

# TRANSFORMING HOPES INTO HAPPINESS



Annual Report 2015 - 2016



QUALITY CARE - FREE OF COST



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/indushospital /indus\_hospital /the-indus-hospital

”خدا نے آج تک اس قوم کی حالت نہیں بدلی  
نہ ہو جس کو خیال آپ اپنی حالت کے بدلنے کا  
(اقبال)

Till date God has never changed the plight of the nation  
that has not made an effort to change its own destiny.

The Indus Hospital is a homegrown healthcare initiative that was envisioned by a group of Pakistani professionals, entrepreneurs and philanthropists, who desired to change the plight of their fellow countrymen by providing them with their basic human right that is access to free of cost quality healthcare without any discrimination.

The Indus Hospital is funded and managed by the people of Pakistan, for the people of our Nation. The Indus Hospital is not only an institution, it is an attitude that signifies the belief in oneself to change the destiny by putting in the best of efforts and solely relying on Allah, the Almighty.

## Table of Contents

Message from the Chief Executive Officer	05
Message from the Chairman	06
How We Started	07
Our Team	09
Governance and Transparency	11
Indus Health Network	13
Distinct Features of IHN	15
Indus Health Network - The Construct	16
• Hospitals	
• Global Health Directorate	
• Centers of Excellence	
Milestones	23
International Chapters	26
The Impact	27
Financial and Operational Performance Summary 2015-2016	28
The Need to Expand to Serve More	31
Financial Statements	33



## Acronyms and Abbreviations

Board of Directors	BoD
Chief Executive Officer	CEO
College of Physicians and Surgeons Pakistan	CPSP
Gross Domestic Product	GDP
Global Health Directorate	GHD
Gross National Product	GNP
International Committee of the Red Cross	ICRC
Khyber Pakhtunkhwa	KPK
Multi Drug Resistant -Tuberculosis	MDR-TB
Non-Governmental Organization	NGO
A company, agency, or intergovernmental organization that possesses political clout and is separate from the government, but whose activities serve the state, either directly or indirectly	Parastatal
Tuberculosis	TB
The Indus Hospital Blood Center	TIHBC
The Indus Hospital	TIH
Indus Health Network	IHN

# Transforming Hopes into Happiness

At The Indus Hospital, each day, we witness thousands of patients struggling to live a healthy life. They come to The Indus Hospital with high hopes of being bestowed with the gift of health. We, as a team work tirelessly to provide them with the best form of healthcare at absolutely no cost charged to the patients in order for them to be able to lead a healthy and happy life with their loved ones.



## Message from the CEO

Assalam-o-Alaikum

In a country where the government spends a meager percentage of its GDP on health, the provision of free and quality healthcare was a mere dream, but a group of dedicated and kind-hearted doctors and entrepreneurs decided to make it a reality. The Indus Hospital commenced operations in 2007 as a 150 bed tertiary care hospital. It serves to provide quality treatment free of cost to underserved patients.

TIH's vision is to provide an excellence-driven, comprehensive, compassionate, free of charge and replicable healthcare system accessible to all, irrespective of their religious, financial, or ethnic backgrounds. The hospital is committed in its effort to maintain the level of service on which our community depends. To manage various private, government hospitals and outreach programs, the hospital formed a health network.

As a philanthropic organization, we believe in the public-private partnership and IHN's partnership with various government and private healthcare institutes are helping us to reach out to people in the farthest corners of the country.

We take our mission seriously, which is to make a positive difference in people's lives. TIH's physicians, nurses, healthcare providers, staff and volunteers focus on empathy, quality, and service excellence and we are confident that our patients experience a higher level of quality and compassionate care.

The continuity of our services rely on the donations we receive. Since the beginning, we have treated millions of people which would not have been possible without the blessings of Allah (SWT) and the support of our generous donors.

Thank you



**Prof. Abdul Bari Khan**  
Chief Executive Officer

## Message from the Chairman, Board of Directors

Assalam-o-Alaikum

It is a great pleasure to present to you The Indus Hospital's Annual Report 2015-16.

It has been over 10 years since The Indus Hospital started functioning to provide healthcare facilities to the less privileged people of Pakistan. The formation of a health network helped us in serving the population of some major cities and towns of the country.

We not only expanded in terms of numbers, but we also strengthened the structure, organization, facilities and human resources of our hospitals. Honesty, integrity, excellence, transparency, and patient satisfaction are the core values which makes the foundation of TIH.

While analyzing the demand, needs and requirements of the community we are serving, we strive to implement international standards. We are attracting the finest human resources and are trying to inculcate best practices, enabling systems, laying down rules and procedures in order to make Indus Health Network the preferred place to work.

Since TIH banks on public donations, it is imperative to maintain transparency. As the Chairman of the Board of Directors, I assure you that an efficient check and balance system is in place to monitor TIH's governance and finances. Elected board members and experts help me in governing the system efficiently.

We dedicate the success of TIH to the Almighty, who has chosen us for this noble cause and to the hard-work and commitment of our donors, faculty, paramedical staff, employees, and volunteers.

Thank you



**Mohammad Siddique Sheikh**  
Chairman, Board of Directors



## How We Started

Pakistan is the sixth most populous country in the world with the worst health indicators. The healthcare provided by the state is acutely insufficient to cater to all of its citizens.

In 2007, a team of committed healthcare professionals, entrepreneurs and philanthropists took an initiative which changed the dynamics of healthcare system in Pakistan.

They started a tertiary care hospital in the urban slums of Karachi. The emergence of The Indus Hospital was a reflection of the unmet healthcare needs of the local community residing in and around Korangi.

In a very short span of time, free of cost and quality treatment became the hallmark of The Indus Hospital and it started attracting patients from every nook and corner of the country. The management, transparency and commitment earned TIH the trust of both donors and government.

With the establishment of a health network, we have bigger canvas to paint a beautiful image. Indus Health Network is managing a number of private and government health facilities in Badin, Muzaffargarh, Lahore, and Bhong (Rahim Yar Khan). Under its massive expansion plan, IHN is planning to set up health facilities in Peshawar, Multan, Quetta, and Mansehra as well. TIH's Korangi campus, which started with 150 beds, has a three-phased extension plan and by the end of 2024, it will have 1,800 beds with the most modern equipment and technology.



## Vision

Excellence in healthcare for all to please Allah Subhanahu Wa Ta'ala.

## Mission

To realize its vision, The Indus Hospital will:

- Focus on creating an excellence-driven, comprehensive, compassionate, free of charge and replicable healthcare system accessible to all
- Be a not-for-profit entity, managed with the Islamic concept of WAQF and funded through donations and Zakat
- Adhere to ethically best practices in all aspects of its operations, while following the Shariah and the Law of the Land
- Empower its employees for their spiritual and professional growth
- Enhance and build human capacities through quality education and research



# Our Team

A committed, dedicated and passionate team serves The Indus Hospital and helps it provide quality treatment and actualize all of its dreams and ambitions.

**Dr. Abdul Bari Khan**  
CEO, The Indus Hospital

**Dr. Zafar Zaidi**  
Director, Medical Services

**Dr. Muhammad Amin Chinoy**  
Director, Physical Rehabilitation and Patient Welfare

**Dr. Akhtar Aziz Khan**  
Director, Technical Services

**Mr. Pervaiz Ahmed**  
Executive Director, Communications and Resource Development

**Dr. Aamir Javed Khan**  
Executive Director, Global Health Directorate

## Medical Services

**Dr. Shamvil Ashraf**  
Director Medical Services, Paeds

**Dr. Naseem Salahuddin**  
Head of Department, Infectious Diseases

**Dr. Ashar Alam**  
Associate Medical Director

**Dr. Naila Baig Ansari**  
Head of Department, Indus Hospital Research Center

**Dr. Saba Jamal**  
Director, Blood Center

**Ms. Beena Bhamani**  
Senior Manager, Nursing

**Dr. Sajid Dhakam**  
Head of Department, Cardiac Services

**Dr. Farhana Amanullah**  
Head of Department, Nephrology

**Dr. Ghazanfar Saleem**  
Clinical Lead, Emergency Services

**Dr. Muhammad Ali Taj**  
Head of Department, Orthopedics

**Dr. Anjum Naveed**  
Head of Department, E.N.T

**Dr. Muhammad Fareeduddin**  
Head of Department, Pediatrics

**Dr. Mansoor Ali Khan**  
Head of Department, Faculty

**Dr. Ghina Shamsi**  
Head of Department, Postgraduate Medical Education

**Dr. Hiba Ashraf**  
Head of Department, Family Medicine

**Dr. Lubna Samad**  
Head of Department, Pediatric Surgery

**Dr. Waseem Ali**  
Head of Department, General Surgery

**Dr. Samia Shuja**  
Head of Department, Gynecology, Sheikh Saeed Memorial Campus

**Dr. M. Yousuf Memon**  
Head of Department, Radiology

**Dr. Muhammad Junaid Patel**  
Head of Department, Internal Medicine

## Finance and Audit

**Mr. Ahson Tariq**  
Chief Financial Officer

**Mr. Rehan Kashif**  
General Manager, Finance

**Mr. Abdul Basit**  
Chief Internal Auditor

## Campus Administrators

**Dr. Farah Naz Bari**  
Administrator, The Indus Hospital, Sheikh Saeed Memorial Campus, Karachi

**Mr. Naveed Ahmed**  
Administrator, Indus Children Cancer Hospital, Karachi

**Dr. Waseem Hashmi**  
Administrator, Recep Tayyip Erdogan Hospital, Muzaffargarh

**Mr. Muhammad Farooq**  
Administrator, The Indus Hospital, Al-Fakir Trust Campus, Karachi

**Mr. Naeem Khatri**  
Administrator, Civil Hospital, Badin

**Dr. Zahid Hashmi**  
Administrator, Shahbaz Sharif Hospital, Lahore

## Operations

**Dr. Wasif Shehzad**  
Chief Operating Officer

**Ms. Hamna Akhtar**  
General Manager, Human Resources

**Mr. Mansoor Abbasi**  
Senior Manager, Administration

**Mr. Sikander Abu Bakar**  
Senior Manager, Biomedical

**Mr. Syed Wasim Ahmed**  
Senior Manager, Supply Chain

**Mr. Syed Sohaib Shams**  
Senior Manager, Health Informatics

**Mr. Muhammad Ghayas Gilani**  
Senior Manager, Maintenance

# Governance and Transparency

The Indus Hospital is a not-for-profit company registered under section 42 of the Companies Ordinance 1984. It has tax exemption status under the Income Tax Ordinance 2001.

## Board of Directors

Mr. Muhammad Siddique Sheikh  
Chairman of the Board  
Dr. Abdul Bari Khan  
Chief Executive Officer  
Mr. Abdul Hameed Paracha  
Mr. Hafiz Muhammad Amir  
Mr. Khaleeq-ur-Rahman  
Mr. Salim Razzak Tabani  
Mr. Tariq Naz Siddiqui  
Mr. Yunus Hashim Bengali  
Mr. Tariq Shafi

## Members

Mr. Abdul Karim Paracha  
Mr. Adnan Asdar Ali  
Mr. Ahmed Chinoy  
Mr. Amanullah Ismail  
Mr. Amanullah Khan  
Mr. Arif Qasim  
Dr. Kasim Ali Shah  
Mr. Fayyaz Ahmed  
Mr. Hafiz Ferozuddin  
Mr. Iqbal Panwala  
Mr. Khalid Khanani

Mr. Masood Nawab  
Mr. Muhammad Abdul Qayum  
Mr. Muhammad Hanif Janu  
Mr. Muhammad Yahya Chawla  
Mr. Naseem Hyder  
Mr. Rehan Hannan  
Mr. Sardar Yasin Malik  
Mr. Shaikh Muhammad Pervez  
Mr. Sheikh Naveed Anwar  
Mr. Tariq Muhammad Aly  
Rangoonwala

## Board Sub-committees

### Audit

Mr. Abdul Karim Paracha  
Chairman  
Mr. Yunus Hasim Bengali  
Mr. Naseem Hyder  
Mr. Khalid Khanani  
Mr. Salim Razzak Tabani  
Mr. Abdul Basit  
Secretary

### Planning and Construction

Mr. Adnan Asdar Ali  
Chairman  
Mr. Sheikh Naveed Anwar  
Mr. Khaleeq-ur-Rahman  
Mr. Rehan Kashif  
Secretary

### Human Resource and Remunerations

Mr. Khalid Khanani  
Chairman  
Mr. Muhammad Abdullah  
Mr. Tariq Naz Siddiqui  
Mr. Naseem Hyder  
Mr. Rehan Rehman  
Ms. Humna Akhtar  
Secretary

## Fund Raising

Mr. Salim Razzak Tabani  
Chairman  
Mr. Abdul Hameed Paracha  
Mr. Tariq Shafi  
Mr. Tariq Naz Siddiqui  
Mr. Hafiz Muhammad Amir  
Mr. Abdul Karim Paracha  
Mr. Yunus Hashim Bengali  
Mr. Adnan Asdar Ali  
Mr. Khaleeq-ur-Rehman  
Mr. Nasim Hyder  
Mr. Pervaiz Ahmed  
Secretary

## Business Development and Project Evaluation

Mr. Salim Razzak Tabani  
Chairman  
Mr. Abdul Hameed Paracha  
Mr. Tariq Shafi  
Mr. Tariq Naz Siddiqui  
Mr. Hafiz Muhammad Amir  
Mr. Abdul Karim Paracha  
Mr. Yunus Hashim Bengali  
Mr. Adnan Asdar Ali

## Statutory Auditors

A. F. Ferguson &  
Co. Chartered Accountants

Mr. Khaleeq-ur-Rehman  
Mr. Nasim Hyder  
Mr. Pervaiz Ahmed  
Secretary

## Zakat

Mr. Masood Nawab  
Chairman  
Mr. Sheikh Naveed Anwar  
Mr. Amanullah Ismail  
Mr. Iqbal Panwala  
Mr. Hafiz Muhammad Amir  
Mr. Mufti Muhammad Aslam  
Mr. Abdul Basit  
Secretary  
Mr. Ahson Tariq  
CFO

## Sharia

Mr. Mufti Hafiz Muhammad  
Umair  
Chairman  
Mr. Mufti Muhammad Najeeb  
Khan  
Mr. Mufti Ibrahim Essa  
Mr. Tariq Naz Siddiqui

## Legal Advisor

Mohsin Tayebaly & Co.

## Procurement

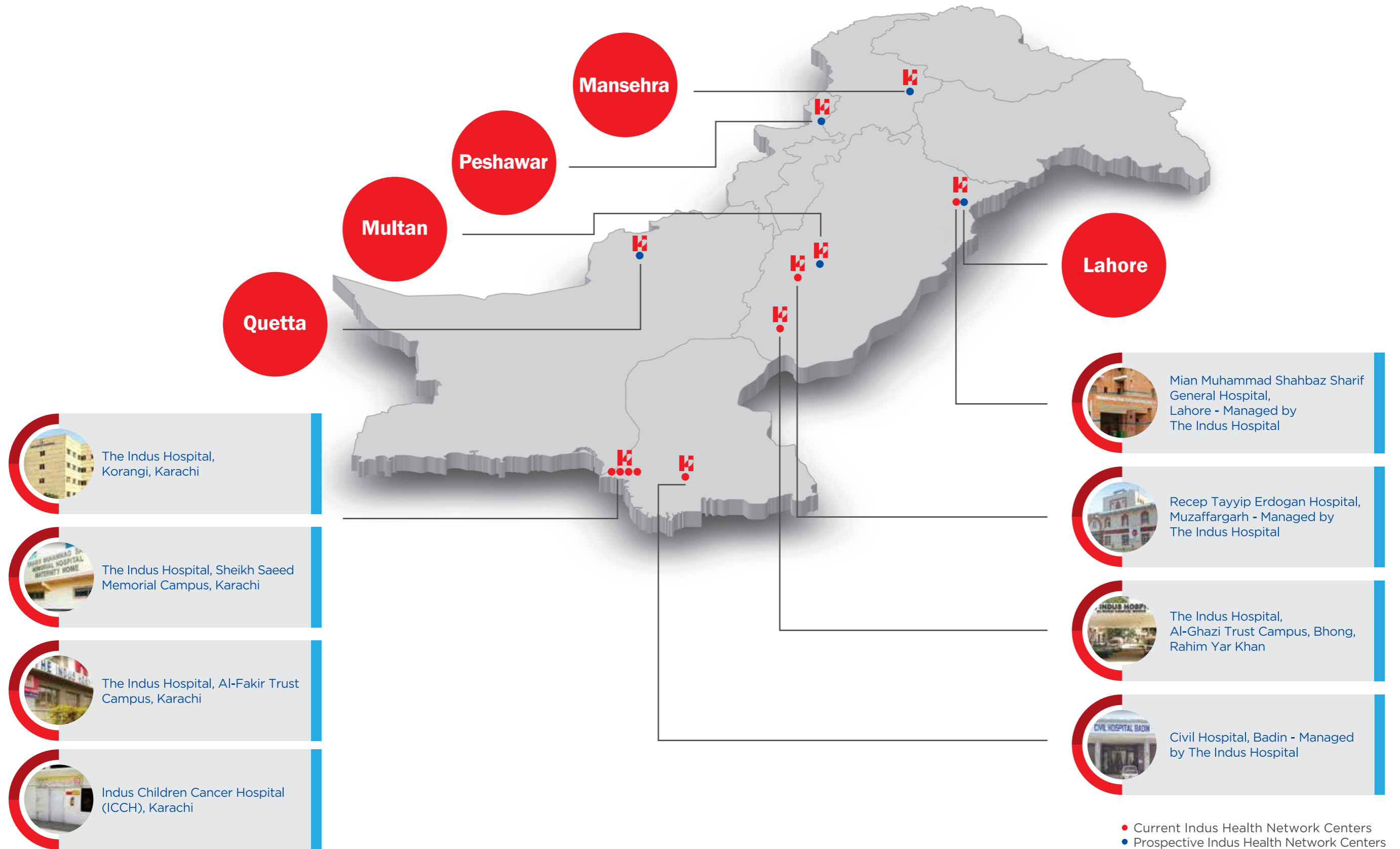
Mr. Salim Razzak Tabani  
Chairman  
Mr. Sheikh Naveed Anwar  
Mr. Hafiz Muhammad Amir  
Mr. Naseem Hyder  
Mr. Waseem Ahmed  
Secretary

## Tax Advisor

Ernst & Young, Pakistan  
RSRIR Chartered  
Accountants



# Indus Health Network





## Distinct Features of the Indus Health Network

### ► Free of Cost Services

100 percent free of cost treatment is provided to all the patients at The Indus Hospital's healthcare facilities across Pakistan.

