

AIMS PAKISTAN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2023



SAEED METHANI MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT TO MEMBERS

Opinion

We have audited the annexed statement of financial position of "AIMS PAKISTAN" as at June 30, 2023, statement of income and expenditure and statement of cash flows together with the notes forming part thereof for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at June 30, 2023, its financial performance and cash flows for the year then ended in accordance with approved accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the Code) as adopted by the Institute of Chartered Accountants of Pakistan, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Entity's Management for the Financial Statements

The entity's management is responsible for the preparation and fair presentation of the financial statements in accordance with the approved accounting and reporting standards as applicable in Pakistan and for such internal control as the entity's management determines is necessary to enable the preparation of financial statements that are free from material misstatement.

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, and to issue an auditor's



Page 11

PESHAWAR OFFICE:

23/C, Block-B, 2nd Floor, Cantonment Board Plaza,
Fakhar-e-Alam Road, Peshawar Cantt. KPK Pakistan.

Tel: (92) 091-5275628, 5276042, 5271791

Fax: (92) 091-5276053

OTHER OFFICES:-

• KARACHI

• LAHORE

• ISLAMABAD

• KABUL



SMM

SAEED METHANI MUSHTAQ & CO

CHARTERED ACCOUNTANTS

report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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.
- 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Place: Peshawar
Date: February 13, 2024
UDIN # AR202310753xw28gJlva



Saeed Methani Mushtaq & Co.
Saeed Methani Mushtaq & Co.
Chartered Accountants
Engagement Partner: Muhammad Ilyas, ACA

AIMS PAKISTAN
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment	4	37,275,485	28,344,500
Intangible assets	5	174,518	193,909
		37,450,003	28,538,409
CURRENT ASSETS			
Inventory	6	2,152,548	3,145,349
Advances and other receivables	7	5,484,507	6,704,363
Cash and bank balances	8	14,319,431	12,293,050
		21,956,485	22,142,762
TOTAL ASSETS		59,406,488	50,681,171
FUND AND LIABILITIES			
General fund		24,136,782	26,774,820
NON CURRENT LIABILITIES			
Deferred grant	9	26,012,954	14,437,172
CURRENT LIABILITIES			
Creditors, accrued and other liabilities	10	9,256,752	9,469,178
TOTAL FUND AND LIABILITIES		59,406,488	50,681,171

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

PRESIDENT

GENERAL SECRETARY

AIMS PAKISTAN
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
INCOME			
Hospital income	13	38,725,285	32,874,295
Donation and zakat	14	20,600,661	27,093,615
Others	15	696,108	321,083
		<u>60,022,054</u>	<u>60,288,993</u>
Less: Zakat patients		<u>(1,371,667)</u>	<u>(1,039,680)</u>
		58,650,388	59,249,313
EXPENDITURE			
Direct cost	16	46,486,006	38,365,278
Administrative expenses	17	13,454,291	9,386,071
		59,940,297	47,751,349
		<u>(1,289,909)</u>	<u>11,497,964</u>
Surplus/(Deficit) for the year before tax		(1,289,909)	11,497,964
Provision for taxation	19	-	-
Net surplus/(Deficit) for the year		<u>(1,289,909)</u>	<u>11,497,964</u>

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

PRESIDENT

GENERAL SECRETARY

AIMS PAKISTAN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	2023 Rupees	2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus/(Deficit) for the year before tax	(1,289,909)	11,497,964
Adjustment for:		
Depreciation	4,088,668	2,542,947
Amortization of intangible assets	19,391	21,545
Prior year adjustment	(1,348,129)	-
Operating surplus before working capital changes	1,470,021	14,062,456
Working capital changes:		
Decrease / (increase) in current assets		
Inventory	992,801	(1,839,083)
Advances and other receivables	1,219,856	(6,132,097)
Increase / (decrease) in current liabilities		
Creditors, accrued and other liabilities	(212,426)	4,415,787
	2,000,231	(3,555,393)
Net cash generated from operations	3,470,252	10,507,064
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(13,019,653)	(18,047,869)
Deferred grant	11,575,782	15,467,848
Net cash used in investing activities	(1,443,871)	(2,580,021)
Net increase in cash and cash equivalents	2,026,381	7,927,043
Cash and cash equivalents at the beginning of the year	12,293,050	4,366,007
Cash and cash equivalents at the end of the year	14,319,431	12,293,050

