AKHTAR SAEED TRUST

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

June 30, 2023

Rizwan & Company
CHARTERED ACCOUNTANTS

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Independent Auditor's Report

To the Trustees of Akhtar Saeed Trust

Opinion

We have audited the financial statements of Akhtar Saeed Trust (the "Trust"), which comprise the Statement of Net Assets as at June 30, 2023, statement of income and expenditure, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Trust are prepared, in all material respects, in accordance with the approved accounting standard as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in Pakistan, and we have fulfilled our other responsibilities in accordance with these requirements. We believe that that audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis Matter

We draw attention of the trustees to note 16.3 to the accompanying financial statements that Trust's exemption under Section 2(36) of the Income Tax Ordinance, 2001 has been expired since July 01, 2020 for which an application has been submitted with the tax authorities and errors in filing of tax return for the year 2022. However, the competent authority has not concluded the proceedings till date and exemption is still pending. The Trust may be liable for tax since July 01, 2022 under provisions of the Income Tax Ordinance, 2001 in case the matter is not decided in favor of the Trust.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The management of the Trust is responsible for the preparation of the financial statements in accordance with approved accounting and reporting standards as applicable in Pakistan and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other matter

The financial statements of Entity for the year ended June 30, 2022,were audited by another auditor who expressed an unmodified opinion on these financial statements on December 30, 2022.

Rizwan & Co.

Rizwan & Co.
Chartered Accountants
Engagement Partner: Imran Bashir

Lahore: 09 DEC 2023
UDIN: AR202310140MAPh2YJR1

Akhtar Saeed Trust
Statement of Financial Position
As at June 30, 2023

	Note	2023	2022
		Rupees	
Assets			
Non current assets			
Property and equipment	4	125,477,282	107,059,587
Current assets			
Trade receivables		50,947,159	-
Advances and deposits	5	1,173,930	734,503
Advance income tax	6	23,032,004	6,354,644
Cash and bank balances	7	2,628,746	73,149,588
		77,781,839	80,238,735
Total assets		203,259,121	187,298,322
Funds and liabilities			
Funds			
Capital Funds		48,885,955	48,885,955
Accumulated surplus		142,015,435	133,947,458
		190,901,390	182,833,413
Non-current liabilities			
Deferred contibutions	8	-	-
Current liabilities			
Trade and other payables	9	12,357,731	4,464,909
Total funds and liabilities		203,259,121	187,298,322

Contingencies and commitments

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

Trustee

Trustee

Akhtar Saeed Trust
Income and Expenditure Account
For the year ended June 30, 2023

	Note	2023	2022
		Rupees	
Income			
Revenues	11	**344,548,043**	158,275,303
Deferred contribution utilised	8	**15,926,632**	14,764,849
Other income	12	**4,138,168**	2,077,310
		364,612,843	175,117,462
Hospital expenses	13	**(339,451,719)**	(170,602,642)
Administrative and general expenses	14	**(13,533,169)**	(9,316,247)
Other operating expenses	15	**(3,455,412)**	(518,012)
		8,172,543	(5,319,439)
Finance costs - bank charges		**(104,566)**	(114,863)
Surplus/ (deficit) before income tax		**8,067,977**	(5,434,302)
Income tax expense		**-**	-
Surplus/ (deficit) for the year		**8,067,977**	(5,434,302)

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

Trustee

Trustee

Akhtar Saeed Trust
Statement of Changes in accumulated funds
For the Year Ended June 30, 2023

	Capital Funds	Accumulated surplus	Total
	Rupees		
Balance as at June 30, 2021	48,885,955	139,381,760	188,267,715
Surplus/ (deficit) for the year	-	(5,434,302)	(5,434,302)
Balance as at June 30, 2022	**48,885,955**	**133,947,458**	**182,833,413**
Surplus/ (deficit) for the year	-	**8,067,977**	**8,067,977**
Balance as at June 30, 2023	**48,885,955**	**142,015,435**	**190,901,390**