### ► Pakistan's First Paperless Hospital

All records of the patients treated at any of the hospitals are maintained electronically on a secure server.

### ► Indiscriminate Healthcare

A systematic procedure is in place to register and serve patients - regardless of class and creed - with respect and dignity at every stage of treatment.

### ► Access

IHN is continually trying to build, acquire and undertake hospitals all over Pakistan in order to expand its reach to serve maximum number of patients with quality healthcare.

### ► Research

The Indus Hospital Research Center conducts community outreach programs, clinical trials and facility-based clinical programs in partnership with international donors and academic organizations in an effort to implement health systems for the underprivileged.

### ► Public Health Outreach Programs

TIH is the principal recipient for the Tuberculosis and Malaria outreach programs in Pakistan, funded by The Global Fund for Tuberculosis and Malaria.



## Indus Health Network - The Construct

Indus Health Network comprises of the hospitals owned and managed by The Indus Hospital. It also includes the public health outreach programs and the specialized centers for blood and physical rehabilitation that serve to cater to the hospitals within the network.



### Hospitals

In 2007, The Indus Hospital started as a 150 bed hospital, it has now evolved into a healthcare network with hospitals spread across 5 cities in Pakistan. The Indus Hospital is continually striving to expand its reach to benefit some of the most under-served patients in Pakistan. Some of the cities in which The Indus Hospital will soon have comprehensive and full service healthcare facilities are Peshawar, Lahore, Multan, Quetta and Mansehra.



### Global Health Directorate

The Indus Hospital's public health outreach programs are managed by The Indus Hospital's Global Health Directorate. During 2015-16, the GHD was awarded two international grants by The Global Fund for Tuberculosis and Malaria, as principal recipient for managing its TB and Malaria programs in over 40 cities of Pakistan. The grant for TB amounts to US\$ 39.7 million and the grant for Malaria amounts to US\$ 7.37 million.



### Centers of Excellence

The Indus Hospital houses two eminent centers of excellence: The Blood Center and The Physical Rehabilitation Center. Originated at The Indus Hospital, Korangi, these centers are one of its kind initiatives within the healthcare landscape of Pakistan. Both of the centers serve to provide their services to hospitals within the Indus Health Network across Pakistan.

## Hospitals



**The Indus Hospital, Korangi Campus, Karachi**

Number of beds **150**

It commenced operations in 2007 as a state-of-the-art multidisciplinary hospital. It has the distinction of being Pakistan's first paperless hospital.



**Indus Children Cancer Hospital (ICCH), Karachi**

Number of beds **60**

Children Cancer Hospital is a 60 bed children hospital dedicated to treat childhood cancer. The hospital is located in F.B. Area, Karachi. It has treated thousands of cancer patients since its inception in 1999. This year, ICCH will move to The Indus Hospital, Korangi Campus.



**The Indus Hospital, Sheikh Saeed Memorial Hospital Maternity Home, Karachi**

Number of beds **74**

A full service Gynecology and Obstetrics healthcare facility. It was constructed by Sheikh Saeed Memorial Trust and its management was transferred to TIH in July, 2015.



**The Indus Hospital, Al-Fakir Trust Campus, Karachi**

Number of beds **20**

Located at PIB Colony, Karachi- one of the most densely populated area, it houses a Dialysis Unit, Family Medicine Clinics and Diagnostic Facilities.



**Mian Muhammad Shahbaz Sharif General Hospital, Lahore**

Number of beds **61**

The Government of Punjab handed over the management of the Hospital to TIH under a Public-private Partnership agreement in December, 2015. It is a general hospital with a special focus on maternal and neonatal health.



**Recep Tayyip Erdogan Hospital, Muzaffargarh**

Number of beds **126**

In 2014, the hospital was handed over to TIH by the Government of Punjab. The hospital focuses on mother and child health services and is now being expanded to a 500 bed facility with the provision for a medical college.



**Civil Hospital, Badin**

Number of beds **190**

Under the Public-private Partnership agreement, the Government of Sindh handed over the management of the hospital to TIH. This tertiary care facility serves the catchment area stretching from Tharparkar district to Thatta district.



**Al-Ghazi Campus, Bhong, Rahim Yar Khan**

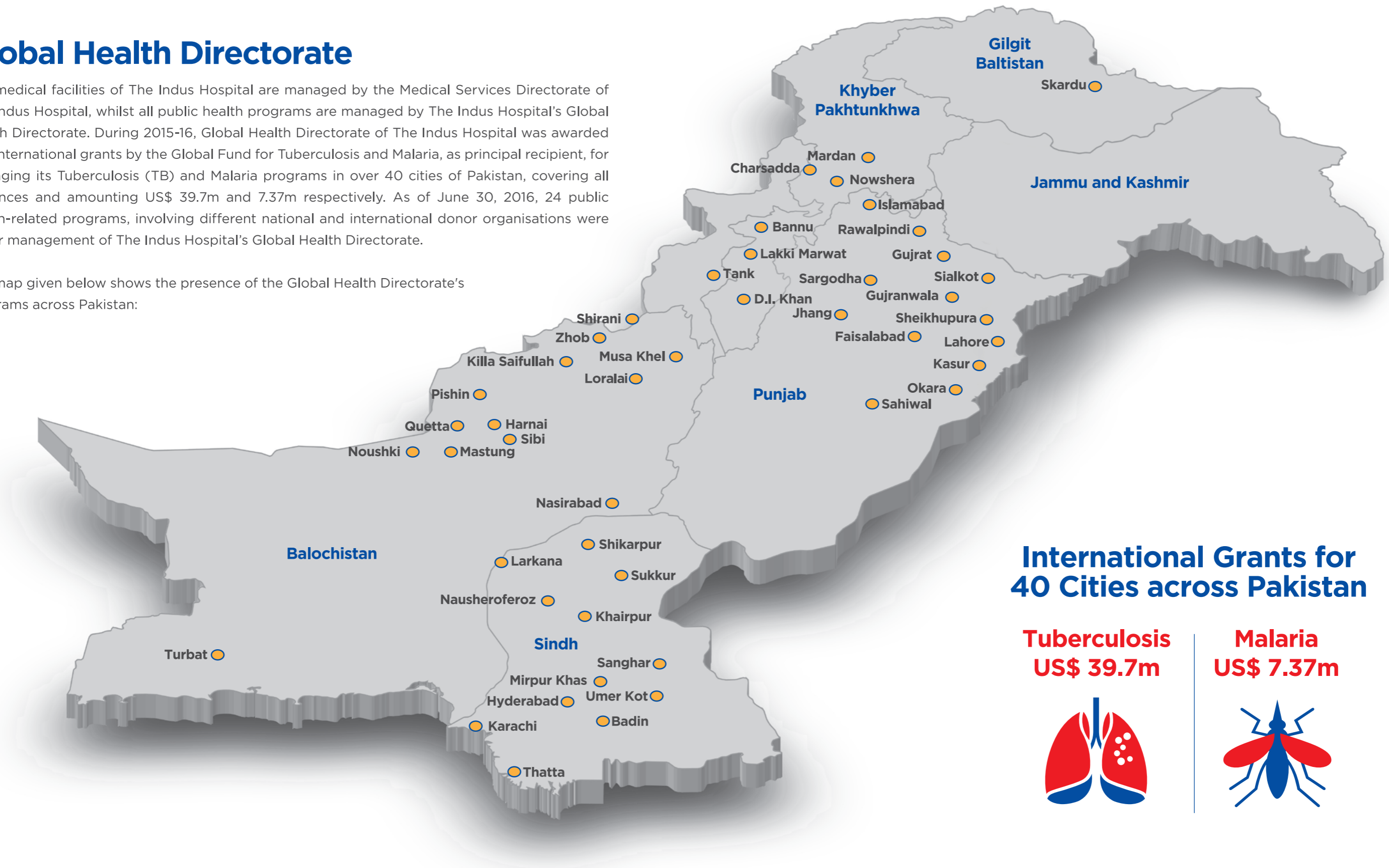
Number of beds **40**

In 2015, the hospital (constructed by Al-Ghazi Trust) was transferred to TIH. The hospital serves the communities of Southern Punjab and bordering areas of Sindh and Balochistan.

## Global Health Directorate

The medical facilities of The Indus Hospital are managed by the Medical Services Directorate of The Indus Hospital, whilst all public health programs are managed by The Indus Hospital's Global Health Directorate. During 2015-16, Global Health Directorate of The Indus Hospital was awarded two international grants by the Global Fund for Tuberculosis and Malaria, as principal recipient, for managing its Tuberculosis (TB) and Malaria programs in over 40 cities of Pakistan, covering all provinces and amounting US\$ 39.7m and 7.37m respectively. As of June 30, 2016, 24 public health-related programs, involving different national and international donor organisations were under management of The Indus Hospital's Global Health Directorate.

The map given below shows the presence of the Global Health Directorate's programs across Pakistan:



### International Grants for 40 Cities across Pakistan

**Tuberculosis**  
US\$ 39.7m



**Malaria**  
US\$ 7.37m





## Multi Drug Resistant Tuberculosis and Malaria Program

The Indus Hospital is the principal recipient for the MDR-TB and Malaria Program, a grant awarded by The Global Fund for Tuberculosis and Malaria. The program will be implemented in 48 cities across Pakistan and is aimed to:

- Actively search for TB patients in communities through a thorough screening process
- Conduct state-of-the-art diagnostic tests
- Deliver medication to patients' home to ensure treatment compliance
- Provide social support through food baskets and family counseling



## Centers of Excellence

### The Indus Hospital Blood Center

It is the first international standard blood center in Pakistan that serves to promote voluntary blood donation in the country.

TIHBC's vision is to eliminate paid and replacement donors and make blood donation completely voluntary. In order to actualize this vision, the Blood Center has initiated to conduct a large number of blood donation drives in Karachi and intends to expand these drives to other major cities across Pakistan. In order to maintain efficacy, the blood drawn from the donor goes through extensive blood screening tests. It is then transferred to patients in a temperature-controlled environment.

TIHBC fulfills the blood requirements of all the hospitals within IHN and some other private and philanthropic hospitals in Karachi.

### The Indus Hospital Physical Rehabilitation Center

In 2015, the management of The Indus Hospital, ICRC and Chal Foundation joined hands to establish a state-of-the-art and free of cost rehabilitation center at TIH, Korangi, Karachi. The Center provides orthotic and prosthetic limbs to patients that enable them to walk again.

Recently, the services of the Physical Rehabilitation Center have been expanded to the Mian Muhammad Shahbaz Sharif General Hospital, Lahore and Recep Tayyip Erdogan Hospital, Muzaffargarh.



# Milestones

The concept of The Indus Hospital came into existence in 2005, while the hospital commenced operations in 2007 as a tertiary healthcare facility. The following timeline shows us how The Indus Hospital has grown into being a health network from the year 2005 and onwards.



## 2005

- The Islamic Mission Hospital Trust joined hands with founders of The Indus Hospital to form a new entity by the name of The Indus Hospital.
- The non-operational Islamic Mission Trust located at the Korangi Crossing was renamed as The Indus Hospital in August, 2007.

## 2007

- The Indus Hospital commenced operations as a 150 bed hospital, with a fully functional OPD, laboratory and state-of-the-art operation theatre.
- Friends of The Indus Hospital registered in USA as 501-C registered charity.

## 2008

- Launch of Multi Drug Resistant Tuberculosis program.
- The Indus Hospital was registered as a Company under section 42 of Companies Ordinance, 1984.

## 2009

- CPSP approved residencies in General Surgery, Orthopaedics, Urology, Nephrology and Anesthesia as well as a fellowship in Infectious Diseases.

## 2010

- The Indus Hospital Charity got registered with UK Charity Commission in UK.

## 2011

- Signed MoU to become subrecipient of the Round 9 TB Grant awarded by the Global Fund for TB and Malaria for DR TB detection and treatment in Pakistan.
- The Indus Hospital case study published at Harvard School of Public Health.
- Clinical Research Unit set-up.
- Registered with the Pakistan Center for Philanthropy.

## 2012

- The first Indus Conference, ICON, was held. Over 120 experts conducted workshops and practical sessions.

## 2013

- Al-Fakir Trust Campus, PIB Dialysis and Family Medicine Center started operations in Karachi under the TIH management.
- Children Cancer Hospital was merged in The Indus Hospital.
- The Indus Hospital Blood Center became operational.
- The groundbreaking ceremony of The Indus Hospital expansion project was held on December 15, 2013.

## 2014

- The Indus Hospital and IBA signed an MoU of inter-institutional cooperation which entailed collaboration on educational programs, certificate courses and collaborative research.
- The Indus Hospital has signed MoU with Al Meezan Investments, Pakistan's largest asset management company in private sector, to promote fund raising for social cause of healthcare for the underprivileged segment of the society.
- A 100 bed general hospital providing secondary healthcare was taken over by The Indus Hospital management in Muzaffargarh.

## 2015

- The Government of Sindh signed an agreement with The Indus Hospital at Chief Minister's House, whereby The Indus Hospital will be managing the Civil Hospital, Badin.
- The Indus Hospital's Physical Rehabilitation Center was inaugurated.
- IHope (TIH Student Volunteer Program) was launched.
- Sheikh Saeed Memorial Hospital, a 50 bed facility offering maternal and neonatal health was taken over by The Indus Hospital.
- Charter received by Sindh Assembly to establish The Indus University of Health Sciences.
- The management of Shahbaz Shairf General Hospital in Lahore was handed over to The Indus Hospital.

## 2016

- The management of Civil Hospital, Badin, was handed over to The Indus Hospital.
- The Indus Hospital became the primary recipient of TB and Malaria Grant from Global Fund.
- KPK Government allocated 102 Kanal land to build a 500 bed Hospital and a Medical College in Peshawar.



## International Chapters

### The Indus Hospital United Kingdom Charity

The Indus Hospital charity is a registered charity in the UK established to support The Indus Hospital. The charity's purpose is to raise funds for the tremendous effort being made by The Indus Hospital in Pakistan. Donors from United Kingdom and Europe are able to donate to TIH through this charity.

#### UK Trustees

- Dr. Mateen Durrani
- Mr. Mukarram Sattar
- Mr. Tahir Ali
- Mr. Anwar Zaidi

### Friends of The Indus Hospital United States Chapter

Friends of The Indus Hospital (FOIH) Inc. is a 501(c) tax exempt charity established to support The Indus Hospital. The goal of FOIH is to raise awareness, amongst the Pakistani expatriates in the US and international donor agencies about the trailblazing efforts of The Indus Hospital in order to raise funds for sustaining the provision of free healthcare services. The Friends of The Indus Hospital is driven by a highly passionate and successful group of professionals who have a wealth of medical knowledge and fundraising experience at hand.