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

PRESIDENT

GENERAL SECRETARY

AIMS PAKISTAN
STATEMENT OF CHANGE IN EQUITY
AS AT JUNE 30, 2023

	General Fund	Total
	<u>Rupees</u>	<u>Rupees</u>
Balance as at July 1, 2021	15,276,856	15,276,856
Add: Surplus for the year	11,497,964	11,497,964
Balance as at June 30, 2022	26,774,820	26,774,820
 Balance as at July 01, 2022	 26,774,820	 26,774,820
Prior year adjustment	(1,348,129)	(1,348,129)
Add: Surplus for the year	(1,289,909)	(1,289,909)
Balance as at June 30, 2023	24,136,782	24,136,782

PRESIDENT

GENERAL SECRETARY

AIMS PAKISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1 Status and operation

AIMS Pakistan (the Organization) was registered as not for profit organization on March 24, 2004 under the Voluntary Social Welfare Agencies (registration and Control) Ordinance 1961 (XLVI of 1961). The Organization is Not for Profit Organization operating as Diabetes Hospital and Research Centre situated at Plot A-6, Sector B-3, Phase-5, Hayatabad, Peshawar.

As per its Charter, the organization is involved in healthcare activities and multifarious work in this regard. It mainly focuses on diabetes care and is actively perusing this cause. Running OPD, has carried out various community clinics for patients with diabetes of low income group community, raising health awareness of public regarding various diseases, pursuing public private partnership for optimizing the use of available government facilities and capacity building of youth are its other areas of interests.

2 Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of Accounting and Financial Reporting Standard for Small-Sized Entities (SSEs) issued by the Institute of Chartered Accountants of Pakistan.

2.2 Accounting convention

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

2.3 Functional and presentation currency

These financial statements are prepared in Pakistani Rupees which is the Organization's functional and presentation currency.

3 Summary of significant accounting policies

3.1 Property and equipment

Property and equipment at cost less accumulated depreciation and impairment in value, if any.

Depreciation is charged to statement of income and expenditure applying the reducing balance method at the rates disclosed in note 4.

Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the month preceding the disposal. The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Maintenance and normal repairs are charged to statement of income and expenditure as and when incurred. Major renewals and improvements are capitalized.

3.2 Intangible assets

These are carried at cost less accumulated amortization and any identified impairment losses. Amortization is calculated, using the reducing balance method, to allocate the cost of software over their estimated useful lives specified in note 5, and is charged to income and expenditure for the year. Costs associated with maintaining computer software, are recognized as an expense as and when incurred.

Amortization on additions during the year is charged from the month in which an asset is acquired or capitalized while no amortization is charged for the month in which the asset is disposed off. The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on amortization is significant.

3.3 Impairment

The organization assesses at each balance sheet 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 these are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in income and expenditures account, unless the relevant assets are carried at revalued amounts, in which case the impairment loss is treated as a revaluation decrease. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

Where impairment loss subsequently reverses, the carrying amounts of the assets are increased to the revised recoverable amounts but limited to the carrying amounts that would have been determined had no impairment loss been recognized for the assets in prior years. A reversal of an impairment loss is recognized immediately in income and expenditures account, unless the relevant assets are carried at revalued amounts, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.4 Receivables

Receivables are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad and irrecoverable are written off when identified. Other receivables are recognized at nominal amount which is fair value of the consideration to be received in future.

3.5 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, balances with banks and highly liquid short term investments that are convertible to known amounts of cash and are subject to insignificant risk of change in value.

3.6 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether billed to the Organization or not.

3.7 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services rendered in the normal course of business.