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

Farooq Saeed Khan
Trustee

Faiza Farooq
Trustee

Akhtar Saeed Trust
Statement of Cash Flows
For the year ended June 30, 2023

		2023	2022
		Rupees	
Cash flows from operating activities			
Surplus/ (deficit) for the year		**8,067,977**	(5,434,302)
Adjustment for non-cash items			
Depreciation	4	**7,672,840**	6,302,301
Surplus before working capital changes		**15,740,817**	867,999
Changes in working capital			
(Increase) / decrease in current assets			
Trade receivables		**(50,947,159)**	-
Advances and other receivables		**(439,427)**	(209,894)
Increase / (decrease) in current liabilities			
Trade and other payables		**7,892,823**	21,928
Net changes in working capital		**(43,493,763)**	(187,966)
		(27,752,946)	680,033
Income tax paid	6	**(16,677,360)**	(6,316,450)
Net cash inflow from operating activities		**(44,430,306)**	(5,636,417)
Cash flows from investing activities			
Capital expenditures incurred	4	**(26,090,536)**	(17,415,632)
Net cash outflow from investing activities		**(26,090,536)**	(17,415,632)
Cash flows from financing activities		-	-
Net increase in cash and cash equivalents		**(70,520,842)**	(23,052,049)
Cash and cash equivalents at the beginning of the year		**73,149,588**	96,201,637
Cash and cash equivalents at the end of the year		**2,628,746**	73,149,588

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

Farooq Saeed Khan
Trustee

Fariha Farooq
Trustee

1 Status and activities

Akhtar Saeed Trust Hospital ("the Trust") was registered as non-profitable charitable organization since July 01, 2000. The basic function of the trust is to provide primary and secondary health facilities to poor patients.

2 Basis of preparation

2.1 Statement of Compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan.

2.2 Cost convention

These financial statements have been prepared under the historical cost convention without any effect of inflation or reference to current values.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupee which is the entity's functional currency. Amounts presented in the financial statements have been rounded off to the nearest of Rupee, unless otherwise stated.

2.4 Key judgments and estimates

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgment in the process of applying the Entity's accounting policies. The areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- Useful lives, residual values and depreciation method of property and equipment;
- Current income tax expense and provision for current tax; and
- Estimation of provisions.

The revisions to accounting estimates, if any, are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3 Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

3.1 Property and equipment

These are stated at cost less accumulated depreciation and impairment, if any, except for freehold land which is stated at cost. Cost of property and equipment comprises historical cost and other expenditure

pertaining to the acquisition, construction, erection and installation of these assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Normal repairs and maintenance costs are charged to profit or loss account as and when incurred.

a) **Depreciation**

Depreciation is charged to income on the reducing balance method so as to write off depreciable amount of an asset over the economic useful life using the annual rate mentioned in note 4 after taking their residual value into account.

Depreciation on addition to property and equipment is charged from the month in which the asset is available for use while no depreciation is charged from the month the asset is disposed off.

b) **Derecognition**

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. 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 recognised as an income or expense.

c) **Impairment**

The Entity assesses at each reporting date whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where the carrying value exceeds the recoverable amount, assets are written down to the recoverable amount and the difference is charged to the statement of Income and Expenditure.

3.2 **Capital work in progress**

Capital work in progress is stated at cost less any identified impairment loss. Capital work in progress represents expenditure on property and equipment which are in the course of construction and installation, and advances given to suppliers against capital expenditure. Transfers are made to relevant property and equipment category as and when assets are available for use.

Impairment

The Company assesses at each reporting date whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where the carrying value exceeds the recoverable amount, assets are written down to the recoverable amount and the difference is charged to the statement of profit or loss.

3.3 **Donation Income**

The donations received by the Trust from various donors and is includedin the statement of income and expenditure when the Entity is entitled to the receipt and the amount can be measured with reasonable certainty.

3.4 **Taxation**

No provision for current tax was made keeping in view that the Trust has applied for recognition of the association not for profit to Commissioner Inland Revenue under Section 2(36) of the Income Tax Ordinance, 2001. Over this basis the Trust shall be eligible for 100% tax credit under Section 100C of Income Tax Ordinance, 2001.

3.5 Cash and cash equivalents

Cash and cash equivalents comprise of cash and bank balances.

3.6 Revenue recognition

Revenue is recognized when it is probable that future economic benefits associated with the transaction will flow to the Society and the amount of revenue and the associated cost incurred can be measured reliably.

3.6.1 Healthcare services

Revenue from operations of the Company are recognized when the services are provided, and thereby the performance obligations are satisfied. Fee for health care services is usually payable in advance.

Revenue consists of inpatient revenue, outpatient revenue, and other services. Company's contract performance obligations are fulfilled at point in time when the services are provided to customer in case of inpatient and outpatient. Revenue is recognized at that point in time, as the control has been transferred to the customers.