#### US Trustees

- Muhammad S. Umer, MD.  
Trustee, President
- Nadeem Shaikh, MD.  
Trustee, Secretary
- Iqbal S. Jangda, MD.  
Trustee, Treasurer
- Shagufta Siddiqui, MD.  
Trustee
- Muhammad Hanif, MD.  
Trustee
- Fauzia Naqvi, MD.  
Trustee
- Nadeem Patel, MD.  
Trustee
- Mohammed Y. Abubakr, MD.  
Trustee
- Abdul Qayyum  
Executive Director



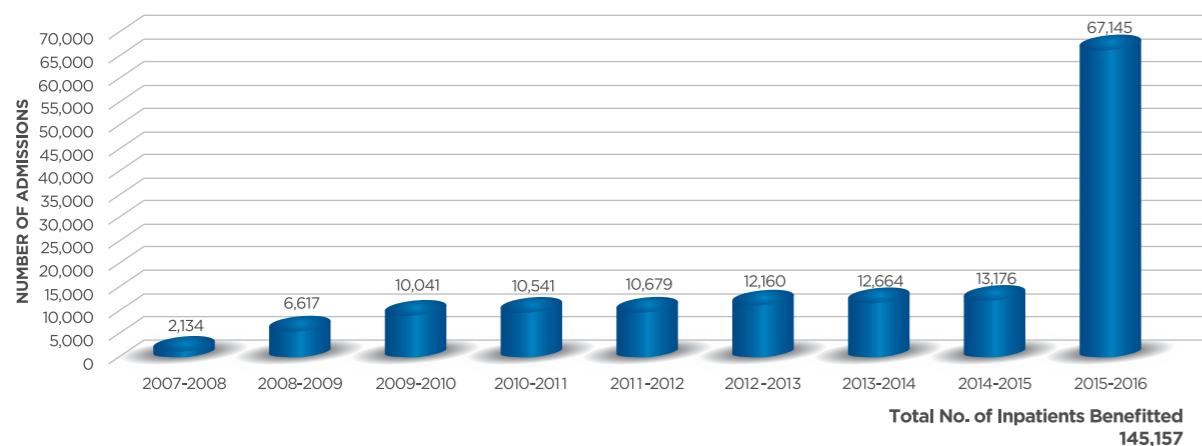
[www.indushospital.org.uk](http://www.indushospital.org.uk)



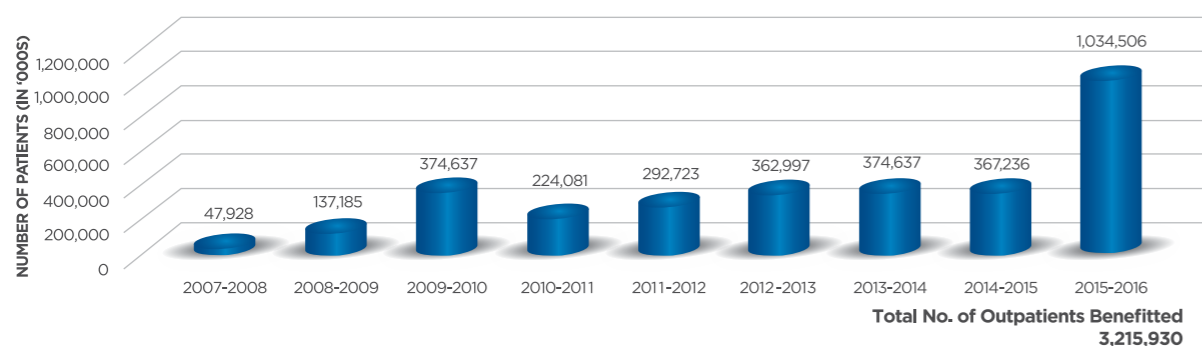
[www.friendsofindushospital.com](http://www.friendsofindushospital.com)

## The Impact

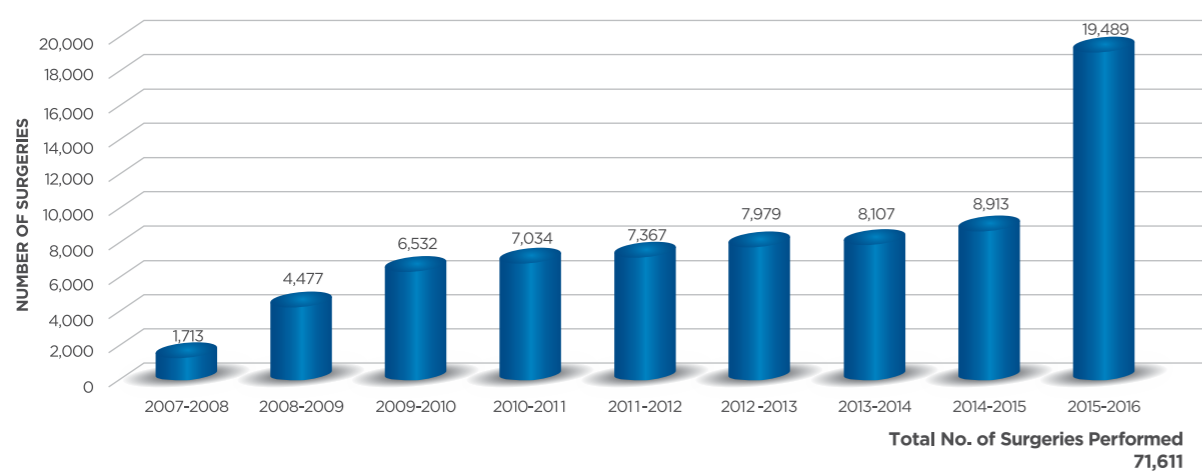
### Inpatients Benefitted



### Outpatients Benefitted



### Surgeries Performed



## Financial and Operational Performance Summary 2015-16

### FACILITIES UNDER MANAGEMENT AGREEMENT

	Facilities Financed and Managed by The Indus Hospital (Note 1)	Recep Tayyip Erdogan Hospital, Muzaffargarh	Mian Muhammad Shahbaz Sharif Hospital, Lahore	Civil Hospital, Badin	TOTAL
Inpatient Services (number of admissions)	46,306	14,215	1,636	4,988	67,145
Surgeries / Procedures (volume)	11,985	6,196	439	869	19,489
Outpatient Services (number of visits)	643,748	225,981	44,491	120,286	1,034,506
Head Count (number of employees)	1,558	524	319	230	2,631
Zakat Collection (Rs. in millions)	1,691	-	-	-	1,691
Donation Collection (Rs. in millions)	999	476	273	0.23	1,748.23
Government Grants (Rs. in millions)	300	-	-	122	422
International Grants (Rs. in millions)	1,226	-	-	-	1,226
Operational Expenditure (Rs. in millions)	2,398	422	125	36	2,981
Capital Expenditure (Rs. in millions)	989	40	104	20	1,153

#### Note 1:

Includes (i) The Indus Hospital - Korangi Campus, (ii) Indus Children Cancer Hospital - FB Area Campus, (iii) Indus Dialysis Centre and Family Medicine Clinic - PIB Campus, and (iv) Indus Development and Enabling Alliance Hospital - Bhong, Sadiqabad Campus.



The Plan  
to Expand...





## The Need to Expand to Serve More

Keeping in view the staggering rise in the number of patient visits and admission queues at the hospital on a daily basis, The Indus Hospital management realized the need to expand the facility to cater to a larger segment of the society. For this to be made possible, resources needed exponential multiplication so the society's need for quality healthcare as a basic human right was met.

Rigorous brainstorming, consistent efforts and hard core planning paved way for an expansion plan so the dream to render timely, quality healthcare could come true. The expansion project is divided into three phases:

### Phase 1

Commenced in 2014 to be completed in 2018, transformed the current 150 bed facility to...

**996**  
BEDS

### Phase 2

Will be completed in 2021, taking the facility to...

**1,427**  
BEDS

### Phase 3

Will mark the completion of the project in 2024, taking the entire facility to...

**1,800+**  
BEDS



## The Progress



# Financial Statements

For the year ended  
June 30, 2016



# The Indus Hospital

The Indus Hospital funds and manages four hospitals within the Indus Health Network. These Hospitals are:

- The Indus Hospital, Korangi, Karachi
- Indus Children Cancer Hospital, Karachi
- The Indus Hospital, Al-Fakir Trust Campus, Karachi
- The Indus Hospital, Sheikh Saeed Campus, Karachi



A·F·FERGUSON&CO.

## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of The Indus Hospital (the Hospital) as at June 30, 2016 and the related statement of comprehensive income, statement of changes in fund balance and the statement of cash flows together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Hospital's management to establish and maintain a system of internal control, and prepare and present the abovesaid statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

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

- (a) in our opinion, proper books of accounts have been kept by the Hospital as required by the Companies Ordinance, 1984;
- (b) in our opinion:
  - (i) the balance sheet and statement of comprehensive income together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
  - (ii) the expenditure incurred during the year was for the purpose of the Hospital's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Hospital;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, statement of comprehensive income, statement of changes in fund balance and the statement of cash flows together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, 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, 2016 and of the total comprehensive income, changes in fund balance and its cash flows for the year then ended; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Chartered Accountants  
Karachi  
Date: November 4, 2016  
Engagement Partner: Osama Kapadia

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan  
Tel.: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>  
■ KARACHI ■ LAHORE ■ ISLAMABAD

## The Indus Hospital Balance Sheet

as at June 30, 2016

	Note	2016 -----Rupees-----	2015 -----Rupees-----
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Operating assets	4	818,053,842	787,210,767
Capital work-in-progress	5	1,160,859,855	315,274,695
Intangible assets	6	2,918,487	3,108,297
		1,981,832,184	1,105,593,759
<b>Current Assets</b>			
Inventories	7	257,308,734	269,567,909
Advances, deposits, prepayments and other receivables	8	180,680,117	120,182,335
Short-term investments	9	376,149,351	467,105,002
Cash and bank balances	10	2,080,780,892	762,088,477
		2,894,919,094	1,618,943,723
<b>TOTAL ASSETS</b>		<b>4,876,751,278</b>	<b>2,724,537,482</b>
<b>FUND</b>			
Restricted fund	11	3,397,982,270	1,793,610,160
Accumulated fund	12	1,059,907,286	731,222,518
		4,457,889,556	2,524,832,678
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	13	418,861,722	199,704,804
<b>CONTINGENCIES AND COMMITMENTS</b>			
	14		
<b>TOTAL FUND AND LIABILITIES</b>		<b>4,876,751,278</b>	<b>2,724,537,482</b>

The annexed notes 1 to 26 form an integral part of these financial statements.

Attorney



Chief Executive Officer



Director

## The Indus Hospital Statement of Comprehensive Income

for the year ended June 30, 2016

	Note	2016 -----Rupees-----	2015 -----Rupees-----
<b>INCOME</b>			
Value of services rendered to patients financed through:			
- Zakat		1,706,720,358	1,068,791,124
- Donations		679,267,253	454,751,701
Grant-Funded Research and Development Projects (GFRDP)		302,515,761	171,448,323
		2,688,503,372	1,694,991,148
Other income	15	37,832,136	21,361,785
		2,726,335,508	1,716,352,933
<b>EXPENDITURE</b>			
Medicines and other supplies consumed	16	749,369,077	523,914,379
Salaries, wages and other benefits		891,974,585	583,373,636
Depreciation	4	113,337,316	87,240,378
Amortization	6	1,250,010	1,037,970
Repairs and maintenance		22,136,690	21,077,105
Insurance / Takaful		1,410,355	761,133
Fuel		19,525,784	19,082,673
License fee		793,828	1,343,927
Printing, stationery and courier		10,624,403	6,931,754
Utilities		83,925,673	62,633,558
Travelling and transportation		8,394,547	2,890,898
Technical and professional services		7,032,226	3,375,697
Auditor's remuneration	17	320,000	197,695
Security services		10,464,590	4,592,603
Clearing and forwarding		2,534,912	2,403,901
Marketing and advertisement		39,735,386	34,764,375
Communication charges		7,837,487	3,536,264
Outsourced - Medical facilities and diagnostics charges		92,278,002	58,091,727
Inventories written-off	7	2,023,042	1,369,324
Rent		9,810,877	7,453,705
Training and development		14,869,362	2,071,466
Other expenses		5,486,827	3,572,369
<b>Grant-Funded Research and Development Projects</b>			
- TB MDR Project Round 9		187,768,054	129,192,431
- TB Reach Project		15,663,594	11,382,107
- Club Foot Disability Project		240,809	7,145,918
- KAPS - Knee Arthritis Project		7,527,382	5,806,996
- Pehla Qadam Project		4,687,705	5,547,774
- Diabetes Program		9,151,006	5,362,186
- IMNCI Child Survival Program		2,435,815	2,300,783
- Malaria Project		2,674,252	1,839,195
- Photo Voices Project		-	1,504,214

Attorney

## The Indus Hospital Statement of Comprehensive Income

for the year ended June 30, 2016

- In Vitro Study	13,513	488,352
- IDRF Health Worker Program	-	305,042
- Osteomyelitis	-	279,433
- Rabies Program	89,547	157,453
- OPD Medicines	60,651	121,085
- Diabetes Adherence Study	595,644	15,354
- SSI Project	4,125,999	-
- Paeds TB Program	4,048,743	-
- TD - ABC Project	3,217,537	-
- Malaria - Global Fund	51,605,486	-
- Onco Psychology	1,499,391	-
- End TB	545,262	-
- Diabetes Foot Care Clinic	471,260	-
- Safe Circumcision Study	286,750	-
TB - Global Fund	5,807,361	-
	302,515,761	171,448,323
	2,397,650,740	1,603,164,860
Surplus for the year	328,684,768	113,188,073
Other comprehensive income	-	-
Total comprehensive income	328,684,768	113,188,073

18

The annexed notes 1 to 26 form an integral part of these financial statements.

Attorney



Chief Executive Officer



Director

## The Indus Hospital Statement of Cash Flows

for the year ended June 30, 2016

Note	2016 -----Rupees-----	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Surplus for the year	328,684,768	113,188,073
Adjustments for non-cash expenses and other items:		
Depreciation	113,337,316	87,240,378
Amortization	1,250,010	1,037,970
Inventories written-off	2,023,042	1,369,324
Gain on disposal of fixed assets	(52,931)	(31,250)
Value of services rendered to patients	(2,385,987,611)	(1,523,542,825)
Income from Grant-Funded Research and Development Projects (GFRDP)	(302,515,761)	(171,448,323)
	(2,571,945,935)	(1,605,374,726)
<b>Working capital changes</b>		
(Increase) / decrease in current assets:		
Inventories	10,236,133	(70,303,504)
Advances, deposits, prepayments and other receivables	(60,497,782)	(33,585,913)
	(50,261,649)	(103,889,417)
Increase in current liabilities:		
Trade and other payables	219,156,918	30,927,668
	168,895,269	(72,961,749)
	(2,074,365,898)	(1,565,148,402)
<b>Net cash used in operating activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(989,765,551)	(367,098,938)
Proceeds received from disposal of property, plant and equipment	52,931	31,250
Purchase of intangible assets	(1,060,200)	(3,380,893)
Investment made during the year - net	75,316,481	(20,105,000)
Profit received on short term investments	92,649,338	63,061,850
	(822,807,001)	(327,491,731)
<b>Net cash used in investing activities</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Donations received during the year	2,525,835,594	1,156,827,391
Donations paid during the year	(1,102,500)	(20,452,216)
Zakat received during the year	1,691,132,220	1,074,991,266
	4,215,865,314	2,211,366,441
<b>Net cash generated from financing activities</b>		
<b>Net increase in cash and cash equivalents</b>	1,318,692,415	318,726,308
Cash transferred from the Children Cancer Foundation Pakistan Trust in respect of Children Cancer Hospital	-	42,817,028
Cash and cash equivalents at beginning of the year	762,088,477	400,545,141
Cash and cash equivalents at end of the year	10 2,080,780,892	762,088,477

The annexed notes 1 to 26 form an integral part of these financial statements.

Attorney



Chief Executive Officer



Director

# The Indus Hospital

## Statement of Changes in Fund Balance

for the year ended June 30, 2016

	Restricted fund				Restricted fund				Accumulated fund	
	2016				2015				2016	2015
	Zakat	Donations	GFRDP	Total	Zakat	Donations	GFRDP	Total		
	Rupees									
<b>Balance at the beginning of the year</b>	(69,182,171)	1,663,388,558	199,403,773	1,793,610,160	(90,192,010)	1,112,037,708	175,086,190	1,196,931,888	731,222,518	553,116,267
Surplus for the year	-	-	-	-	-	-	-	-	328,684,768	113,188,073
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-	-	-	328,684,768	113,188,073
Zakat / Donations received during the year	1,691,132,220	825,008,762	1,226,563,512	3,742,704,494	1,074,991,266	697,309,902	168,494,897	1,940,796,065	-	-
Donation for construction of Paeds ward	-	104,504,779	-	104,504,779	-	63,244,871	-	63,244,871	-	-
Donation for Ayesha Blood Centre	-	3,919,750	-	3,919,750	-	9,062,920	-	9,062,920	-	-
Donation for other construction	-	365,838,791	-	365,838,791	-	218,714,801	-	218,714,801	-	-
Profit on short-term investments	20,478,146	56,532,022	-	77,010,168	14,809,697	65,493,282	-	80,302,979	-	-
Transfer of funds	-	-	-	-	-	(27,271,009)	27,271,009	-	-	-
Net assets of CCH transferred - note 12.1	-	-	-	-	-	-	-	-	-	64,918,178
	1,711,610,366	1,355,804,104	1,226,563,512	4,293,977,982	1,089,800,963	1,026,554,767	195,765,906	2,312,121,636	-	64,918,178
Value of services rendered to patients	(1,706,720,358)	(679,267,253)	-	(2,385,987,611)	(1,068,791,124)	(454,751,701)	-	(1,523,542,825)	-	-
Expenses incurred in respect of GFRDP	-	-	(302,515,761)	(302,515,761)	-	-	(171,448,323)	(171,448,323)	-	-
Donations utilized to aid other hospitals	-	(1,102,500)	-	(1,102,500)	-	(20,452,216)	-	(20,452,216)	-	-
	(1,706,720,358)	(680,369,753)	(302,515,761)	(2,689,605,872)	(1,068,791,124)	(475,203,917)	(171,448,323)	(1,715,443,364)	-	-
<b>Balance as at end of the year</b>	<b>(64,292,163)</b>	<b>2,338,822,909</b>	<b>1,123,451,524</b>	<b>3,397,982,270</b>	<b>(69,182,171)</b>	<b>1,663,388,558</b>	<b>199,403,773</b>	<b>1,793,610,160</b>	<b>1,059,907,286</b>	<b>731,222,518</b>

Att:...

The annexed notes 1 to 26 form an integral part of these financial statements.

Att:...



Chief Executive Officer



Director

# The Indus Hospital Notes to the Financial Statements

for the year ended June 30, 2016

## 1. LEGAL STATUS AND OPERATIONS

1.1 The Indus Hospital (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 Companies Ordinance, 1984. 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 the underprivileged people, free of cost and to apply its funds to achieve its objectives through the following units/locations:

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

In addition to above, the Hospital has taken over management and operations of other hospitals as more fully explained in note 1.2.