3.8 Use of estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards require management to make judgment, estimates and assumptions that affect the application of reported amount of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods. Judgments made by management in application of the approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the ensuing paragraphs.

3.9 Provision for taxation

Provision for taxation is based on taxable income at the current tax rates after taking into account applicable tax credits, rebates and exemptions available under Income Tax Ordinance, 2001.

3.10 Foreign currency transactions and translation

Transactions in currencies other than Pakistani rupee are recorded at the rates of exchange prevailing on the date of the transaction. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the reporting date. Gains and losses arising on translation are included in income and expenditure for the year.

3.11 Financial instruments

Financial assets and financial liabilities are recognized when the organization becomes a party to the contractual provisions of the instruments and derecognized when the organization loses control of the contractual rights that comprise the financial assets and in case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired.

Other particular recognition methods adopted by the organization are disclosed in the individual policy statements associated with each item of financial instruments.

3.12 Offsetting of financial asset and financial liability

A financial asset and a financial liability is offset and the net amount reported in the balance sheet, if the organization has a legal enforceable right to offset the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4 Property and equipment

2023 2022

Operating assets	4.1	36,798,015	27,867,030
Capital work in progress		477,470	477,470
		<u>37,275,485</u>	<u>28,344,500</u>

4.1 Operating assets

PARTICULARS	2023							
	COST			DEPRECIATION			NET BOOK VALUE	RATE
	As at July 01, 2022	Addition	As at June 30, 2023	As at July 01, 2022	For the year	As at June 30, 2023	As at June 30, 2023	%
-----Rupees-----								
Leasehold improvements	7,976,980	2,336,530	10,313,510	2,094,478	821,903	2,916,381	7,397,129	10%
Hospital operating equipment	23,024,109	10,013,748	33,037,857	4,173,567	2,886,429	7,059,996	25,977,861	10%
Computer and IT equipment	1,492,505	132,000	1,624,505	437,469	118,704	556,173	1,068,332	10%
Furniture and fixtures	1,178,568	253,775	1,432,343	498,089	93,425	591,514	840,829	10%
Electric appliances	2,207,078	283,600	2,490,678	838,474	165,220	1,003,694	1,486,984	10%
Vehicle	40,000	-	40,000	10,133	2,987	13,120	26,880	10%
	35,919,240	13,019,653	48,938,893	8,052,210	4,088,668	12,140,878	36,798,015	

	Note	2023 Rupees	2022 Rupees
5 Intangible assets			
Cost	5.1	308,000	308,000
Accumulated amortization	5.2	(133,482)	(114,091)
Net book value		<u>174,518</u>	<u>193,909</u>
5.1 Opening cost		308,000	308,000
Acquired during the year		-	-
Total cost		<u>308,000</u>	<u>308,000</u>
5.2 Opening amortization		114,091	92,546
Amortization charged for the year		19,391	21,545
Accumulated amortization		<u>133,482</u>	<u>114,091</u>
		10%	10%
6 Inventory			
Pharmacy inventory		1,752,517	2,120,988
Lab Inventory		400,031	898,662
Zakat inventory		-	125,699
		<u>2,152,548</u>	<u>3,145,349</u>
7 Advances and other receivables			
Advances		2,906,338	3,272,279
Debtors-Considered good		2,001,340	3,087,310
Income tax refund due from government		576,828	344,774
		<u>5,484,507</u>	<u>6,704,363</u>
8 Cash and bank balances			
Cash in hand		1,216,178	321,466
Cash at bank:			
In current account		-	-
In deposit accounts		13,103,253	11,971,584
		<u>14,319,431</u>	<u>12,293,050</u>
	Note	2023 Rupees	2022 Rupees
9 Deferred grant			
Government zakat fund			-
AIMS zakat fund		28,710,813	15,164,331
Civil works		739,700	739,700
Foot care		7,883,416	8,298,075
Sponsored camps			67,800
		<u>37,333,929</u>	<u>24,269,906</u>
Less: Expenses incurred during the year		(11,320,975)	(9,832,734)
Closing balance		<u>26,012,954</u>	<u>14,437,172</u>
10 Creditors, accrued and other liabilities			
Creditors		5,403,362	4,395,397
Accounts payable		1,500	2,001,500
Accrued liabilities		1,787,368	1,561,454
Withholding tax payable		1,424,522	876,036
Security payable		640,000	634,791
		<u>9,256,752</u>	<u>9,469,178</u>