3.6.2 Education fee

Performance obligations are satisfied over the period of the course as classroom instructions are provided. Revenue is recognized over time as classroom instructions are provided.

3.6.3 Students' housing

Performance obligations are satisfied as residence services are provided. Fee for residence is payable in advance. Revenue is recognized over time as residence services are provided.

3.6.4 Rental income from lease of property

Rental income arising from operating leases is charged based on area lease out and recognized, net of discount, in accordance with the terms of lease contracts over the lease term on a straight-line basis, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset.

3.6.5 Service and utility charges

Service and utility charges are recognized in the accounting period in which services are rendered.

3.6.6 Return on bank deposits

Return on bank deposits is recognised using the effective interest method.

4 **Property and equipment**

Owned - Tangibles

Description	Freehold land	Building	Furniture and fixtures	Electric installations	Medical equipment	Office equipment	Vehicles	Total
	Rupees							
As at July 01, 2021								
Cost	19,000,000	57,437,377	16,103,471	14,403,605	52,121,566	911,345	4,578,788	164,556,152
Accumulated depreciation	-	(24,584,911)	(11,554,759)	(8,288,198)	(24,547,743)	(444,139)	(3,190,146)	(72,609,896)
Net book value	19,000,000	32,852,466	4,548,712	6,115,407	27,573,823	467,206	1,388,642	91,946,256
Year ended June 30, 2022								
Net book value at July 01, 2021	19,000,000	32,852,466	4,548,712	6,115,407	27,573,823	467,206	1,388,642	91,946,256
Additions during the year	6,143,008	2,603,386	186,218	9,175,520	3,281,000	26,500	-	21,415,632
Disposal / Write offs								
Cost	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Depreciation charge	-	(1,796,576)	(469,985)	(796,231)	(2,983,512)	(47,701)	(208,296)	(6,302,301)
Net book value	25,143,008	33,659,276	4,264,945	14,494,696	27,871,311	446,005	1,180,346	107,059,587
As at July 01, 2022								
Cost	25,143,008	60,040,763	16,289,689	23,579,125	55,402,566	937,845	4,578,788	185,971,784
Accumulated depreciation	-	(26,381,487)	(12,024,744)	(9,084,429)	(27,531,255)	(491,840)	(3,398,442)	(78,912,197)
Net book value	25,143,008	33,659,276	4,264,945	14,494,696	27,871,311	446,005	1,180,346	107,059,587
Year ended June 30, 2023								
Net book value at July 01, 2022	**25,143,008**	**33,659,276**	**4,264,945**	**14,494,696**	**27,871,311**	**446,005**	**1,180,346**	**107,059,587**
Additions during the year	**-**	**5,491,424**	**463,500**	**8,298,764**	**9,401,847**	**-**	**2,435,000**	**26,090,535**
Disposal / Write offs								
Cost	-	-	-	-	-	-	-	-
Net book value	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Depreciation charge	**-**	**(1,833,611)**	**(449,954)**	**(1,837,985)**	**(3,146,512)**	**(44,601)**	**(360,177)**	**(7,672,840)**
Net book value	**25,143,008**	**37,317,089**	**4,278,491**	**20,955,475**	**34,126,646**	**401,405**	**3,255,169**	**125,477,282**
Annual rate of depreciation	**-**	**5%**	**10%**	**10%**	**10%**	**10%**	**15%**	

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		Note	2023	2022
			Rupees	
5	**Advances and deposits**			
	Unsecured and considered good			
	Advances to:			
	- Local suppliers		-	200,000
	- Employees against salaries		85,000	111,573
	Security deposits		1,088,930	422,930
			1,173,930	734,503
6	**Advance income tax**			
	Opening balance		6,354,644	38,194
	Payment made during the year		16,677,360	6,316,450
			23,032,004	6,354,644
	Adjusted against income tax expense		-	-
	Closing balance		23,032,004	6,354,644
7	**Cash and bank balances**			
	Cash in hand		270,990	385,156
	Cash at bank - current account		2,357,756	72,764,432
			2,628,746	73,149,588
8	**Deferred contibutions**			
	Balance at the beginning of the year		-	-
	Donations and zakat received during the year		15,926,632	14,764,849
	Contributions utilized		(15,926,632)	(14,764,849)
	Balance at the end of the year		-	-
9	**Trade and other payables**			
	Accrued and other liabilities		5,952,537	-
	Security deposits		284,000	284,000
	Book overdraft		1,482,677	-
	Withholding income tax payable		638,517	180,909
	Payable against purchase of land		4,000,000	4,000,000
			12,357,731	4,464,909