## 1.2 Hospital management services

1.2.1 The Indus Hospital entered into an agreement with Recep Tayyip Erdogan Hospital Trust (RTEHT) in 2014 whereby RTEHT handed over complete control and operations of Recep Tayyip Erdogan Hospital (RTEH) to The Indus Hospital for a period of 33 years. As per the terms of the agreement, The Indus Hospital is responsible for the entire operations and management of the said hospital to provide free of cost services to the patients, for no remuneration, with funding from RTEHT.

1.2.2 The Indus Hospital entered into an agreement with RTEHT in 2015, whereby RTEHT handed over complete control and operations of Mian Muhammad Shahbaz Sharif Hospital to The Indus Hospital for a period of 33 years. As per the terms of the agreement, the Indus Hospital is responsible for the entire operations and management of the said hospital to provide free of cost services to the patients, for no remuneration, with funding from RTEHT.

1.2.3 The Indus Hospital entered into an agreement with the Government of Sindh, Health Department in 2015 whereby The Indus Hospital was handed over complete control and operation of Civil Hospital, Badin for a period of 10 years. As per the terms of the agreement, The Indus Hospital is responsible for the entire operations and management of the said hospital to provide free of cost services to the patients, for no remuneration, with funding from Government of Sindh, Health Department.

## 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".

*Attaqur*

# The Indus Hospital Notes to the Financial Statements

for the year ended June 30, 2016

2.1.2 These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance), directives issued by the Securities and Exchange Commission of Pakistan (SECP) and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Boards (IASB) as are notified under the provisions of the Ordinance. Wherever, the requirements of the Ordinance or directives issued by the SECP defer with the requirements of these standards, the requirements of the Ordinance or the requirements of the said directives have been followed.

The SECP through SRO No. 413(1)/2016 dated May 11, 2016 has further to its notification through SRO No. 929/2015 dated September 10, 2015, directed non-listed companies formed / licensed under Section 42 and 43 of the Companies Ordinance, 1984 to follow 'The Accounting Standard for NPOs' issued by ICAP. This standard has been notified on the recommendation of ICAP. The SECP's directive is applicable for annual financial period beginning on or after July 1, 2016.

### 2.1.3 Critical accounting estimates and judgements

The preparation of financial statements in conformity with the above requirements require the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Hospital's accounting policies. The areas involving higher degree of judgement or complexity, or areas where assumption and estimates are significant to the financial statements, are disclosed in note 3.

### 2.1.4 Initial application of a standard, amendment or an interpretation to an existing Standard

#### a) Standards, amendments to published standards and interpretations that are effective in current year

The following standard and amendment are effective for the year ended June 30, 2016 and are relevant to the Hospital:

- IFRS 13 'Fair value measurement'. The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting, but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard only affects disclosures in the Hospital's financial statements.

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 1, 2015 are considered not to be relevant or to have any significant effect on the Hospital's financial reporting and operations.

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

The following new standards and amendments to published standards are not effective for the financial year beginning on July 1, 2015 and have not been early adopted by the Hospital:

- IAS 16 (Amendment), 'Property, plant and equipment' and IAS 38 (Amendment), 'Intangible assets' (effective for annual periods beginning on or after January 1, 2016). This amendment clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The presumption may only be rebutted in certain limited circumstances. These are where the intangible asset is expressed as a measure of revenue; or where it can be demonstrated that revenue and the consumption of

*Attaqur*



# The Indus Hospital Notes to the Financial Statements

for the year ended June 30, 2016

the economic benefits of the intangible asset are highly correlated. It is unlikely that the amendment will have any significant impact on the Hospital's financial statements.

- IFRS 7 'Financial instruments: Disclosures' (effective for periods beginning on or after July 1, 2016) relating to servicing contracts. If an entity transfers a financial asset to a third party under conditions which allow the transferor to derecognize the asset, IFRS 7 requires disclosure of all types of continuing involvement that the entity might still have in the transferred assets. The standard provides guidance about what is meant by continuing involvement. The amendment is prospective with an option to apply retrospectively. It is unlikely that the amendment will have any significant impact on the Hospital's financial statements.
- IAS 1, 'Presentation of Financial Statements' (effective for annual periods beginning on or after January 1, 2016). The amendments provide clarifications on a number of issues, including:
  - "Materiality – an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance."
  - Disaggregation and subtotals – line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.
  - Notes – confirmation that the notes do not need to be presented in a particular order.
  - Other Comprehensive Income (OCI) arising from investments accounted for under the equity method. The share of the OCI arising from equity accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss account. Each group should then be presented as a single line item in the statement of comprehensive income.

It is unlikely that the amendment will have any significant impact on the Hospital's financial statements.

There are a number of other standards, amendments and interpretations to published standards that are not yet effective and are also not relevant to the Hospital's financial reporting or operations and therefore, have not been presented here.

## 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 income using the straight-line method at the rates stated in note 4. 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.

Assets residual values and useful lives are reviewed, and adjusted, if appropriate at each balance sheet 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.

Attyg...

# The Indus Hospital Notes to the Financial Statements

for the year ended June 30, 2016

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 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 in the course of their construction and installation. Transfers are made to relevant operating asset category as and when assets are available for use.

## 2.4 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 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.

## 2.5 Financial Instruments

### 2.5.1 Classifications

The Hospital classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

#### a) At fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short-term. Assets in this category are classified as current assets.

#### b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. The Hospital's loans and receivables comprise 'deposits', 'other receivables' and 'cash and bank balances' in the balance sheet.

Attyg...

# The Indus Hospital

## Notes to the Financial Statements

for the year ended June 30, 2016

### c) Available-for-sale

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date.

### d) Held to maturity

Held to maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity with a positive intention to hold to maturity.

### 2.5.2 Recognition and measurement

All financial assets are recognized at the time when the Hospital becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognized on the trade date – the date on which the Hospital commits to purchase or sell the asset. Financial assets are initially recognized at a fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are charged to the statement of comprehensive income.

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

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at a fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest method.

Any gain or loss on investments which are acquired from restricted funds is recognized in Restricted Fund.

### 2.5.3 Financial liabilities

All financial liabilities are recognized at the time when the Hospital becomes a party to the contractual provisions of the instrument.

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 comprehensive income.

### 2.5.4 Offsetting of financial assets and liabilities

A financial asset and a financial liability are offset and the net amount is reported in the balance sheet if the Hospital has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

### 2.6 Inventories

Inventories comprise medicines, consumables and general supplies such as surgical supplies, stationery, grocery items, etc. These are valued at lower of cost and net realizable value. 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. Net realizable value signifies the estimated selling price in the ordinary course of the business, less the estimated cost necessarily to be incurred to make the sale. Provision is made for slow-moving and expired stock where necessary.

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# The Indus Hospital

## Notes to the Financial Statements

for the year ended June 30, 2016

### 2.7 Stores and spares

These are valued at a 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.

### 2.8 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, deposit and saving accounts and other short-term, highly liquid investments with original maturities of three months or less.

### 2.9 Donations and grants

Donations and grants are accounted for on receipt basis. Donations in kind are recognized at fair value determined at the time when the donations are received. Donations and grants restricted in its use by the donors are utilized for the purpose specified and are classified accordingly under the Restricted Fund. Any income from investments made from such restricted donations and grants are also credited directly in the Restricted Fund.

### 2.10 Restricted fund

Zakat and donations contributed by the donors for operations are recognized under Restricted Fund upon receipt. Subsequently, the Restricted Fund is adjusted for the value of services provided to the needy/deserving patients free of cost during the year, at pre-determined rates for each service rendered.

### 2.11 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 an 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.

### 2.12 Provisions

Provisions are recognised 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 balance sheet date to reflect the current best estimate.

### 2.13 Provident Fund

The Hospital has constituted an approved contributory provident 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.

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# The Indus Hospital Notes to the Financial Statements

for the year ended June 30, 2016

## 2.14 Foreign currency transactions and translations

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

## 2.15 Revenue recognition

Donations and Zakat received for the day to day operations of the Hospital are recognized as income as and when services are provided to needy/deserving patients. Such Zakat/donations are credited to income on pre-determined service rates which are reviewed by the Hospital quarterly.

Income on bank deposits and short-term investment is recognized on accrual basis.

The revenue in respect of GFRDP (Grant Funded Research Development Project) is recognized as and when the related expenses are incurred for these projects, and equivalent amount is transferred from restricted fund to the statement of comprehensive income.

## 2.16 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 is 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 the rate of depreciation / amortization, useful life and residual values used for recording the depreciation / amortization on annual basis. Further, where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis.

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# The Indus Hospital Notes to the Financial Statements

for the year ended June 30, 2016

## 4. OPERATING ASSETS

	Leasehold land	Building and Civil Work on lease hold land	Plant, Machinery & Equipment	Computers, Printers and Network Cabling	Furniture and Fixtures	Vehicles	Total
-----Rupees-----							
<b>As at July 1, 2014</b>							
Cost	300,000,000	156,805,925	456,885,486	28,623,170	38,326,959	5,330,769	985,972,309
Accumulated depreciation	(12,000,000)	(41,292,044)	(323,848,241)	(19,361,928)	(30,280,284)	(2,307,125)	(429,089,622)
Net book value	<u>288,000,000</u>	<u>115,513,881</u>	<u>133,037,245</u>	<u>9,261,242</u>	<u>8,046,675</u>	<u>3,023,644</u>	<u>556,882,687</u>
<b>Year ended June 30, 2015</b>							
Opening net book value	288,000,000	115,513,881	133,037,245	9,261,242	8,046,675	3,023,644	556,882,687
Additions including transfers - note 5	45,086,200	99,297,932	152,380,072	12,159,406	4,057,463	4,587,385	317,568,458
<b>Disposals / Write-offs</b>							
Cost	-	-	-	(31,250)	-	-	(31,250)
Accumulated depreciation	-	-	-	31,250	-	-	31,250
Depreciation charge	(3,322,987)	(11,085,453)	(62,047,114)	(6,773,725)	(3,010,613)	(1,000,486)	(87,240,378)
Closing net book value	<u>329,763,213</u>	<u>203,726,360</u>	<u>223,370,203</u>	<u>14,646,923</u>	<u>9,093,525</u>	<u>6,610,543</u>	<u>787,210,767</u>
<b>As at July 1, 2015</b>							
Cost	345,086,200	256,103,857	609,265,558	40,751,326	42,384,422	9,918,154	1,303,509,517
Accumulated depreciation	(15,322,987)	(52,377,497)	(385,895,355)	(26,104,403)	(33,290,897)	(3,307,611)	(516,298,750)
Net book value	<u>329,763,213</u>	<u>203,726,360</u>	<u>223,370,203</u>	<u>14,646,923</u>	<u>9,093,525</u>	<u>6,610,543</u>	<u>787,210,767</u>
<b>Year ended June 30, 2016</b>							
Opening net book value	329,763,213	203,726,360	223,370,203	14,646,923	9,093,525	6,610,543	787,210,767
Additions including transfers - notes 5	-	7,026,112	119,528,458	10,150,532	4,446,049	3,029,240	144,180,391
<b>Disposals / Write-offs</b>							
Cost	-	-	-	(52,931)	-	-	(52,931)
Accumulated depreciation	-	-	-	52,931	-	-	52,931
Depreciation charge	(3,450,862)	(14,694,841)	(79,525,642)	(9,743,532)	(4,003,734)	(1,918,705)	(113,337,316)
Closing net book value	<u>326,312,351</u>	<u>196,057,631</u>	<u>263,373,019</u>	<u>15,053,923</u>	<u>9,535,840</u>	<u>7,721,078</u>	<u>818,053,842</u>
<b>As at June 30, 2016</b>							
Cost	345,086,200	263,129,969	728,794,016	50,848,927	46,830,471	12,947,394	1,447,636,977
Accumulated depreciation	(18,773,849)	(67,072,338)	(465,420,997)	(35,795,004)	(37,294,631)	(5,226,316)	(629,583,135)
Net book value	<u>326,312,351</u>	<u>196,057,631</u>	<u>263,373,019</u>	<u>15,053,923</u>	<u>9,535,840</u>	<u>7,721,078</u>	<u>818,053,842</u>
Annual rate of depreciation (%)	<u>1</u>	<u>5</u>	<u>20</u>	<u>33</u>	<u>20</u>	<u>20</u>	

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## The Indus Hospital Notes to the Financial Statements

for the year ended June 30, 2016

### 5. CAPITAL WORK-IN-PROGRESS

	Expansion Project	Building and Civil Works	Plant, Machinery & Equipment	Furniture and Fixtures	Total
-----Rupees-----					
<b>Year ended June 30, 2015</b>					
Balance at beginning of the year	199,510,131	31,467,251	22,331,788	9,000	253,318,170
Add: additions during the year	156,099,958	13,696,147	29,920	-	169,736,025
Less: Transfers - note 4	(53,807,858)	(31,917,911)	(22,053,731)	-	(107,779,500)
<b>Balance at end of the year</b>	<b>301,712,231</b>	<b>13,245,487</b>	<b>307,977</b>	<b>9,000</b>	<b>315,274,695</b>
<b>Year ended June 30, 2016</b>					
<b>Balance at beginning of the year</b>					
Balance at beginning of the year	301,712,231	13,245,487	307,977	9,000	315,274,695
Add: Additions during the year	841,852,647	2,391,709	3,181,000	2,768,643	850,193,999
Less: Transfers - note 4	-	(4,608,839)	-	-	(4,608,839)
<b>Balance at end of the year</b>	<b>1,143,564,878</b>	<b>11,028,357</b>	<b>3,488,977</b>	<b>2,777,643</b>	<b>1,160,859,855</b>

**2016**                      **2015**  
-----Rupees-----

### 6. INTANGIBLE ASSETS

#### Net carrying value

Balance at beginning of the year	3,108,297	765,374
Add: Additions	1,060,200	3,380,893
Less: Amortization charge for the year	(1,250,010)	(1,037,970)
<b>Balance at end of the year</b>	<b>2,918,487</b>	<b>3,108,297</b>

#### Gross carrying value

Cost	6,750,049	5,689,849
Less: Accumulated amortization	(3,831,562)	(2,581,552)
<b>Net book value</b>	<b>2,918,487</b>	<b>3,108,297</b>

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

### 7. INVENTORIES

Medicines (note 7.2)	116,739,915	102,642,211
Consumables	103,699,708	135,010,354
General	17,373,519	21,263,999
	237,813,142	258,916,564
Stores and spares	19,495,592	10,651,345
<i>Attorneys</i>	257,308,734	269,567,909

## The Indus Hospital Notes to the Financial Statements

for the year ended June 30, 2016

7.1 During the year inventories amounting to Rs.2,023,042 (2015:1,369,324) were written off.

7.2 This includes Medicines (Lab Kits) aggregating to Rs.4,742,220 (2015: Rs.18,239,172) held with Interactive Research and Development.

	2016	2015
-----Rupees-----		
<b>8. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>		
<b>Considered Good</b>		
Advance to:		
- Suppliers and others	7.1 59,717,867	114,545,443
- employees (note 8.1)	211,992	36,492
- Global Fund Sub Recipients (SRs) (note 8.2)	52,296,878	-
- Interactive Research and Development - IRD	35,699,886	-
Deposits	9,863,537	932,722
Prepayments	11,399,238	587,728
Receivables from other Hospitals (note 8.3)	8,015,286	1,892,580
Other receivables	3,475,433	2,187,370
	<b>180,680,117</b>	<b>120,182,335</b>

8.1 The maximum aggregate amount of advances due from the chief executive and directors at the end of any month were nil (2015: nil).

8.2 This represents advances given by the Indus Hospital to its Sub Recipients (SRs), Frontier Primary Health Care (FPHC) and Baluchistan Rural Support Program (BRSP), for the project titled "Expanding Control to Malaria Control Interventions in High Priority Districts of Pakistan" amounting to Rs.23,096,162 and Rs.29,200,716 respectively. The Indus Hospital as Principal Recipient (PR) has received funds from Global Fund for the aforementioned projects and the Sub Recipients are the implementing support partners.

8.3 This represents receivable against services provided by the Hospital's blood centers to various hospitals.

8.4 As at 30 June, 2016, none of the receivables were past due or impaired.

### 9. SHORT-TERM INVESTMENTS

	2016	2015
-----Rupees-----		
- At fair value through profit or loss		
- Meezan Sovereign Fund (note 9.1)	406,515	-
- Held to maturity		
- Islamic Income Certificate - Habib Metropolitan Bank Limited	375,742,836	466,896,594
- Term Deposits - Bank Alfalah Limited	-	33,408
- Defence Savings Certificate	-	175,000
	<b>376,149,351</b>	<b>467,105,002</b>

9.1 Meezan Sovereign Fund has rating of AM2++ provided by JCR-VIS.

*Attorneys*

## The Indus Hospital Notes to the Financial Statements

for the year ended June 30, 2016

	2016	2015
	-----Rupees-----	
<b>10. CASH AND BANK BALANCES</b>		
Cash in hand	600,652	472,754
Balances with banks on:		
- current accounts	113,052,341	178,029,055
- savings accounts	1,967,127,899	583,586,668
	<u>2,080,180,240</u>	<u>761,615,723</u>
	<u>2,080,780,892</u>	<u>762,088,477</u>

10.1 These savings accounts carry markup ranging from 1.71% to 7.50% (2015: 2.75% to 7.30%) per annum.

### 11. RESTRICTED FUND

11.1 Zakat funds are required to be utilized only for patients who are entitled to receive zakat under the Islamic shariah, whereas, all others patients are treated through funds received as donations.

