Hospital is party to some other litigations / suits pending with various authorities, potential monetary implications of which are not material. Further, the management, based on the advice of its legal advisors, is confident that the Hospital has favourable position in respect of such cases. Accordingly, such cases are not disclosed as contingencies.

16.2 Commitments

16.2.1 Out of the facilities of Rs. 1,500,000,000 (2020: Rs. 1,500,000,000) for opening letters of credit, the amount utilized as at June 30, 2021 was Rs. 118,390,991 (2020: Rs. 154,769,942).

16.2.2 Hospital's commitment in respect of capital expenditure amounts to Rs. 2,552,277,049 (2020: Rs. 2,435,575,574).

16.2.3 Commitments in respect of local and foreign purchases as at June 30, 2021 amount to Rs. 46,141,308 (2020: Rs. 137,565,985).

	2021	2020
	-----Rupees-----	

17. OTHER INCOME

From other than financial assets

Proceeds from sale of waste materials	3,804,070	828,000
Proceeds from cafeteria	31,575,842	28,061,048
Proceeds from blood screening services provided to third parties	35,278,058	31,589,133
Others	18,405,008	12,340,430
	89,062,978	72,818,611

18. MEDICINES AND OTHER SUPPLIES CONSUMED

Opening inventory	875,355,458	436,055,996
Add: Purchases	2,938,738,249	2,136,950,427
Less:		
- Inventory written-off (note 8.1)	21,883,049	910,819
- Closing inventory	653,584,738	875,355,458
	3,138,625,920	1,696,740,146

19. AUDITOR'S REMUNERATION

Fee for statutory audit	600,000	600,000
Out of pocket expenses	145,670	103,683
	745,670	703,683

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20. GRANT-FUNDED RESEARCH AND DEVELOPMENT PROJECTS

Grant-funded research and development projects represent projects undertaken by the Hospital either within or outside its premises and funded by specific donors. The details of grants / funds received for these projects during the year and expenditure incurred on these projects are as follows:

Projects	Year ended June 30, 2021					Year ended June 30, 2020						
	Grants / fund received	Expenditure	Surplus / (Deficit)	Total expenditure	Other costs	Grants / fund received	Expenditure	Salaries, wages and benefits	Medicines and other supplies consumed	Other costs	Total expenditure	Surplus / (Deficit)
	Cash donations / Grants (note 20.1)	Donations in-kind (note 20.1)	Salaries, wages and benefits	Medicines and other supplies consumed	Other costs	Cash donations / Grants (note 20.1)	Donations in-kind (note 20.1)	Salaries, wages and benefits	Medicines and other supplies consumed	Other costs	Total expenditure	Surplus / (Deficit)
	Rupees											
TB - The Global Fund	710,756,789	549,644,694	632,542,318	271,998,932	660,016,407	1,244,952,450	839,529,134	727,350,364	327,982,384	817,310,987	1,872,643,735	212,237,849
Malaria - The Global Fund (note 20.2)	685,944,271	221,075,414	201,121,324	-	463,254,442	342,935,104	57,502,503	171,628,984	-	191,300,917	362,929,911	37,507,686
TB MDR Project Round 9	-	14,493,288	-	21,293,327	49,539	115,563	51,977,198	-	60,267,197	103,507	80,370,704	(8,277,943)
Pak Covid Response - Skoll Foundation	387,591,406	-	30,099,185	-	52,807	6,767,967	-	6,360,115	-	2,334,601	8,694,716	(1,926,749)
HMS - PET	40,620,991	-	551,770	-	794,503	6,767,967	-	6,360,115	-	-	8,694,716	(1,926,749)
CansinoBio - Phase III - Vaccine Trial	-	-	5,358,813	5,813	18,776,210	16,440,155	-	-	-	-	-	-
END TB Program	-	-	5,343,206	132	1,732,946	7,196,764	-	1,324,265	-	81,275	1,405,540	(499,359)
MCM - My Child Matters	14,273,048	-	8,685,911	1,967,797	2,254,822	17,758,658	-	4,178,063	-	5,127,774	9,305,837	8,452,821
Project - Rabies Free Karachi	22,892,395	-	10,303,341	8,828,276	19,131,617	1,882,131	4,875,249	5,092,969	1,341,445	2,217,633	8,612,074	(1,854,694)
ZF2001 - Phase III Vaccine Trial	48,136,241	-	8,607,930	640,000	347,413	30,004,624	-	-	-	-	-	-
Fleming Funds Project	4,770,361	-	-	-	-	(4,624,982)	-	-	-	-	-	-
Onco Psychology Project	-	-	2,375,804	8,382	480,906	(2,865,092)	-	2,301,573	-	118,477	118,477	(118,477)
VAC Project	-	-	3,120,841	572,000	6,332,066	10,024,907	-	-	11,718	1,720,105	4,033,396	(4,033,396)
ICCBS - COVID Vaccine Trial - Phase I	8,667,654	-	-	-	-	-	-	-	-	-	-	-
Emergency Medicine Project - Habib Bank Foundation	5,000,000	-	273,282	-	409,466	682,748	-	386,034	34,950	3,684,265	4,105,249	(4,105,249)
Jinhua Qianggan Granules (JHGG) Trial for Mild COVID-19 symptoms	5,378,952	-	-	144,000	4,649,023	4,793,023	-	-	-	5,328,065	13,033,549	(4,902,871)
TB Reach Project	-	-	2,074,136	(273,796)	1,005,301	2,805,641	8,130,678	-	-	-	-	-
Martin Dow - IHHM	2,783,156	-	42,080,841	915,347	257,400	1,172,747	-	-	-	-	-	-
MEDGLOBAL	62,024,402	-	2,087,614	2,087,614	23,164,483	67,332,939	-	37,638,340	2,775,306	15,499,432	55,913,078	(32,152,721)
Zindagi Melhooz - GAVI	-	-	10,362	-	122,967	133,319	-	8,735,966	7,520	643,719	651,239	387,619
Emergency Medicine Project - HMS	-	-	125,000	-	41,837	166,837	-	-	9,000	3,194,676	11,939,642	1,803,814
Lancet Indicator	-	-	30,529,207	44,754,438	12,274,792	87,558,437	-	18,674,104	29,560,949	7,565,709	51,800,762	(2,170,740)
Smoking Sessions	2,000,000	-	-	-	60,000	60,000	-	-	-	-	-	-
Midwifery Project - HBL Foundation	33,426,062	39,104,869	2,366,315	-	239,305	2,635,620	-	-	-	17,651	17,651	(17,651)
END TB Clinical Trial	-	-	83,597	-	83,597	83,597	-	-	-	-	-	-
SPI - Studying Predictor Interagency Links	9,875,979	-	890,179	-	83,597	9,792,382	-	-	-	-	-	-
PanBio Study	755,958	538	1,170,003	18,829	129,879	1,318,711	-	-	-	-	-	-
CIAGEN Project	2,888,959	-	61,033	-	61,033	(61,033)	-	-	-	-	-	-
Tobacco Control Program	28,500,000	71,568,905	1,243,306	86,073,250	7,778,446	95,096,002	57,513,282	201,752	49,468,024	816,734	50,476,510	7,036,772
Typhoid XDR Project	3,203,351	-	694,390	-	70,000	2,438,961	-	-	-	25,000	25,000	(25,000)
Covid - 19 - Engro Project	-	-	1,406,504	-	621,038	2,027,542	-	-	-	912,278	6,447,564	(2,487,286)
Rabies Free Pakistan - Survey	-	-	-	-	-	917,954	-	5,535,286	-	-	83,705	(83,705)
Basic Pediatric Oncology Course	-	-	-	-	-	3,960,278	-	83,705	-	-	83,705	(83,705)
Work Place Violence Study	-	-	-	-	-	-	-	-	-	-	-	-
Bristol University (UoB)	2,080,259,976	895,877,706	991,505,001	430,269,065	1,213,868,033	2,635,642,099	1,763,391,507	996,361,398	468,260,606	1,058,333,221	2,522,955,225	220,281,315
Total												

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20.1 These amount represents cash grants / donation-in-kind received directly by grant funded research and development projects and are which are recognized at fair value when received.

20.2 Includes expense in respect of auditor's remuneration amounting to Rs. 3,021,200 (2020: Nil).

21. PROVIDENT FUND

21.1 The investments out of the fund have been made in accordance with the provisions of Section 218 of Companies Act, 2017 and conditions specified thereunder.

21.2 An amount of Rs. 178,047,827 (2020: Rs. 172,424,759) has been charged during the year in respect of Hospital's contribution to the fund.