10 **Contingencies and commitments**

10.1 There were no contingencies and commitments to report at reporting date (2022: Nil).

		Note	2023	2022
			Rupees	
11	**Revenues**			
	Fee received from patients		308,620,540	123,422,262
	Clinical fee		10,967,680	8,199,450
	Charity income	11.1	22,696,340	24,961,982
	Hostel income		2,839,885	2,116,384
			345,124,445	158,700,078
	Less: Refunds		(576,402)	(424,775)
	Net revenue		344,548,043	158,275,303

11.1 This represents fee received from patients against provisions of healthcare services at subsidised and discounted rates.

	Note	2023	2022
		Rupees	
12 Other income			
Rental income		2,492,557	1,705,000
Reimbursement of utilities		870,228	372,310
Trust school income		740,546	-
Profit on short term investment		34,837	-
		4,138,168	2,077,310
13 Hospital expenses			
Salaries, wages and other benefits		83,944,520	53,616,651
Utilities		18,409,652	7,623,648
Visiting consultant fee		39,871,521	19,704,872
Medicine, drugs and other supplies		152,665,186	64,777,258
Patient welfare		13,370,046	12,992,724
Power and fuel		2,116,082	886,880
Repair and maintenance		16,720,231	10,357,954
Vehicle running and maintenance		2,462,963	1,297,900
Cleaning and washing		3,118,956	1,554,077
Linen and uniform		1,845,596	1,809,228
Depreciation	4	7,672,840	6,302,301
Miscellaneous		854,126	329,989
		343,051,719	181,253,482
Reimbursement of expenses		(3,600,000)	(10,650,840)
		339,451,719	170,602,642
14 Administrative and general expenses			
Salaries wages, and other benefits		1,338,900	845,224
Rent, rates taxes		3,537,908	1,976,041
Printing and stationery		5,670,117	4,707,225
Advertisement		1,022,239	171,354
Internet and communication		1,602,976	1,452,836
Fee and subscriptions		101,600	-
Postage and courier		93,220	109,090
Travelling and conveyance		166,209	54,477
		13,533,169	9,316,247
15 Other operating expenses			
Legal and professional		162,318	130,270
Miscellaneous		3,293,094	387,742
		3,455,412	518,012

16 Income tax expense

16.1 No provision for current tax was made keeping in view that the Trust has applied for recognition of the association not for profit to Commissioner Inland Revenue under Section 2(36) of the Income Tax Ordinance, 2001. Over this basis the Trust shall be eligible for 100% tax credit under Section 100C of Income Tax Ordinance, 2001.

16.2 Income tax assessments of the Trust have been finalized up to and including the tax year 2022. Tax returns filed with the revenue authority are deemed to be assessed under the provisions of Section 120 of the Income Tax Ordinance, 2001 unless a return is selected for re-assessment by the revenue authority. The Commissioner of Inland Revenue may, at any time during a period of five years from the date of filing of return, select a deemed assessment order for the purpose of issuing an amended assessment order.

16.3 The Trust's exemption under Section 2(36) of the Income Tax Ordinance, 2001 has been expired with effect from July 01, 2020 for which an application has been submitted with the tax authorities. However, the competent authority has not concluded the proceedings till date and the Trust may be liable for tax under the provisions of the Income Tax Ordiance, 2001 in case the matter is not decided in favour of the Trust retrospectively.

Moreover, the Trust has erroneously charged tax on income falls under minimum tax while filing tax return for the year 2022 whereas no such effect has been incldued in these financial statements. As per advise of the tax counsel of the Trust; the tax return would be revised, if required, subsequent to order under Section 2(36) of the Income Tax Ordinance, 2001.

17 Related Parties

Related parties comprise of trustees of the Trust, related companies and entities, key management personnel and relative of the key management personnel and trustees of the Trust. The Trust in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties are as follows:

Related Party	Nature of Transaction	2023	2022
		Rupees	
Akhtar Saeed and Medical College (Private) Limited	Reimbursements of expenses	**(3,600,000)**	(10,650,840)

18 Date of authorization

These financial statements were authorised for issue on 09 DEC 2023 by the Trustees.

Faisal Saeed Khan

Trustee

Farihe Faraz

Trustee