### 12. ACCUMULATED FUND

12.1 On March 26, 2013, the Hospital entered into a merger agreement (the agreement) with CCF to transfer all the assets and liabilities held by CCF of the CCH for no consideration. The agreement was further amended on May 8, 2014 to revise its effective date from May 28, 2013 to July 01, 2014.

	2016	2015
	-----Rupees-----	
<b>13. TRADE AND OTHER PAYABLES</b>		
Creditors (note 13.1)	147,904,437	100,409,070
Accrued liabilities	21,355,794	14,043,358
Payable to Provident Fund	6,082,396	1,167,496
Payable to Interactive Research and Development	2,602,290	2,515,769
Retention Money	36,666,770	997,395
Payable under Hospital Management Services		
- Tayeb Erdogan Hospital (note 13.2)	81,535,191	70,838,822
- Mian Shahbaz Sharif Hospital - Lahore (note 13.3)	43,484,585	-
- Civil Hospital Badin (note 13.4)	60,385,737	-
	<u>185,405,513</u>	<u>70,838,822</u>
Withholding tax payable	10,295,813	1,488,017
Payable to various consultants for expansion project	-	335,364
Miscellaneous	8,548,709	7,909,513
	<u>418,861,722</u>	<u>199,704,804</u>

13.1 This includes payable to Swiss Pharmaceuticals (Private) Limited, a related party in respect of medical supplies purchased by the Hospital amounting to Rs. 458,050 (2015: 194,169).

13.2 As explained in note 1.2 of the financial statements, the Hospital entered into an agreement with RTEHT to take management control and run operations of the hospital in Muzaffargarh, Punjab, which has been constructed by RTEHT. In this connection during the year, an amount of Rs.456,679,408 (2015: Rs.449,420,675) was transferred in the Hospital's bank account by RTEHT to cover the operational and capital expenditure of the Muzaffargarh Hospital.

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## The Indus Hospital Notes to the Financial Statements

for the year ended June 30, 2016

Further an amount of Rs. 5,570,757 was generated from other sources. The Hospital has recorded such funds as "Payable to Tayeb Erdogan Hospital" and has disbursed funds amounting to Rs.451,553,795 (2015: 444,079,234) against the payable during the year.

13.3 As explained in note 1.2 of the financial statements, the Hospital entered into an agreement with RTEHT to take management control and run operations of 'Mian Shahbaz Sharif Hospital - Lahore', that was in line with earlier arrangement between 'Government of Punjab' and RTEHT by a contract dated, August 01, 2015. In this connection during the year, an amount of Rs.204,748,794 (2015: Nil) was transferred in the Hospital's bank account by RTEHT to cover the operational and capital expenditure of Mian Shahbaz Sharif Hospital - Lahore. Further, an amount of Rs. 2,086,243 was generated from other sources. The Hospital has recorded such funds as "Payable to Mian Shahbaz Sharif Hospital" and has disbursed funds amounting to Rs.163,350,453 (2015: Nil) against the payable during the year.

13.4 As explained in note 1.2 of the financial statements, the Hospital entered into an agreement with Health Department of the Government of Sindh to take management control and run operations of Civil Hospital, Badin. In this connection during the year, an amount of Rs.121,532,000 (2015: Nil) was transferred in the Hospital's bank account by Government of Sindh to cover the operational and capital expenditure of the Civil Hospital, Badin. Further, an amount of Rs. 307,312 was generated from other sources. The Hospital has recorded such funds as "Payable to Civil Hospital Badin" and has disbursed funds amounting to Rs. 61,453,574 (2015: Nil) against the payable during the year.

### 14. CONTINGENCIES AND COMMITMENTS

14.1 Out of the facilities of Rs. 275,000,000 (2015: Rs. Nil) for opening letters of credits and guarantees, the amounts utilized as at June 30, 2016 was Rs. 74,819,166 (2015: Rs. Nil).

14.2 Commitments for rentals under operating lease arrangements in respect for rent of offices as at June 30, 2016 amounts to Rs. 19,944,065 (2015: Rs. 3,653,160) and are payable as follows:

	2016	2015
	-----Rupees-----	
- within one year	9,398,102	3,653,160
- more than one year but less than five years	10,545,963	-
	<u>19,944,065</u>	<u>3,653,160</u>

### 15. OTHER INCOME

Proceeds from sales of waste materials	939,170	1,903,155
Income from cafeteria	8,719,260	5,971,169
Recovery of blood test cost	17,940,329	8,037,833
Others	10,233,377	5,449,628
	<u>37,832,136</u>	<u>21,361,785</u>

### 16. MEDICINES AND OTHER SUPPLIES CONSUMED

Opening inventory	255,188,303	177,846,203
Add: Purchases	731,889,934	602,625,803
Less:		
- Inventory written-off (note 7.1)	2,023,042	1,369,324
- Closing inventory	235,686,118	255,188,303
	<u>749,369,077</u>	<u>523,914,379</u>

### 17. AUDITOR'S REMUNERATION

Fee for statutory audit	200,000	125,000
Out of pocket expenses	120,000	72,695
	<u>320,000</u>	<u>197,695</u>

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# The Indus Hospital

## Notes to the Financial Statements

for the year ended June 30, 2016

### 18. GRANT- FUNDED RESEARCH AND DEVELOPMENT PROJECTS

Grant-funded research and development projects represent projects undertaken by the Hospital either within or the year and expenditure incurred on these projects are as follows:

	TB MDR Projects Round 9	Diabetes Adherence Study	Diabetes Foot Care Clinic	Photo Voices Project	In Vitro Study	TB Reach Project	Pehla Qadam Project	END TB	Malaria Project	Club Feet Disability Project	IMNCI Child Survival Program	Osteomyelitis
<b>Year ended June 30, 2016</b>												
Cash Donations / Grants	104,291,053	-	-	-	75,000	20,283,837	223,200	4,660,138	-	-	-	-
Donations in-kind	86,518,267	-	-	-	-	-	-	-	-	-	-	-
	190,809,320	-	-	-	75,000	20,283,837	223,200	4,660,138	-	-	-	-
Less:												
Salaries, wages and benefits	66,622,920	183,880	428,417	-	-	7,989,214	1,510,963	233,667	2,465,104	-	1,830,331	-
Medicines consumed	77,968,397	320,748	-	-	-	-	-	83,002	-	-	-	-
Other costs	43,176,737	91,016	42,843	-	13,513	7,674,380	3,176,742	228,593	209,148	240,809	605,484	-
	187,768,054	595,644	471,260	-	13,513	15,663,594	4,687,705	545,262	2,674,252	240,809	2,435,815	-
Surplus / (Deficit)	3,041,266	(595,644)	(471,260)	-	61,487	4,620,243	(4,464,505)	4,114,876	(2,674,252)	(240,809)	(2,435,815)	-
<b>Year ended June 30, 2015</b>												
Cash Donations / Grants	92,604,371	-	-	-	1,034,665	17,125,798	486,146	-	600,000	11,744,525	-	-
Donations in-kind	34,834,140	-	-	-	-	-	-	-	-	-	-	-
	127,438,511	-	-	-	1,034,665	17,125,798	486,146	-	600,000	11,744,525	-	-
Less:												
Salaries, wages and benefits	49,784,355	-	-	-	-	5,569,439	1,386,496	-	1,687,555	6,708,327	1,731,199	-
Medicines consumed	47,607,821	-	-	-	-	-	-	-	-	-	-	-
Other costs	31,800,255	15,354	-	1,504,214	488,352	5,812,668	4,161,278	-	151,640	437,591	569,584	279,433
	129,192,431	15,354	-	1,504,214	488,352	11,382,107	5,547,774	-	1,839,195	7,145,918	2,300,783	279,433
Surplus / (Deficit)	(1,753,920)	(15,354)	-	(1,504,214)	546,313	5,743,691	(5,061,628)	-	(1,239,195)	4,598,607	(2,300,783)	(279,433)

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outside its premises and funded by specific donors. The details of grant / funds received for these projects during

	Projects												Total
	OPD Medicines	Rabies Program	Diabetes Program	KAPS- Knee Arthritis Project	Safe Circumcision Study	Malaria- GF	IDRF Health Worker Project	SSI Project	Paeds TB Program	TD - ABC Project	Oncology Psychology	TB - Global Fund	
<b>Year ended June 30, 2016</b>													
Cash Donations / Grants	-	-	-	2,232,045	2,000,000	191,072,254	-	1,520,408	5,118,582	2,072,189	-	806,496,539	1,140,045,245
Donations in-kind	-	-	-	-	-	-	-	-	-	-	-	-	86,518,267
	-	-	-	2,232,045	2,000,000	191,072,254	-	1,520,408	5,118,582	2,072,189	-	806,496,539	1,226,563,512
Less:													
Salaries, wages and benefits	60,651	-	4,452,219	2,060,839	249,666	33,558,520	-	3,211,265	3,598,038	2,808,878	565,201	3,822,046	135,651,819
Medicines consumed	-	-	-	2,418,957	-	-	-	-	-	-	634,800	-	81,425,904
Other costs	-	89,547	4,698,787	3,047,586	37,084	18,046,966	-	914,734	450,705	408,659	299,390	1,985,315	85,438,038
	60,651	89,547	9,151,006	7,527,382	286,750	51,605,486	-	4,125,999	4,048,743	3,217,537	1,499,391	5,807,361	302,515,761
Surplus / (Deficit)	(60,651)	(89,547)	(9,151,006)	(5,295,337)	1,713,250	139,466,768	-	(2,605,591)	1,069,839	(1,145,348)	(1,499,391)	800,689,178	924,047,751
<b>Year ended June 30, 2015</b>													
Cash Donations / Grants	190,000	525,000	2,000,000	7,300,000	-	-	-	-	-	-	-	-	133,610,505
Donations in-kind	-	-	-	50,252	-	-	-	-	-	-	-	-	34,884,392
	190,000	525,000	2,000,000	7,350,252	-	-	-	-	-	-	-	-	168,494,897
Less:													
Salaries, wages and benefits	-	121,085	3,615,541	2,276,397	-	-	-	-	-	-	-	-	72,880,394
Medicines consumed	-	-	-	1,646,950	-	-	-	-	-	-	-	-	49,254,771
Other costs	121,085	36,368	1,746,645	1,883,649	-	-	305,042	-	-	-	-	-	49,313,158
	121,085	157,453	5,362,186	5,806,996	-	-	305,042	-	-	-	-	-	171,448,323
Surplus / (Deficit)	68,915	367,547	(3,362,186)	1,543,256	-	-	(305,042)	-	-	-	-	-	(2,953,426)

Att:-----

## The Indus Hospital Notes to the Financial Statements

for the year ended June 30, 2016

### 19. PROVIDENT FUND

The following information is based upon un-audited financial statements of the provident fund as at June 30, 2016 and June 30, 2015:

	2016	2015
	-----Rupees-----	
Size of the fund- Total assets	228,523,838	150,891,217
Fair value of investments	205,249,157	88,093,576
Cost of investments made	203,679,020	86,936,046
	-----	-----
	%	-----
Percentage of investments	89	58

19.1 The break-up of fair value of investments is as follows:

	2016		2015	
	Rupees	%	Rupees	%
Bank deposits	205,249,157	100	88,039,576	100

19.2 The investments out of the fund have been made in accordance with the provisions of Section 227 of Companies Ordinance, 1984 and the rules formulated for the purpose.

19.3 An amount of Rs.36,325,966 (2015: 25,336,910) has been charged during the year in respect of Hospital's contribution to the fund.

### 20. RELATED PARTY TRANSACTIONS

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, the key management personnel of the Hospital, entities with common directorship, 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.

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

	2016	2015
	-----Rupees-----	
<b>Directors</b>		
Donations received	9,554,700	6,000,855
<b>Retirement Benefit Fund</b>		
Contribution to Provident Fund	36,325,966	25,336,910
<b>Associated undertaking by virtue of common directorship</b>		
Purchases made from Swiss Pharmaceuticals (Private) Limited	6,889,714	3,970,196
Donations received	20,187,677	10,148,826

Att: \_\_\_\_\_

## The Indus Hospital Notes to the Financial Statements

for the year ended June 30, 2016

### 20.2 Remuneration of Chief Executive, Faculty & Other Key Management Personnel

The aggregate amounts charged in the financial statements in respect of remuneration, including all the benefits to the Chief Executive, faculty and other key management personnel were as follows:

	2016			2015		
	Chief Executive	Faculty	Other Key Management Personnel	Chief Executive	Faculty	Other Key Management Personnel
	-----Rupees-----					
Management remuneration	8,550,000	105,913,457	77,456,907	7,500,000	73,628,812	59,151,500
Retirement benefits funds	570,000	5,205,815	3,176,292	500,000	3,782,423	2,643,408
Total	9,120,000	111,119,272	80,633,199	8,000,000	77,411,235	61,794,908
Number of persons including those who worked part of the year	1	26	13	1	27	13

No remuneration is paid to any director of the Hospital.

### 21. NUMBER OF EMPLOYEES

	2016	2015
Average number of employees during the year	1,449	1,025
Number of employees as at 30 June	1,558	752

### 22. FINANCIAL INSTRUMENTS BY CATEGORY

#### 22.1 Financial assets as per balance sheet

##### - At fair value through profit or loss

	2016	2015
	-----Rupees-----	
Short term investments	406,515	-
<b>- Loans and receivables</b>		
Deposits	9,863,537	932,722
Other receivables	3,475,433	2,187,370
Receivable from other hospitals	8,015,286	1,892,580
Cash and bank balances	2,080,780,892	762,088,477
	2,102,135,148	767,101,149

##### - Held to maturity

Short term investments	375,742,836	467,105,002
	2,478,284,499	1,234,206,151

#### 22.2 Financial liabilities as per balance sheet

##### - At amortized cost

Trade and other payables	402,483,513	197,049,291
--------------------------	-------------	-------------

#### 22.3 Fair value of financial assets and liabilities

Att: \_\_\_\_\_

# The Indus Hospital

## Notes to the Financial Statements

for the year ended June 30, 2016

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 was no change in valuation technique during the year.

	Level 1	Level 2	Level 3	Total
-----Rupees-----				
<b>Year ended June 30, 2016</b>				
Short-term investments	406,515	-	-	406,515
<b>Year ended June 30, 2015</b>				
Short-term investments	-	-	-	-

### 23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

#### 23.1 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 Board of Directors has overall responsibility for the establishment and oversight of Hospital's risk management framework. The Board of Directors 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 has no significant currency risk on obligations therefore, the Hospital's income and operating cash flows are substantially independent of changes in foreign exchange rates. As majority of the Hospital's financial assets and liabilities are denominated in Pak Rupees, therefore, the Hospital, at present, is not exposed to foreign currency risk.

##### (ii) 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. The Hospital does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect surplus of the Hospital. There are no other significant interest-bearing financial instruments.

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# The Indus Hospital

## Notes to the Financial Statements

for the year ended June 30, 2016

#### (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 interest rate 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, trade debts, 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. 2,478,284,499 (2015: Rs. 1,234,206,151) and the financial assets exposed to credit risk is amount to Rs. 2,477,683,847 (2015: Rs. 1,233,733,597).

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

	2016	2015
-----Rupees-----		
Deposits	9,863,537	932,722
Other receivables	3,475,433	2,187,370
Receivable from other hospitals	8,015,286	1,892,580
Cash and bank balances	2,080,780,892	762,088,477
Short-term investments	376,149,351	467,105,002
	<u>2,478,284,499</u>	<u>1,234,206,151</u>

Credit risk from bank deposits is managed by placing deposits with banks having sound credit ratings. The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

Bank	Agency	Rating	
		Short-term	Long-term
Dubai Islamic Bank Pakistan Limited	JCR-VIS	A-1	A+
BankIslami Pakistan Limited	PACRA	A1	A+
United Bank Limited	JCR-VIS	A-1+	AAA
Al-Baraka Islamic Bank (Pakistan) Limited	PACRA	A1	A
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
Bank Al-Falah Limited	PACRA	A1+	AA
Habib Bank Limited	JCR-VIS	A-1+	AAA
MCB Islamic Bank Limited	PACRA	A1	A
Burj Bank Limited	JCR-VIS	A-2	BBB+
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Bank Al-Habib Limited	PACRA	A1+	AA+
Meezan Bank Limited	JCR-VIS	A-1+	AA
Sindh Bank Limited	JCR-VIS	A-1+	AA

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# The Indus Hospital

## Notes to the Financial Statements

for the year ended June 30, 2016

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### 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 into relevant maturity groupings based on the remaining period at the balance sheet date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows.

	June 30, 2016			June 30, 2015		
	Maturity upto one year	Maturity after one year	Total	Maturity upto one year	Maturity after one year	Total
	-----Rupees-----					
Trade and other payables	402,483,513	-	402,483,513	197,049,291	-	197,049,291

### 24. 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.

There are no externally imposed capital requirements on the Hospital.

### 25. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison, the effects of which are not material.

### 26. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved and authorized for issue on November 3, 2016 by the Board of Directors of the Hospital.

Attestation



Chief Executive Officer



Director

# Recep Tayyip Erdogan Hospital, Muzaffargarh

Recep Tayyip Erdogan Trust handed over the management of the hospital to The Indus Hospital in 2014. The funding of this hospital is done by the Government of Punjab and the Tayyip Erdogan Trust.



A.F.FERGUSON & CO.

## INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF THE INDUS HOSPITAL

We have audited the accompanying special purpose financial statements of the 'Operations of Recep Tayyip Erdogan Hospital, Muzaffargarh managed by The Indus Hospital' (the project), which comprises of the balance sheet as at June 30, 2016 and the related income and expenditure account and cash flow statement for the year ended June 30, 2016 and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Special Purpose Financial Statements

The Management of The Indus Hospital is responsible for the preparation and fair presentation of these special purpose financial statements in accordance with the basis of preparation stated in note 2.1 to the special purpose financial statements, and for such internal control as management of The Indus Hospital determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these special purpose financial statements based on our audit. We conducted our audit in accordance with approved accounting auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements 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 entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the special purpose financial statements of the Project present fairly, in all material respects, the financial position of the Project as at June 30, 2016 and its surplus and its cash flows for the year ended June 30, 2016, in accordance with the basis of preparation as stated in note 2.1 to the special purpose financial statements.

### Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to note 2.1 to the special purpose financial statements, which describes the basis of accounting and the use of the financial statements. As a result, these special purpose financial statements may not be suitable for another purpose. Our report is intended solely for the internal use of the management of The Indus Hospital and Recep Tayyip Erdogan Hospital Trust and for submission to the Government of Punjab.

Chartered Accountants  
Karachi  
DATE: February 9, 2017  
Engagement Partner: Waqas Aftab Sheikh

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■ KARACHI ■ LAHORE ■ ISLAMABAD

## Operations of Recep Tayyip Erdogan Hospital, Muzaffargarh (Managed by The Indus Hospital)

### Balance Sheet

as at June 30, 2016

	Note	2016 -----Rupees-----	2015 -----Rupees-----
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	4	357,335,826	346,554,330
Intangible assets	5	1,028,226	1,370,968
		<u>358,364,052</u>	<u>347,925,298</u>
<b>Current Assets</b>			
Inventories	6	60,816,099	34,862,600
Advances, deposits and other receivables	7	4,207,213	5,210,660
Receivable from The Indus Hospital	8	81,535,191	70,838,822
Cash in hand		213,248	414,826
		<u>146,771,751</u>	<u>111,326,908</u>
<b>Total Assets</b>		<u>505,135,803</u>	<u>459,252,206</u>
<b>FUNDS</b>			
Restricted Fund	9	76,460,501	73,767,439
Deferred Capital Grant	10	412,101,080	353,731,293
		<u>488,561,581</u>	<u>427,498,732</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	11	16,574,222	31,753,474
<b>Total Funds and Liabilities</b>		<u>505,135,803</u>	<u>459,252,206</u>

The annexed notes 1 to 15 form an integral part of these financial statements.

Att:-----



Chief Executive Officer



Director

## Operations of Recep Tayyip Erdogan Hospital, Muzaffargarh (Managed by The Indus Hospital)

### Income and Expenditure Account

for the year ended June 30, 2016

	Note	2016 -----Rupees-----	2015 -----Rupees-----
<b>Income</b>			
Value of services rendered to patients financed through restricted fund and Deferred capital grant utilized	12	416,460,419	229,878,915
Other income	13	5,570,757	1,675,812
		<u>422,031,176</u>	<u>231,554,727</u>
<b>Expenditure</b>			
Salaries, wages and other benefits		197,422,605	112,501,806
Medicines and related supplies consumed	14	118,730,215	48,200,554
Utilities		24,290,947	16,688,582
Technical and professional services		17,350,900	16,300,946
Depreciation	4.1	29,023,338	9,109,291
Amortization	5	342,742	342,742
Training and development		2,509,777	4,607,021
Security services		7,794,853	4,265,175
Patient and staff meal expenses		10,157	3,377,807
Travelling and transportation		5,027,814	3,204,924
Repairs and maintenance		2,419,635	2,688,530
Uniform and laundry		3,211,766	2,343,468
Freight expenses		1,207,731	1,312,500
Insurance / Takaful		4,311,449	1,247,667
Communication charges		2,234,090	769,033
Advertising and marketing		942,229	566,344
Printing, stationery and courier		349,595	132,971
Out-sourced Diagnostics Charges		57,160	73,430
Auditor's remuneration		268,750	70,000
Other expenses		1,018,510	433,255
Research Project Cost (Public Health Initiative)		3,506,914	3,318,681
		<u>422,031,176</u>	<u>231,554,727</u>
<b>Surplus for the year</b>		<u>-</u>	<u>-</u>

The annexed notes 1 to 15 form an integral part of these financial statements.

Att:-----

## Operations of Recep Tayyip Erdogan Hospital, Muzaffargarh (Managed by The Indus Hospital)

### Cash Flow Statement

for the year ended June 30, 2016

	2016	2015
	-----Rupees-----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Surplus for the year	-	-
Adjustments for non-cash charges and other items:		
Depreciation	29,023,338	9,109,291
Amortization	342,742	342,742
Value of services rendered to patients financed through restricted fund, Deferred capital grant utilized	(416,460,419)	(229,878,915)
Donation received in kind	20,843,860	8,593,828
	(366,250,479)	(211,833,054)
<b>Working capital changes</b>		
(Increase) / decrease in current assets:		
Inventories	(25,953,499)	(27,823,617)
Advances, deposits, prepayments and other receivables	1,003,447	(2,527,435)
Receivable from The Indus Hospital	(10,696,369)	(5,341,441)
	(35,646,421)	(35,692,493)
Increase / (decrease) in current liabilities:		
Trade and other payables	(15,179,252)	24,521,520
	(50,825,673)	(11,170,973)
<b>Net cash utilized in operating activities</b>	(417,076,152)	(223,004,027)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(39,804,834)	(212,890,669)
Purchase of intangible assets	-	(1,713,710)
<b>Net cash utilized in investing activities</b>	(39,804,834)	(214,604,379)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Donations received during the year	456,679,408	437,709,084
<b>Net (decrease) / increase in cash and cash equivalents</b>	(201,578)	100,678
<b>Cash and cash equivalents at beginning of the year</b>	414,826	314,148
<b>Cash and cash equivalents at end of the year</b>	213,248	414,826

The annexed notes 1 to 15 form an integral part of these financial statements.

Attorney



Chief Executive Officer



Director

## Operations of Recep Tayyip Erdogan Hospital, Muzaffargarh (Managed by The Indus Hospital)

### Notes to the Special Purpose Financial Statements

for the year ended June 30, 2016

#### 1. GENERAL INFORMATION

1.1 Recep Tayyip Erdogan Hospital (the Hospital) has been constructed in District Muzaffargarh, Punjab, Pakistan by the Turkish International Co-operation and Development Agency (TIKA) as a gift by the Government and People of Republic of Turkey to provide state-of-the-art medical and surgical services to the people of Pakistan, particularly to the poor and deserving people on free of cost basis.

1.2 A tri-party agreement was entered between Recep Tayyip Erdogan Hospital Trust (RTEHT), Government of Punjab, Health Department (GoPb) and the District Government, Muzaffargarh whereby the parties have agreed as follows:

- GoPb shall handover and transfer complete control of the Hospital to the RTEHT;
- District Government will transfer the title of Hospital's existing land as well as additional land required for expansion to RTEHT, however, ownership will remain with the District Government;
- GoPb and the District Government will transfer the funds to RTEHT for the face value of construction and equipment required for the Hospital and medical college;
- GoPb and the District Government will pay 70% of recurrent annual running/operational cost of the Hospital for the first 7 years and thereafter 50% from ensuing year; and
- GoPb and District Government shall not interfere in the decisions of the RTEHT and the RTEHT will work independently in all decisions.

1.3 Further, a separate agreement was entered into between RTEHT and The Indus Hospital (TIH), whereby RTEHT handed over complete control and operations of the Hospital to TIH. As per the agreement, TIH will be responsible for the entire operations and the management of the Hospital to provide free of cost services to the patients.

#### 2. BASIS OF PREPARATION

##### 2.1 Accounting convention and statement of compliance

These financial statements are a special purpose financial statements of the operations of the Hospital (the Project), as managed by TIH. These financial statements have been prepared for the internal use of the management of TIH and RTEHT, and for submission to GoPb.

These special purpose financial statements have been prepared under the historical cost convention in accordance with the requirements of Accounting and Financial Reporting Standards for Small-Sized Entities (SSEs) issued by the Institute of Chartered Accountants of Pakistan.

##### 2.2 Functional and presentation currency

These special purpose financial statements are presented in Pakistan Rupees which is the functional currency of TIH.

##### 2.3 Foreign currency transactions and translation

Transactions in foreign currencies are translated into Pakistan Rupees using exchange rates prevailing at the dates of transactions. Foreign exchange gains or losses resulting from settlement of transactions and from translation at year end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognized in the income and expenditure account.

Attorney

# Operations of Recep Tayyip Erdogan Hospital, Muzaffargarh (Managed by The Indus Hospital) Notes to the Special Purpose Financial Statements

for the year ended June 30, 2016

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 3.1 Property, plant and equipment

These are stated at cost less accumulated depreciation and impairment, if any, except for capital work in progress. Capital work in progress is stated at historical cost less impairment, if any.

Capital work-in-progress consists of expenditure incurred and advances made in respect of tangible and intangible assets in the course of their construction and installation. Transfers are made to relevant operating asset category as and when assets are available for use.

Depreciation on an asset is charged to income using the straight-line method whereby the cost of an asset is written off over its estimated useful life at the rates stated in note 4.1 to the special purpose financial statements. 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 the determined fair value recognized less accumulated depreciation and impairment, if any.

Gains and losses on disposal or retirement of assets are recognized in income and expenditure account currently.

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.

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 income and expenditure account as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

### 3.2 Intangible assets

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.

Generally, costs associated with maintaining computer software programmes are recognized as an expense 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 assets are 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.

Attorneys

# Operations of Recep Tayyip Erdogan Hospital, Muzaffargarh (Managed by The Indus Hospital) Notes to the Special Purpose Financial Statements

for the year ended June 30, 2016

### 3.3 Inventories

Inventories comprise medicines, consumables and general supplies such as surgical supplies, stationery, grocery items, etc. These are carried at cost, 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.

### 3.4 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.

### 3.5 Cash and cash equivalents

Cash and cash equivalent for the purpose of cash flow statement comprises of cash in hand and balances with banks in current, deposit and saving accounts.

### 3.6 Donations and grants

Donations and grants are accounted for on receipt basis. Donations in kind are recognized at fair value determined at the time when the donations are received.

### 3.7 Restricted funds

Zakat and donations contributed by the donors for general purposes/operations are initially recognized under 'Restricted Fund' upon receipt.

Donations and grants restricted in its use by the donors are utilized for the purpose specified and are classified accordingly as 'Restricted Fund'. Any income from investments made from such restricted donations and grants are also credited directly to the 'Restricted Fund'.

### 3.8 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 (or in the normal operating cycle of the business if longer). If not, these are presented as non-current liabilities.

### 3.9 Provident fund

A contributory provident fund has been constituted by The Indus Hospital for all permanent employees of the Project. Equal monthly contributions are made both by the Hospital and the employees to the Fund at the rate of 10 percent of basic salary.

### 3.10 Revenue recognition

The 'Restricted Fund' is adjusted for the operating expenditure incurred during the year for running the operations of the Hospital.

Attorneys

# Operations of Recep Tayyip Erdogan Hospital, Muzaffargarh (Managed by The Indus Hospital)

## Notes to the Special Purpose Financial Statements

for the year ended June 30, 2016

Donation for capital assets is classified as deferred capital grant in the balance sheet. A portion of deferred capital grant is released to income, equivalent to the depreciation, amortization and write-off during the year on related capital items.

Income on bank deposits and short-term investment is recognized on accrual basis.

### 4. PROPERTY, PLANT AND EQUIPMENT

Operating assets - note 4.1

Capital work-in-progress - note 4.2

	As at June 30, 2016	As at June 30, 2015
	-----Rupees-----	
	348,735,826	47,266,269
	8,600,000	299,288,061
	<u>357,335,826</u>	<u>346,554,330</u>

#### 4.1 Operating assets

	Building and Civil Works	Plant, Machinery & Equipment	Computers, Printers and Network Cabling	Furniture and Fixtures	Vehicles	Total
	-----Rupees-----					
Year ended June 30, 2015						
Opening net book value	-	-	-	275,000	714,460	989,460
Additions including transfers	8,311,375	17,582,544	15,961,971	12,835,210	695,000	55,386,100
Depreciation charge	(138,523)	(2,599,913)	(4,370,041)	(1,823,171)	(177,643)	(9,109,291)
Closing net book value	<u>8,172,852</u>	<u>14,982,631</u>	<u>11,591,930</u>	<u>11,287,039</u>	<u>1,231,817</u>	<u>47,266,269</u>
As at June 30, 2015						
Cost	8,311,375	17,582,544	15,961,971	13,110,210	1,409,460	56,375,560
Accumulated depreciation	(138,523)	(2,599,913)	(4,370,041)	(1,823,171)	(177,643)	(9,109,291)
	<u>8,172,852</u>	<u>14,982,631</u>	<u>11,591,930</u>	<u>11,287,039</u>	<u>1,231,817</u>	<u>47,266,269</u>
Year ended June 30, 2016						
Opening net book value	8,172,852	14,982,631	11,591,930	11,287,039	1,231,817	47,266,269
Additions including transfers - note 4.2	322,874,679	4,805,253	346,750	2,466,213	-	330,492,895
Depreciation charge	(16,559,303)	(3,941,957)	(5,338,485)	(2,901,701)	(281,892)	(29,023,338)
Closing net book value	<u>314,488,228</u>	<u>15,845,927</u>	<u>6,600,195</u>	<u>10,851,551</u>	<u>949,925</u>	<u>348,735,826</u>
As at June 30, 2016						
Cost	331,186,054	22,387,797	16,308,721	15,576,423	1,409,460	386,868,455
Accumulated depreciation	(16,697,826)	(6,541,870)	(9,708,526)	(4,724,872)	(459,535)	(38,132,629)
	<u>314,488,228</u>	<u>15,845,927</u>	<u>6,600,195</u>	<u>10,851,551</u>	<u>949,925</u>	<u>348,735,826</u>
Net book value						
	<u>314,488,228</u>	<u>15,845,927</u>	<u>6,600,195</u>	<u>10,851,551</u>	<u>949,925</u>	<u>348,735,826</u>
Annual rate of depreciation	5%	20%	33%	20%	20%	

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# Operations of Recep Tayyip Erdogan Hospital, Muzaffargarh (Managed by The Indus Hospital)

## Notes to the Special Purpose Financial Statements

for the year ended June 30, 2016

### 4.2 Capital work-in-progress

	Building and Civil Works	Plant, Machinery & Equipment	Furniture and Fixture	Total
	-----Rupees-----			
Year ended June 30, 2015				
Balance at beginning of the year	131,403,061	4,900,347	5,480,084	141,783,492
Add: Additions during the year	176,196,375	-	-	176,196,375
Less: Transfers to operation assets - note 4.1	(8,311,375)	(4,900,347)	(5,480,084)	(18,691,806)
Balance at end of the year	<u>299,288,061</u>	<u>-</u>	<u>-</u>	<u>299,288,061</u>
Year ended June 30, 2016				
Balance at beginning of the year	299,288,061	-	-	299,288,061
Add: Additions during the year	32,186,618	-	-	32,186,618
Less: Transfers to operation assets - note 4.1	(322,874,679)	-	-	(322,874,679)
Balance at end of the year	<u>8,600,000</u>	<u>-</u>	<u>-</u>	<u>8,600,000</u>

### 5. INTANGIBLE ASSETS - Computer software

	As at June 30, 2016	As at June 30, 2015
	-----Rupees-----	
Balance at beginning of the year	1,370,968	-
Add: Additions at cost	-	1,713,710
Less: Amortization charge for the year - note 5.1	(342,742)	(342,742)
Balance at end of the year	<u>1,028,226</u>	<u>1,370,968</u>
Cost	1,713,710	1,713,710
Less: Accumulated amortization	(685,484)	(342,742)
Net book value	<u>1,028,226</u>	<u>1,370,968</u>

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

### 6. INVENTORIES

Medicines	42,188,715	19,613,190
Food supplies, stationery and tools	18,627,384	15,249,410
	<u>60,816,099</u>	<u>34,862,600</u>

### 7. ADVANCES, DEPOSITS AND OTHER RECEIVABLES

Advances to suppliers and others	1,471,940	3,434,160
Deposits	1,753,000	1,753,000
Other receivables	982,273	23,500
	<u>4,207,213</u>	<u>5,210,660</u>

### 8. RECEIVABLE FROM THE INDUS HOSPITAL

Balance at beginning of the year	70,838,822	65,497,381
Add: Funds received from RTEHT	456,679,408	444,373,050
Add: others receipts	5,570,757	-
Less: Payments made for capital expenditure and operations of the Hospital	(451,553,796)	(439,031,609)
	<u>81,535,191</u>	<u>70,838,822</u>

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**Operations of Recep Tayyip Erdogan Hospital,  
Muzaffargarh (Managed by The Indus Hospital)**  
**Notes to the Special Purpose Financial  
Statements**

for the year ended June 30, 2016

	As at June 30, 2016	As at June 30, 2015
	-----Rupees-----	
<b>9. RESTRICTED FUND</b>		
Balance at the beginning of the year	73,767,439	49,253,043
Add:		
- Donations received from RTEHT	370,000,000	236,347,450
- Donations in kind	19,787,401	8,593,828
	389,787,401	244,941,278
Less:		
Value of services rendered to patients - note 12	(387,094,339)	(220,426,882)
Balance at end of the year	<u>76,460,501</u>	<u>73,767,439</u>
<b>10. DEFERRED CAPITAL GRANT</b>		
Balance at the beginning of the year	353,731,293	161,821,692
Add:		
- Donations from RTEHT for capital expenditure	86,679,408	201,361,634
- Donations in kind	1,056,459	-
	87,735,867	201,361,634
Less:		
Deferred capital grant released - note 12	(29,366,080)	(9,452,033)
Balance at end of the year	<u>412,101,080</u>	<u>353,731,293</u>
<b>11. TRADE AND OTHER PAYABLES</b>		
Creditors	12,856,769	28,078,196
Accrued liabilities	3,717,453	3,675,278
	<u>16,574,222</u>	<u>31,753,474</u>
<b>12. INCOME</b>		
Value of services rendered to patients financed through Restricted Fund - note 9	387,094,339	220,426,882
Deferred capital grant released - note 10	29,366,080	9,452,033
	<u>416,460,419</u>	<u>229,878,915</u>
<b>13. OTHER INCOME</b>		
Revenue from Cafeteria Sale	5,105,184	1,604,942
Revenue from Sale of Waste Material	340,472	53,370
Others	125,101	17,500
	<u>5,570,757</u>	<u>1,675,812</u>
<b>14. MEDICINES AND OTHER SUPPLIES CONSUMED</b>		
Opening inventory	34,862,600	7,038,983
Add: Purchases	144,683,713	76,024,170
Closing inventory	(60,816,099)	(34,862,599)
	<u>118,730,214</u>	<u>48,200,554</u>

**Operations of Recep Tayyip Erdogan Hospital,  
Muzaffargarh (Managed by The Indus Hospital)**  
**Notes to the Special Purpose Financial  
Statements**

for the year ended June 30, 2016

**15. DATE OF AUTHORIZATION FOR ISSUE**

These special purpose financial statements were approved and authorized for issue on February 8, 2017 by the Board of Directors of The Indus Hospital.