	2021	2020
	-----Rupees-----	
22. CASH AND CASH EQUIVALENTS		
Short term investments	275,000,000	-
Cash and bank balances (note 11)	7,159,568,518	3,227,094,533
	<u>7,434,568,518</u>	<u>3,227,094,533</u>

23. ADVANCES TO FOREIGN SUPPLIERS

As at June 30, 2021, the Hospital has given advances to following foreign suppliers for purchase of inventory for Hospital's own use and property, plant and equipment on account of managed hospitals / facilities:

S. No.	Supplier	Country / Jurisdiction
1	Advanced Instruments	USA
2	Cephied Sas	USA
3	Porcellan Company LLC	United Arab Emirates
4	Kone Middle East LLC	United Arab Emirates
5	International Hardware Consultants FZC	United Arab Emirates

24. RELATED PARTY TRANSACTIONS

24.1 Following are the related parties, associated companies and undertakings with whom the Hospital had entered into transactions or had agreements and/or arrangements in place during the year other than those disclosed elsewhere in these financial statements:

Name	Basis of relationship
CIM Shipping, Inc	Common Directorship
Multinet Pakistan (Private) Limited	Common Directorship
Grace Apparel (Private) Limited	Common Directorship
Ghani Glass Limited	Common Directorship
Feroze 1888 Mills Limited	Common Directorship
Burque Corpration (Private) Limited	Common Directorship
Swiss Pharmaceuticals (Private) Limited	Common Directorship
Hilton Pharma (Private) Limited	Common Directorship
Children Cancer Foundation Pakistan Trust	Common Directorship
Recep Tayyip Erdogan Hospital - Muzaffargarh	Associated undertaking
Mian Muhammad Shahbaz Sharif Hospital	Associated undertaking
Civil Hospital - Badin	Associated undertaking
Manawan General Hospital, Lahore	Associated undertaking
Multan Institute of Kidney Diseases	Associated undertaking
Tehsil Headquarter Hospital - Sabzazar Lahore	Associated undertaking
Tehsil Headquarter Hospital - Raiwind Lahore	Associated undertaking
Regional and Other Blood Centers at Multan and Bahawalpur	Associated undertaking
Regional Blood Centers - Jamshoro Sindh	Associated undertaking
Tehsil Headquarter Hospital - Kahna Nau Lahore	Associated undertaking
Level 1 Health Care Facility - Thatta Gurmani - Muzaffargarh	Associated undertaking

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Name	Basis of relationship
Jahangir Siddiqui Hospital - Sehwan	Associated undertaking
Marvi Mother & Child Clinic	Associated undertaking
A & M Hospital - Azad Kashmir	Associated undertaking
Sheikh Khalifa Bin Zayed Hospital, Pediatric Oncology Unit	Associated undertaking
The Indus Hospital Employees' Provident Fund	Post retirement benefit plan
Mr. Abdul Karim Paracha	Director
Mr. Shaikh Muhammad Pervez	Director
Mr. Adnan Asdar Ali	Director
Mr. Khalid Khanani	Director
Mr. Yunus Hashim Bengali	Director (Retired)
Mr. Salim Razzak Tabani	Director (Retired)
Mr. Khaliq Ur Rehman	Director (Retired)
Mr. Anwaar Ahmed Khan	Director
Mr. Muhammad Yahya Chawla	Director
Mr. Hafiz Muhammad Aamir	Director (Retired)
Mr. Nasim Hyder	Director
Dr. Abdul Bari Khan	Chief Executive Officer
Mr. Ahson Tariq	Key management personnel
Mr. Syed Adnan Farooq	Key management personnel
Dr. Syed Zafar Zaidi	Key management personnel
Mr. Syed Mashhood Ul Hassan Rizvi	Key management personnel
Mr. Shakeel Akhtar	Key management personnel
Mr. Syed Shahab Akhter	Key management personnel
Dr. M. Amin Chinoy	Key management personnel
Dr. Wasif Shahzad	Key management personnel
Dr. Muhammad Shamvil Ashraf	Key management personnel
Mr. Pervaiz Ahmed	Key management personnel
Dr. Akthar Aziz	Key management personnel

24.1.1 The Hospital does not hold any shares in the aforementioned entities.

24.1.2 Related parties represent members of Board of Directors (BOD) of the Hospital, trustees of the Islamic Mission Hospital Trust and the Rufayadah Foundation, Managed Hospitals, other key management personnel of the Hospital, entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of transactions with related parties are approved by the BOD of the Hospital.

24.2 Transactions with related parties, other than those disclosed elsewhere in these financial statements, are as follows:

Nature of relationship	Category of Financial Statement	Nature of transaction	2021	2020
			-----Rupees-----	
Directors & Key Management Personnel	Statement of financial position	Donation / Zakat received	402,737,116	14,665,151
Other related parties (note 24.3.3)	Statement of financial position	Donation / Zakat received	72,149,816	116,866,345
	Statement of income and expenditure and other comprehensive income	Purchases	2,184,550	10,131,441
Retirement benefit fund	Statement of income and expenditure and other comprehensive income	Contribution	178,047,827	172,424,759

24.3 All related party transactions are measured in accordance with the terms agreed with the related parties.

24.3.1 Related party transactions involving directors are assessed with reference to part of the year during which a person remained on the BOD of the Hospital.