	Note	2023 Rupees	2022 Rupees
13 Hospital Income			
Laboratory		10,227,660	8,057,553
Out Patient Department treatment		1,204,500	4,397,150
Procedures		7,541,310	1,927,653
Pharmacy		19,320,624	18,491,939
Radiology		200,050	-
IPD services		97,300	-
External Lab Revenue		133,842	-
		<u>38,725,285</u>	<u>32,874,295</u>
14 Donation and Zakat			
Donation from individuals		173,261	2,200,000
Donation others		3,303,650	4,085,090
Donation from Director		-	7,777,301
Donation from US-AIMS		17,123,750	3,198,490
Donation from Government of Khyber Pakhtunkhwa		-	-
		<u>20,600,661</u>	<u>17,260,881</u>
15 Other income			
Bank profit		646,587	168,656
Other income		49,521	152,427
Fixed assets adjustment		-	-
		<u>696,108</u>	<u>321,083</u>
16 Direct cost			
Salaries and benefits		18,374,811	16,389,429
Cost of medicines sold	16.1	15,940,772	14,017,294
Consultants Shares		3,392,540	2,737,027
Laboratory and dental supplies	16.2	5,585,536	3,600,571
Other supplies		353,675	-
Discount allowed		917,571	21,150
Official events		-	217,159
Medical camp expenses		1,921,100	1,382,398
Travelling and conveyance		-	250
		<u>46,486,006</u>	<u>38,365,278</u>
16.1 Cost of medicines sold			
Opening inventory		2,120,988	1,080,737
Purchases during the year		15,572,301	15,057,545
Closing inventory	6	<u>(1,752,517)</u>	<u>(2,120,988)</u>
		<u>15,940,772</u>	<u>14,017,294</u>
16.2 Cost of Laboratory inventory Sold			
Opening inventory		1,024,361	225,529
Purchases during the year		4,961,206	4,399,403
Closing inventory		<u>(400,031)</u>	<u>(1,024,361)</u>
		<u>5,585,536</u>	<u>3,600,571</u>
17 Administrative expenses			
Rent expense		480,000	280,000
Travelling and conveyance		207,493	99,830
Printing and stationery		844,238	906,610
Utilities		2,876,850	1,420,708
Communication charges		175,789	104,455
Petroleum, oil and lubricants		431,525	249,778
Repair and maintenance cost		796,532	856,611
Mess expenses		950,351	716,224
Office supplies and other cost		262,920	312,217
Advertisement		235,470	298,640
Legal and professional charges		802,740	973,500
Security Expense		64,400	-
Bad debts		60,000	-
Auditor remuneration		250,000	110,000
Depreciation	4	4,088,668	2,542,947
Amortization	5	19,391	21,545
Bank charges		2,980	2,975
Miscellaneous expenses		904,944	490,031
		<u>13,454,291</u>	<u>9,386,071</u>

			2023 Rupees	2022 Rupees
18 Related party transactions and balances				
18.1 Related party transactions				
Name of related party	Nature of transactions	Basis of relationship		
Zia Ul Hasan	Zakat and Donation	President	6,311,100	7,777,301
			<u>6,311,100</u>	<u>7,777,301</u>

19 Provision for taxation

The Organization has obtained temporary exemption of taxation from the Income Tax Authorities for the year. Hence no provision has been made for taxation.

20 Date of authorization for issue

These financial statements have been authorised for issue by the Board of Directors of the Organization on **February 14,2024**.

21 General

Figures have been rounded off to the nearest Rupee. Corresponding figures have been rearranged / regrouped wherever considered necessary for better presentation and comparison.

PRESIDENT

GENERAL SECRETARY