*Attorney*



Chief Executive Officer



Director

# Mian Muhammad Shahbaz Sharif General Hospital (SSGH), Lahore

The management of SSGH was handed over to The Indus Hospital in December, 2015 by the Government under a Public-private Partnership agreement.



A.F.FERGUSON & CO.

## INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF THE INDUS HOSPITAL

We have audited the accompanying special purpose financial statements of the 'Operations of Mian Muhammad Shahbaz Sharif Hospital managed by The Indus Hospital' (the project), which comprises of the balance sheet as at June 30, 2016 and the related income and expenditure account and cash flow statement for the period December 11, 2015 to June 30, 2016 and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Special Purpose Financial Statements

The Management of The Indus Hospital is responsible for the preparation and fair presentation of these special purpose financial statements in accordance with the basis of preparation stated in note 2.1 to the special purpose financial statements, and for such internal control as management of the Indus Hospital determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these special purpose financial statements based on our audit. We conducted our audit in accordance with approved accounting auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements 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 entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the special purpose financial statements of the Project present fairly, in all material respects, the financial position of the Project as at June 30, 2016 and its surplus and its cash flows for the period December 11, 2015 to June 30, 2016, in accordance with the basis of preparation as stated in note 2.1 to the special purpose financial statements.

### Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to note 2.1 to the special purpose financial statements, which describes the basis of accounting and the use of the financial statements. As a result, these special purpose financial statements may not be suitable for another purpose. Our report is intended solely for the internal use of the management of The Indus Hospital and Recep Tayyip Erdogan Hospital Trust and for submission to the Government of Punjab.

Chartered Accountants  
Karachi  
DATE: February 9, 2017  
Engagement Partner: Waqas Aftab Sheikh

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■ KARACHI ■ LAHORE ■ ISLAMABAD



## Operations of Mian Muhammad Shahbaz Sharif Hospital, Lahore (Managed by The Indus Hospital)

### Financial Statements

For the period December 11, 2015 to June 30, 2016

	Note	As at June 30, 2016 -----Rupees-----
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	4	94,443,960
Intangible assets	5	2,820,451
		<u>97,264,411</u>
<b>Current Assets</b>		
Inventories	6	13,654,220
Advances, deposits, prepayments and other receivables	7	7,424,129
Receivable from The Indus Hospital	8	43,484,584
Cash in hand		178,276
		<u>64,741,209</u>
<b>Total Assets</b>		<u><u>162,005,620</u></u>
<b>FUNDS</b>		
Restricted Fund	9	49,217,867
Deferred Capital Grant	10	99,590,776
		<u>148,808,643</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade and other payables	11	13,196,977
<b>Total Funds and Liabilities</b>		<u><u>162,005,620</u></u>

The annexed notes 1 to 15 form an integral part of these financial statements.

Att:-----



Chief Executive Officer



Director

## Operations of Mian Muhammad Shahbaz Sharif Hospital, Lahore (Managed by The Indus Hospital)

### Income and Expenditure Account

For the period December 11, 2015 to June 30, 2016

	Note	December 11, 2015 to June 30 2016 -----Rupees-----
<b>Income</b>		
Value of services rendered to patients financed through restricted fund and Deferred capital grant utilized	12	124,664,488
Other income	13	158,080
<b>Total Income</b>		<u>124,822,568</u>
<b>Expenditure</b>		
Salaries, wages and other benefits		56,728,279
Medicines and related supplies consumed	14	37,495,562
Utilities		3,987,715
Technical and professional services		685,363
Depreciation	4.1	6,970,450
Amortization	5	223,457
Training and development		3,517,893
Security services		1,504,752
Travelling and transportation		3,590,819
Repairs and maintenance		6,435,592
Uniform and laundry		166,731
Freight expenses		902,250
Insurance / Takaful		62,037
Communication charges		654,682
Advertising and marketing		702,116
Printing, stationery and courier		770,348
Auditor's remuneration		200,000
Other expenses		224,522
		<u>124,822,568</u>
<b>Surplus for the period</b>		<u><u>-</u></u>

The annexed notes 1 to 15 form an integral part of these financial statements.

Att:-----



Chief Executive Officer



Director

## Operations of Mian Muhammad Shahbaz Sharif Hospital, Lahore (Managed by The Indus Hospital)

### Cash Flow Statement

For the period December 11, 2015 to June 30, 2016

	Note 2016	December 11, 2015 to June 30 -----Rupees-----
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Surplus for the period		-
Adjustments for non-cash charges and other items:		
Depreciation		6,970,450
Amortization		223,457
Value of services rendered to patients financed through restricted fund and Deferred capital grant utilized		(124,664,488)
		(117,470,581)
<b>Working capital changes</b>		
(Increase) in current assets:		
Inventories		(13,654,220)
Advances, deposits, prepayments and other receivables		(7,424,129)
Receivable from The Indus Hospital		(43,484,584)
		(64,502,933)
Increase in current liabilities:		
Trade and other payables		13,196,977
		(51,365,956)
<b>Net cash utilized in operating activities</b>		(168,836,537)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment		(101,414,410)
Purchase of intangible assets		(3,043,908)
Net cash utilized in investing activities		(104,458,318)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Donations received during the period		273,473,131
<b>Net increase in cash and cash equivalents</b>		178,276
<b>Cash and cash equivalents at beginning of the period</b>		-
Cash and cash equivalents at end of the period		178,276

The annexed notes 1 to 15 form an integral part of these financial statements.

Attorney



Chief Executive Officer



Director

## Operations of Mian Muhammad Shahbaz Sharif Hospital, Lahore (Managed by The Indus Hospital)

### Notes to Forming Part of Financial Statements

for the period December 11, 2015 to June 30, 2016

#### 1. GENERAL INFORMATION

- 1.1 Mian Muhammad Shahbaz Sharif Hospital (The Hospital) has been constructed by the Government of Punjab, at Bedian Road, Lahore, for treatment of diseases / ailments, particularly for the poor and deserving people on free of cost basis.
- 1.2 A tri-party agreement was entered between Recep Tayyip Erdogan Hospital Trust (RTEHT), Government of Punjab, Health Department (GoPb) and the District Government, Lahore on August 4, 2015, whereby the parties have principally agreed as follows:
  - The District Government shall handover and transfer complete control of the Hospital to the RTEHT;
  - The District Government shall transfer the usufruct of the existing land and the Hospital as well as the additional land required for the expansions project to the RTEHT, however, the ownership shall remain with the District Government;
  - GoPb shall be responsible to ensure the completion of all legal and legislative requirements for the transfer of 100% annual running funds according to the annual operational and capex budget approved by the Board of the RTEHT;
  - GoPb and District Government shall pay 100% of recurrent annual running cost of the Hospital; and
  - GoPb and District Government shall not interfere in the decisions of the RTEHT and the RTEHT will work independently in all decisions.
- 1.3 Further, a separate agreement was entered into between RTEHT and The Indus Hospital (TIH) on December 11, 2015, whereby RTEHT handed over complete control and operations of the Hospital to TIH. As per the agreement, TIH will be responsible for the entire operations and the management of the Hospital to provide free of cost services to the patients.

#### 2. BASIS OF PREPARATION

##### 2.1 Accounting convention and statement of compliance

These financial statements are a special purpose financial statements of the operations of the Hospital (the Project), as managed by TIH. These financial statements have been prepared for the internal use of the management of TIH and RTEHT, and for submission to GoPb.

These are the first financial statements of the Project, therefore, there are no corresponding figures in these financial statements. These financial statements have been prepared from December 11, 2015, the date of commencement of the managing operations of the hospital.

These special purpose financial statements have been prepared under the historical cost convention in accordance with the requirements of Accounting and Financial Reporting Standards for Small-Sized Entities (SSEs) issued by the Institute of Chartered Accountants of Pakistan.

##### 2.2 Functional and presentation currency

These special purpose financial statements are presented in Pakistan Rupees which is the functional currency of TIH.

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Attorney

## Operations of Mian Muhammad Shahbaz Sharif Hospital, Lahore (Managed by The Indus Hospital)

# Notes to Forming Part of Financial Statements

for the period December 11, 2015 to June 30, 2016

### 3.1 Property, plant and equipment

These are stated at cost less accumulated depreciation and impairment, if any, except for capital work in progress. Capital work in progress is stated at historical cost less impairment, if any.

Capital work-in-progress consists of expenditure incurred and advances made in respect of tangible and intangible assets in the course of their construction and installation. Transfers are made to relevant operating asset category as and when assets are available for use.

Depreciation on an asset is charged to income using the straight-line method, whereby the cost of an asset is written off over its estimated useful life at the rates stated in note 4.1 to the special purpose financial statements. 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 the determined fair value recognized less accumulated depreciation and impairment, if any.

Gains and losses on disposal or retirement of assets are recognized in income and expenditure account currently.

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.

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 income and expenditure account as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

### 3.2 Intangible assets

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.

Generally, costs associated with maintaining computer software programs 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 assets are 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.

### 3.3 Inventories

Inventories comprise medicines, consumables and general supplies such as surgical supplies, stationery, grocery items, etc. These are carried at cost, 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.

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## Operations of Mian Muhammad Shahbaz Sharif Hospital, Lahore (Managed by The Indus Hospital)

# Notes to Forming Part of Financial Statements

for the period December 11, 2015 to June 30, 2016

### 3.4 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.

### 3.5 Cash and cash equivalents

Cash and cash equivalent for the purpose of cash flow statement comprises of cash in hand and balances with banks in current, deposit and saving accounts.

### 3.6 Donations and grants

Donations and grants are accounted for on receipt basis. Donations in kind are recognized at fair value determined at the time when the donations are received.

### 3.7 Restricted funds

Zakat and donations contributed by the donors for general purposes / operations are initially recognized under 'Restricted Fund' upon receipt.

Donations and grants restricted in its use by the donors are utilized for the purpose specified and are classified accordingly as 'Restricted Fund'. Any income from investments made from such restricted donations and grants are also credited directly to the 'Restricted Fund'.

### 3.8 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 (or in the normal operating cycle of the business if longer). If not, these are presented as non-current liabilities.

### 3.9 Provident fund

A contributory provident fund has been constituted by The Indus Hospital for all permanent employees of the project. Equal monthly contributions are made both by the Hospital and the employees to the Fund at the rate of 10 percent of basic salary.

### 3.10 Fair value of financial instruments

The carrying values of all financial instruments reflected in the financial statements approximate their fair values.

### 3.11 Foreign currency transactions and translation

Transactions in foreign currencies are translated into Pakistan Rupees using exchange rates prevailing at the dates of transactions. Foreign exchange gains or losses resulting from settlement of transactions and from translation at year end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognized in the income and expenditure account.

### 3.12 Revenue recognition

The 'Restricted Fund' is adjusted for the operating expenditure incurred during the period for running the operations of the Hospital.

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## Operations of Mian Muhammad Shahbaz Sharif Hospital, Lahore (Managed by The Indus Hospital)

### Notes to Forming Part of Financial Statements

for the period December 11, 2015 to June 30, 2016

Donation for capital assets is classified as deferred capital grant in the balance sheet. A portion of deferred capital grant is released to income, equivalent to the depreciation, amortization and write-off during the period on related capital items.

Income on bank deposits and short term investment is recognized on accrual basis.

	As at June 30, 2016 -----Rupees-----
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>	
Operating assets - note 4.1	93,547,493
Capital work-in-progress - note 4.2	896,467
	<u>94,443,960</u>

#### 4.1 Operating assets

	Plant, Machinery & Equipment	Computers, Printers and Network Cabling	Furniture and Fixtures	Vehicles	Total
<b>For the period December 11, 2015 to June 30, 2016</b>					
Opening net book value	-	-	-	-	-
Additions including transfers - note 4.2	75,525,810	13,149,801	10,431,659	1,410,673	100,517,943
Depreciation charge	(4,301,084)	(1,842,145)	(669,939)	(157,282)	(6,970,450)
Closing net book value	<u>71,224,726</u>	<u>11,307,656</u>	<u>9,761,720</u>	<u>1,253,391</u>	<u>93,547,493</u>
<b>As at June 30, 2016</b>					
Cost	75,525,810	13,149,801	10,431,659	1,410,673	100,517,943
Accumulated depreciation	(4,301,084)	(1,842,145)	(669,939)	(157,282)	(6,970,450)
Net book value	<u>71,224,726</u>	<u>11,307,656</u>	<u>9,761,720</u>	<u>1,253,391</u>	<u>93,547,493</u>
Annual rate of depreciation	<u>20%</u>	<u>33%</u>	<u>20%</u>	<u>20%</u>	

#### 4.2 Capital work-in-progress

Represents expenditure incurred to date on the Building and Civil works for the Hospital.

	As at June 30, 2016 -----Rupees-----
<b>5. INTANGIBLE ASSETS - Computer software</b>	
Balance at beginning of the period	-
Add: Additions at cost	3,043,908
Less: Amortization charge for the period - note 5.1	(223,457)
Balance at end of the period	<u>2,820,451</u>

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## Operations of Mian Muhammad Shahbaz Sharif Hospital, Lahore (Managed by The Indus Hospital)

### Notes to Forming Part of Financial Statements

for the period December 11, 2015 to June 30, 2016

	As at June 30, 2016 -----Rupees-----
Cost	3,043,908
Less: Accumulated amortization	(223,457)
Net book value	<u>2,820,451</u>

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

#### 6. INVENTORIES

Medicines	9,633,303
Foods supplies, stationery and tools	4,020,917
	<u>13,654,220</u>

#### 7. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances to suppliers and others	6,291,281
Deposits	476,265
Prepayments	200,635
Other receivables	455,948
	<u>7,424,129</u>

#### 8. RECEIVABLE FROM THE INDUS HOSPITAL

Balance at beginning of the period	-
Add: Funds received from RTEHT	204,748,794
Add: Funds received from Others	2,086,243
Less: Payments made for capital expenditure and operations of the Hospital	(163,350,453)
	<u>43,484,584</u>

#### 9. RESTRICTED FUND

Balance at the beginning of the period	-
Add:	
- Donations received from RTEHT	147,159,700
- Donations in kind	18,475,432
- Profit on donation account	458,031
- Miscellaneous donation	595,285
	<u>166,688,448</u>
Less:	
Value of services rendered to patients - note 12	(117,470,581)
Balance at end of the period	<u>49,217,867</u>

Atty...

**Operations of Mian Muhammad Shahbaz Sharif  
Hospital, Lahore (Managed by The Indus Hospital)**

**Notes to Forming Part of Financial  
Statements**

for the period December 11, 2015 to June 30, 2016

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**10. DEFERRED CAPITAL GRANT**

Balance at the beginning of the period	-
Add:	
- Donations from RTEHT for capital expenditure	57,589,094
- Donations in kind	49,195,589
	106,784,683
Less:	
Deferred capital grant released - note 12	(7,193,907)
Balance at end of the period	<u>99,590,776</u>

**11. TRADE AND OTHER PAYABLES**

Creditors	12,053,053
Accrued liabilities	1,143,924
	<u>13,196,977</u>

**December 11, 2015 to  
June 30,  
2016  
-----Rupees-----**

**12. INCOME**

Value of services rendered to patients financed through Restricted Fund - note 9	117,470,581
Deferred capital grant released - note 10	7,193,907
	<u>124,664,488</u>

**13. OTHER INCOME**

Proceeds from sales of waste materials	8,710
Revenue from cafeteria sales	149,370
	<u>158,080</u>

**14. MEDICINES AND OTHER SUPPLIES CONSUMED**

Opening inventory	-
Add: Purchases	51,149,782
Closing inventory	(13,654,220)
	<u>37,495,562</u>

**15. DATE OF AUTHORIZATION FOR ISSUE**

These special purpose financial statements were approved and authorized for issue on February 8, 2017 by the Board of Directors of The Indus Hospital.

Attorney



Chief Executive Officer



Director

## Civil Hospital, Badin

The Government of Sindh handed over the management of the hospital to The Indus Hospital in February, 2016. The funding of this hospital is done by the Government of Sindh.