24.3.2 All key management personnel other than Chief Executive are included in Executives (note 25).

24.3.3 Represents parties over which the directors of the Hospital exercise control, joint control or significant influence.

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25. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements in respect of remuneration, including all the benefits to the chief executive and executives are as follows:

	2021		2020	
	Chief Executive	Executives (Note 25.2)	Chief Executive	Executives (Note 25.2)
	-----Rupees-----			
Management remuneration	14,400,000	1,105,946,175	14,400,000	1,182,273,878
Retirement benefits	960,000	61,379,082	960,000	66,215,930
Total	15,360,000	1,167,325,257	15,360,000	1,248,489,808
Number of persons including those who worked part of the year	<u>1</u>	<u>275</u>	<u>1</u>	<u>277</u>

- 25.1 No remuneration has been paid to any of the 9 (2020: 9) directors including those who worked part of the year, except the Chief Executive of the Hospital.
- 25.2 This includes Rs. 65,396,028 (2020: Rs. 37,910,914) pertaining to managerial remuneration and retirement benefits capitalized during the year in expansion and QFT & NST Projects.

	2021	2020
	-----Number-----	
26. NUMBER OF EMPLOYEES		
Average number of employees during the year	<u>4,323</u>	<u>4,069</u>
Number of employees including contractual employees at June 30	<u>4,083</u>	<u>4,194</u>

	2021	2020
	-----Rupees-----	

27. FINANCIAL INSTRUMENTS BY CATEGORY

27.1 Financial assets

- At fair value through profit or loss

Short term investments	4,295,896	4,204,864
------------------------	-----------	-----------

- Amortized cost

Short term investments	815,119,452	403,220,000
Deposits and other receivables	409,498,750	485,483,555
Cash and bank balances	7,159,568,518	3,227,094,533
	8,384,186,720	4,115,798,088
	<u>8,388,482,616</u>	<u>4,120,002,952</u>

27.2 Financial liabilities

- At amortized cost

Lease liabilities	181,682,887	185,641,382.00
Trade and other payables	2,327,785,403	1,208,471,892
	<u>2,509,468,290</u>	<u>1,394,113,274</u>

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27.3 Fair value of financial assets and liabilities

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.

The different levels of fair valuation method have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- 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 2); and
- Inputs for the asset or liability that are not based on observable market data (level 3).

There were no changes in the valuation techniques during the year.

	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
Year ended June 30, 2021				
Short term investments	-	4,295,896	-	4,295,896
Year ended June 30, 2020				
Short term investments	-	4,204,864	-	4,204,864

Level 2 fair valued instruments comprise mutual funds units which are valued using Net Assets Value.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

28.1 Financial risk factors

The Hospital's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The BOD has overall responsibility for the establishment and oversight of Hospital's risk management framework. The BOD is also responsible for developing and monitoring the Hospital's risk management policies.

a) Market risk

(i) 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. The Hospital is exposed to foreign exchange risk due to transactions denominated in foreign currencies and foreign currency bank account. The Hospital manages its currency risk by close monitoring of currency markets and expected currency movements and adjusting timing of payments accordingly.

As at June 30, 2021, if Pakistan Rupee had strengthened by 5% against the following currencies with all other variables held constant, surplus for the year would have been higher / lower by the amount shown below, mainly as a result of foreign exchange gains / (losses) on translation of financial instruments denominated in currencies other than the functional currency:

	2021	2020
	-----Rupees-----	
Effect		
USD	2,261,846	2,680,311
EUR	-	66
AED	(2,842,242)	(3,424,797)

The weakening of the Pakistan Rupees against above currencies would have had an equal but opposite impact on the deficit.

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(ii) Mark-up risk

Mark-up rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market returns. The Hospital's short-term investments are fixed rate instruments and therefore, not subject to mark-up risk. The Hospital is exposed to mark-up risk on its balances maintained with banks.

As at June 30, 2021, if the mark-up rates on savings bank accounts had been 5% higher / lower with other variables held constant surplus for the year would have been higher / lower by Rs. 8,711,846 (2020: Rs. 9,931,187).

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or mark-up risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Hospital is not materially exposed to other price risk as it does not have any significant price sensitive instruments.

b) Credit risk

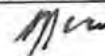
Credit risk represents the risk of financial loss being caused if counter party fails to discharge an obligation.