A.F.FERGUSON & CO.

### INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF THE INDUS HOSPITAL

We have audited the accompanying special purpose financial statements of the 'Operations of Civil Hospital, Badin managed by the Indus Hospital' (the project) which comprises of the balance sheet as at June 30, 2016 and the related income and expenditure account and cash flow statement for the period January 1, 2016 to June 30, 2016 and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Special Purpose Financial Statements

The Management of The Indus Hospital is responsible for the preparation and fair presentation of these special purpose financial statements in accordance with the basis of preparation stated in note 2.1 to the special purpose financial statement, and for such internal control as management of The Indus Hospital determines is necessary to enable the preparation of financial statement that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these special purpose financial statements based on our audit. We conducted our audit in accordance with approved accounting auditing standards as applicable in Pakistan. Those standards required that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the special purpose financial statements of the Project present fairly, in all material respects, the financial position of the Project as at June 30, 2016 and its surplus and its cash flows for the period January 1, 2016 to June 30, 2016, in accordance with the basis of preparation as stated in note 2.1 to the special purpose financial statements.

#### Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to note 2.1 to the special purpose financial statements, which describe the basis of accounting and the use of the financial statements. As a result, these special purpose financial statements may not be suitable for another purpose. Our report is intended solely for the internal use of the management of The Indus Hospital and for submission to the Government of Sindh.

Chartered Accountants  
Karachi

DATE: February 9, 2017

Engagement Partner: Waqas Aftab Sheikh

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan  
Tel.: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>  
■ KARACHI ■ LAHORE ■ ISLAMABAD

## Operations of Civil Hospital, Badin (Managed by The Indus Hospital)

### Balance Sheet

as at June 30, 2016

	Note	June 30, 2016 -----Rupees-----
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	4	19,217,236
Intangible assets	5	498,167
		<u>19,715,403</u>
<b>Current Assets</b>		
Inventories	6	10,937,279
Advances and prepayments	7	589,140
Receivable from The Indus Hospital	8	60,385,738
<b>Total Assets</b>		<u>71,912,157</u>
		<u>91,627,560</u>
<b>FUNDS</b>		
Restricted Fund	9	68,096,268
Deferred Capital Grant	10	17,901,978
		<u>85,998,246</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade and other payables	11	5,629,314
<b>Total Funds and Liabilities</b>		<u>91,627,560</u>

The annexed notes 1 to 14 form an integral part of these financial statements.

Att:-----

Chief Executive Officer

Director

## Operations of Civil Hospital, Badin (Managed by The Indus Hospital)

### Income and Expenditure Account

for the period January 1, 2016 to June 30, 2016

	Note	January 1, 2016 to June 30, 2016 -----Rupees-----
<b>Income</b>		
Value of services rendered to patients financed through restricted fund and Deferred capital grant utilized	12	35,912,270
<b>Expenditure</b>		
Salaries, wages and other benefits		11,649,558
Medicines and other supplies consumed	13	9,845,866
Utilities		7,797,863
Depreciation	4.1	133,409
Amortization	5	26,833
Training and development		730,500
Security services		2,821,363
Travelling and transportation		649,546
Repairs and maintenance		966,180
Communication charges		57,088
Advertising and marketing		209,883
Printing, stationery and courier		773,829
Auditor's remuneration		200,000
Other expenses		50,352
		<u>35,912,270</u>
<b>Surplus for the period</b>		<u>-</u>

The annexed notes 1 to 14 form an integral part of these financial statements.

Att:-----

Chief Executive Officer

Director

## Operations of Civil Hospital, Badin (Managed by The Indus Hospital)

### Cash Flow Statement

for the period January 1, 2016 to June 30, 2016

January 1, 2016  
to June 30, 2016  
-----Rupees-----

#### CASH FLOW FROM OPERATING ACTIVITIES

Surplus for the period	-
Adjustments for non-cash charges and other items:	
Depreciation	133,409
Amortization	26,833
Value of services rendered to patients financed through restricted fund and Deferred capital grant utilized	(35,912,270)
	(35,752,028)

#### Working capital changes

(Increase) in current assets:

Inventories	(10,937,279)
Advances, deposits, prepayments and other receivables	(589,140)
Receivable from The Indus Hospital	(60,385,738)
	(71,912,157)

Increase in current liabilities:

Trade and other payables	5,629,314
	(66,282,843)
	(102,034,871)

#### Net cash utilized in operating activities

#### CASH FLOW FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment	(19,350,641)
Purchase of intangible assets	(525,000)
Net cash utilized in investing activities	(19,875,645)

#### CASH FLOW FROM FINANCING ACTIVITIES

Donations received during the period	121,763,444
Bank profit on funds received during the period	147,072
Net cash generated from financing activities	121,910,516

Net increase in cash and cash equivalents

Cash and cash equivalents at beginning of the period	-
Cash and cash equivalents at end of the period	-

The annexed notes 1 to 14 form an integral part of these financial statements.

Attorney



Chief Executive Officer



Director

## Operations of Civil Hospital, Badin (Managed by The Indus Hospital)

### Notes to the Special Purpose Financial Statements

for the period January 1, 2016 to June 30, 2016

#### 1. GENERAL INFORMATION

1.1 Government of Sindh (GoS) desires to improve the quality of health sector in the province of Sindh in alignment with the requirements of modern times. Accordingly, under the Public Private Partnership (PPP) Act 2010, the Government of Sindh, Department of Health, entered into an agreement dated March 18, 2015 with The Indus Hospital (TIH) for a period of ten years, in respect of Civil Hospital, Badin (the Hospital), whereby the parties have principally agreed as follows:

- GoS will transfer the control, use and management of the personnel, building, furniture/fixtures, supplies, equipment of the Hospital to TIH;
- GoS to release the entire annual budgetary allocation of the Hospital under the agreement to TIH through one line transfer, as a performance / results-based support;
- Any expansion in services shall entitle TIH to seek additional funds, which the GoS shall consider on merit;
- TIH to be responsible to manage the Hospital including financial management, Human Resource management, training of staff, purchase of medicines, equipment and consumables etc. within the budget provided by the GoS and other resources;
- TIH to deliver the services which the Hospital is mandated to, in an efficient and cost effective manner; and
- TIH to be responsible for proper maintenance of health facilities comprising of physical assets of the Hospital.

#### 2. BASIS OF PREPARATION

##### 2.1 Accounting convention and statement of compliance

These financial statements are a special purpose financial statements of the Operations of the Hospital managed by TIH (the Project). These financial statements have been prepared for the internal use of the management of TIH and for submission to GoS, as required under the agreement.

These are the first financial statements of the Project, therefore, there are no corresponding figures in these financial statements. These financial statements have been prepared from January 1, 2016 i.e., the date of commencement of managing operations of the Hospital by TIH.

These special purpose financial statements have been prepared under the historical cost convention in accordance with the requirements of Accounting and Financial Reporting Standards for Small-Sized Entities (SSEs) issued by the Institute of Chartered Accountants of Pakistan.

##### 2.2 Functional and presentation currency

These special purpose financial statements are presented in Pakistan Rupees which is the functional currency of TIH.

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### 3.1 Property, plant and equipment

These are stated at cost less accumulated depreciation and impairment, if any, except for capital work in progress. Capital work in progress is stated at historical cost less impairment, if any.

Attorney



# Operations of Civil Hospital, Badin (Managed by The Indus Hospital) Notes to the Special Purpose Financial Statements

for the period January 1, 2016 to June 30, 2016

Capital work-in-progress consists of expenditure incurred and advances made in respect of tangible and intangible assets in the course of their construction and installation. Transfers are made to relevant operating asset category as and when assets are available for use.

Depreciation on an asset is charged to income using the straight-line method, whereby the cost of an asset is written off over its estimated useful life at the rates stated in note 4.1 to the special purpose financial statements. 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 the determined fair value recognized less accumulated depreciation and impairment, if any.

Gains and losses on disposal or retirement of assets are recognized in income and expenditure account currently.

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.

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 income and expenditure account as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

## 3.2 Intangible assets

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.

Generally, costs associated with maintaining computer software programs 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 assets are 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.

## 3.3 Inventories

Inventories comprise medicines, consumables and general supplies such as surgical supplies, stationery, grocery items, etc. These are carried at cost, 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.

## 3.4 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.

*Attyg...*

# Operations of Civil Hospital, Badin (Managed by The Indus Hospital) Notes to the Special Purpose Financial Statements

for the period January 1, 2016 to June 30, 2016

## 3.5 Cash and cash equivalents

Cash and cash equivalent for the purpose of cash flow statement comprises of cash in hand and balances with banks in current, deposit and saving accounts.

## 3.6 Donations and grants

Donations and grants are accounted for on receipt basis. Donations in kind are recognized at fair value determined at the time when the donations are received.

## 3.7 Restricted funds

Zakat and donations contributed by the donors for general purposes/operations are initially recognized under 'Restricted Fund' upon receipt.

Donations and grants restricted in its use by the donors are utilized for the purpose specified and are classified accordingly as 'Restricted Fund'. Any income from investments made from such restricted donations and grants are also credited directly to the 'Restricted Fund'.

## 3.8 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 (or in the normal operating cycle of the business, if longer). If not, these are presented as non-current liabilities.

## 3.9 Fair value of financial instruments

The carrying values of all financial instruments reflected in the financial statements approximate their fair values.

## 3.10 Foreign currency transactions and translation

Transactions in foreign currencies are translated into Pakistan Rupees using exchange rates prevailing at the dates of transactions. Foreign exchange gains or losses resulting from settlement of transactions and from translation at year-end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognized in the income and expenditure account.

## 3.11 Revenue recognition

The 'Restricted Fund' is adjusted for the operating expenditure incurred during the period for running the operations of the Hospital.

Donation for capital assets is classified as deferred capital grant in the balance sheet. A portion of deferred capital grant is released to income, equivalent to the depreciation, amortization and write-off during the period on related capital items.

Income on bank deposits and short-term investment is recognized on accrual basis.

*Attyg...*

## Operations of Civil Hospital, Badin (Managed by The Indus Hospital) Notes to the Special Purpose Financial Statements

for the period January 1, 2016 to June 30, 2016

	June 30, 2016 -----Rupees-----			
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>				
Operating assets - note 4.1				4,367,891
Capital work-in-progress - note 4.2				14,849,345
				<u>19,217,236</u>
<b>4.1 Operating assets</b>				
	Plant, Machinery & Equipment	Furniture and Fixtures	Vehicles	Total
	-----Rupees-----			
<b>For the period January 01, 2016 to June 30, 2016</b>				
Opening net book value	-	-	-	-
Additions	372,800	3 54,500	3,774,000	4,501,300
Depreciation charge	(7,272)	(4,530)	(121,607)	(133,409)
Closing net book value	<u>365,528</u>	<u>349,970</u>	<u>3,652,393</u>	<u>4,367,891</u>
<b>As at June 30, 2016</b>				
Cost	372,800	3 54,500	3,774,000	4,501,300
Accumulated Depreciation	(7,272)	(4,530)	(121,607)	( 133,409)
Net book value	<u>365,528</u>	<u>3 49,970</u>	<u>3,652,393</u>	<u>4,367,891</u>
<b>Annual rate of depreciation</b>	<u>20%</u>	<u>20%</u>	<u>20%</u>	
<b>4.2 Capital work-in-progress</b>				
Represents expenditure incurred to date on the Building and Civil works amounting to Rs. 13,035,920 and Equipments amounting to Rs. 1,813,425 for the Hospital.				
				June 30, 2016 -----Rupees-----
<b>5. INTANGIBLE ASSETS - Computer software</b>				
Balance at beginning of the period				-
Add: Additions at cost				525,000
Less: Amortization charge for the period - note 5.1				(26,833)
Balance at end of the period				<u>498,167</u>
Cost				525,000
Less: Accumulated amortization				(26,833)
Net book value				<u>498,167</u>
<b>5.1</b>	The cost is being amortized over a period of 5 years.			

Attorney

## Operations of Civil Hospital, Badin (Managed by The Indus Hospital) Notes to the Special Purpose Financial Statements

for the period January 1, 2016 to June 30, 2016

	June 30, 2016 -----Rupees-----
<b>6. INVENTORIES</b>	
Medicines	8,471,728
Foods supplies, stationery and tools	2,465,551
	<u>10,937,279</u>
<b>7. ADVANCES AND PREPAYMENTS</b>	
Advances to suppliers and others	418,140
Prepayments	171,000
	<u>589,140</u>
<b>8. RECEIVABLE FROM THE INDUS HOSPITAL</b>	
Balance at beginning of the period	-
Add: Funds received from GoS	121,532,000
Add: Funds received from Others	307,312
Less: Payments made for capital expenditure and operations of the Hospital	(61,453,574)
	<u>60,385,738</u>
<b>9. RESTRICTED FUND</b>	
Balance at the beginning of the period	-
Add:	
Donations from GoS	121,532,000
Donations from others	160,240
Bank - Profit on Funds	147,072
Donations in kind for operations	71,204
	<u>121,910,516</u>
Less:	
Value of services rendered to patients - note 12	(35,752,028)
Funds transfer from Restricted Fund to Deferred Capital Grant - note 10	(18,062,220)
Balance at end of the period	<u>68,096,268</u>
<b>10. DEFERRED CAPITAL GRANT</b>	
Balance at the beginning of the period	-
Add:	
Funds transfer from Restricted Fund for capital expenditure - note 9	18,062,220
Less:	
Deferred capital grant released - note 12	(160,242)
Balance at end of the period	<u>17,901,978</u>

Attorney

# Operations of Civil Hospital, Badin (Managed by The Indus Hospital) Notes to the Special Purpose Financial Statements

for the period January 1, 2016 to June 30, 2016

	June 30, 2016 -----Rupees-----
<b>11. TRADE AND OTHER PAYABLES</b>	
Creditors	4,928,399
Accrued liabilities	652,085
Other payable	48,830
	5,629,314
<b>12. INCOME</b>	
Value of services rendered to patients financed through Restricted Fund - note 9	35,752,028
Deferred capital grant released - note 10	160,242
	35,912,270
<b>13. MEDICINES AND OTHER SUPPLIES CONSUMED</b>	
Opening inventory	-
Add: Purchases	20,783,145
Closing inventory	(10,937,279)
	9,845,866

#### 14. DATE OF AUTHORIZATION FOR ISSUE

These special purpose financial statements were approved and authorized for issue on February 8, 2017 by the Board of Directors of The Indus Hospital.

Attorney



Chief Executive Officer



Director

## How you can Contribute

Each penny that you contribute goes towards fulfilling hopes of those struggling to live a healthy life. You can contribute with cash and in-kind donations.

For further queries and information, kindly contact us on:

Email : [crd@indushospital.org.pk](mailto:crd@indushospital.org.pk)  
UAN : +92 (21) 111 111 880  
Landline : +92 (21) 3511 2220

You are welcome to extend your support using any of the following methods:

**Online Donation - please visit**  
[www.indushospital.org.pk/donate](http://www.indushospital.org.pk/donate)

Doorstep collection of donation amounts (cheque/cash/in-kind)

Please Call: **021-111-111-880**

Courier the cheque on the postal address:

**Plot C-76, Sector 31/5, opposite Darrussalam Society,  
Korangi Crossing, Karachi.**

**Direct Deposit in Bank Accounts:**

**For Expansion Project:**

Account Title: **The Indus Hospital – Expansion Account**


 PK13 HABB 0050 0170 0034 1452

**For Zakat & Donations:**

Account Title: **The Indus Hospital**


 Zakat: PK62 MEZN 0001 0901 0114 1872  
Donation: PK39 MEZN 0001 0901 0114 1898

 Zakat: PK68 DUIB 0000 0000 8707 1003  
Donation: PK41 DUIB 0000 0000 8707 1004

 Zakat: PK15 SCBL 0000 0011 7957 0901  
Donation: PK96 SCBL 0000 0011 7957 0801

**UK Donors** The Indus Hospital Charity is registered with UK Charity Commission 1154809

Account Title: **The Indus Hospital Charity**

 Account Number: 70014701  
Sort Code: 60-95-11  
Swift Code: HABGB2L

**USA Donors** Friends of Indus Hospital, Inc. is a 501(c)(3) tax-exempt organization (recognized by the U.S. Internal Revenue Service) which grants funds that benefit The Indus Hospital.

To contribute, you can mail your cheques on the following address:  
Friends of Indus Hospital, 155 Cedar Lane, Teaneck, NJ 07666, USA

## I Pledge to Support

PKR \_\_\_\_\_ to The Indus Hospital

TERM	TYPE
<input type="checkbox"/> Monthly	<input type="checkbox"/> Donation
<input type="checkbox"/> Alternate month	<input type="checkbox"/> Zakat
<input type="checkbox"/> Quarterly	<input type="checkbox"/> Sadqa-e-Jaria
<input type="checkbox"/> Bi-annually	<input type="checkbox"/> Sadqa
<input type="checkbox"/> Annually	<input type="checkbox"/> In-kind donation
	<input type="checkbox"/> Expansion

**VIA**

Direct deposit  
 Mail/Courier  
 Collection from my doorstep

Donor name(s) \_\_\_\_\_

Email address \_\_\_\_\_

Contact number(s) \_\_\_\_\_

Address \_\_\_\_\_

Your information will be kept confidential.

\*Return this part of the flyer to The Indus Hospital.



**INDUS  
HOSPITAL**

QUALITY CARE - FREE OF COST

**Communications & Resource  
Development Department**

**The Indus Hospital,**  
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