Credit risk arises from deposits with banks and financial institutions, deposits and other receivables. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit rating. The Hospital monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings.

Out of the total financial assets of Rs. 8,388,482,616 (2020: Rs. 4,120,002,952), the financial assets exposed to credit risk amount to Rs. 8,385,648,733 (2020: Rs. 4,117,375,893).

The carrying values of financial assets exposed to credit risk which are neither past due nor impaired are as follows:

	2021	2020
	-----Rupees-----	
Deposits and other receivables	409,498,750	485,483,555
Short term investments (note 10)	819,415,348	407,424,864
Bank balances (note 11)	<u>7,156,734,635</u>	<u>3,224,467,474</u>
	<u>8,385,648,733</u>	<u>4,117,375,893</u>



Credit risk from bank deposits and short term investments is managed by placing deposits / making investments with banks / mutual funds having sound credit ratings. The credit quality of Hospital's bank balances and short term investments can be assessed with reference to external credit ratings as follows:

Bank / Mutual funds	Rating agency	Rating	
		Short term	Long term
Dubai Islamic Bank Pakistan Limited	VIS	A-1+	AA
Bank Islami Pakistan Limited	PACRA	A-1	A+
United Bank Limited	VIS	A-1+	AAA
Al-Baraka Islamic Bank (Pakistan) Limited	PACRA	A-1	A
Standard Chartered Bank (Pakistan) Limited	PACRA	A-1+	AAA
Bank Al-Falah Limited	PACRA	A-1+	AA+
Habib Bank Limited	VIS	A-1+	AAA
MCB Bank Limited	PACRA	A-1+	AAA
MCB Islamic Bank Limited	PACRA	A-1	A
Habib Metropolitan Bank Limited	PACRA	A-1+	AA+
Bank Al-Habib Limited	PACRA	A-1+	AAA
Meezan Bank Limited	VIS	A-1+	AAA
Sindh Bank Limited	VIS	A-1	A+
National Bank of Pakistan	PACRA	A-1+	AAA
Soneri Bank Limited	PACRA	A-1+	AA-
Askari Bank Limited	PACRA	A-1+	AA+
Samba Bank Limited	VIS	A-1	AA
Allied Bank Limited	PACRA	A-1+	AAA
Faysal Bank Limited	VIS	A-1+	AA
Bank of Punjab	PACRA	A-1+	AA+
Bank of Khyber	PACRA	A-1	A
Silk Bank Limited	VIS	A-2	A-
Mobilink Microfinance Bank Limited	PACRA	A-1	A
Al-Meezan Investment Management Limited	PACRA	-	AM1
ABL Asset Management Company Limited	VIS	-	AM2++

c) Liquidity risk

Liquidity risk represents the risk that the Hospital will encounter difficulties in meeting obligations associated with financial liabilities. The Hospital's liquidity management involves maintaining sufficient cash, projecting cash flows and considering the level of liquid assets necessary to meet obligations associated with financial liabilities.

The table below analyses the Hospital's financial liabilities held at amortized cost into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows.

	June 30, 2021			June 30, 2020		
	Maturity upto one year	Maturity after one year	Total	Maturity upto one year	Maturity after one year	Total
	-----Rupees-----					
Trade and other payables	2,327,785,403	-	2,327,785,403	1,208,471,892	-	1,208,471,892
Lease liabilities	34,164,554	228,337,370	262,501,924	31,058,685	262,501,924	293,560,609
	<u>2,361,949,957</u>	<u>228,337,370</u>	<u>2,590,287,327</u>	<u>1,239,530,577</u>	<u>262,501,924</u>	<u>1,502,032,501</u>

[Signature]

29. FUND MANAGEMENT

The Hospital's objective when managing fund balances is to safeguard its ability to continue as a going concern and to maintain a strong fund base to support the sustained development of its operations.

30. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, where considered necessary, for the purpose of comparison and to reflect the substance of the transactions. The effects of rearrangements and reclassifications are not material.


31. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On account of the discontinuation of TGF Grant Fund (GF) relating to TB during the year, as more fully disclosed in note 16.1.3 of the financial statements, the Hospital, subsequent to reporting date, has transferred operating assets and inventory amounting to Rs. 332,851,298 and Rs. 507,032,801 respectively to the relevant Primary Recipient on directions of TGF.

32. DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved and authorised for issue on November 25, 2021 by the Board of Directors of the Hospital.

M. P. L.


Chief Executive Officer


Director