

RSM

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS

Opinion

We have audited the financial statements of AIMS Pakistan, an Organization, which comprises the statement of financial position as at June 30, 2021, the statement of income and expenditure and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at June 30, 2021, and 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 described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have followed the other ethical requirements in accordance with the Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

AIMS PAKISTAN FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

Responsibility of the Board of Directors with Governance for the Financial Statements

The Board of Directors 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 Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



RSM Avas Hyder Liaquat Nauman
Chartered Accountants

Suit # 6, Block- A, 2nd Floor
Cantonment Plaza, Fakhir-e- Alam Road
Peshawar Cantt. Pakistan

T: +92 (91) 527 7205, 527 8310
F: +92(91) 526 0085

peshawar@rsm-pakistan.pk
www.rsm-pakistan.pk

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS

Opinion

We have audited the annexed financial statements of AIMS Pakistan (the Organization), which comprise the statement of financial position as at June 30, 2021, statement of income and expenditure and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at June 30, 2021, and 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 Organization in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The Board of Directors 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 Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Page | 1

A. Nauman

In preparing the financial statements, Board of Directors is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Asmahan

- 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 Organization'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 Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

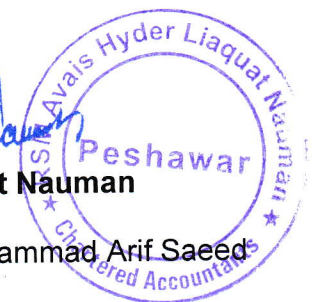
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Place: Peshawar

Date : May 16, 2022

RSM Avais Hyder Liaquat Nauman
RSM Avais Hyder Liaquat Nauman
Chartered Accountants

Engagement Partner: Muhammad Arif Saeed



AIMS PAKISTAN
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment	4	12,839,578	11,281,509
Intangible assets	5	215,454	239,393
		13,055,032	11,520,902
CURRENT ASSETS			
Inventory	6	1,306,266	1,351,227
Advances and other receivables	7	572,266	601,961
Cash and bank balances	8	4,366,007	1,747,173
		6,244,539	3,700,361
TOTAL ASSETS		<u>19,299,571</u>	<u>15,221,263</u>
FUND AND LIABILITIES			
General fund	9	13,178,646	(910,038)
CURRENT LIABILITIES			
Deferred grant	10	1,067,534	1,530,383
Loan from director	11	-	10,100,000
Creditors, accrued and other liabilities	12	5,053,391	4,500,918
		6,120,925	16,131,301
TOTAL FUND AND LIABILITIES		<u>19,299,571</u>	<u>15,221,263</u>

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



PRESIDENT

Asma Khattar



GENERAL SECRETARY

AIMS PAKISTAN
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
INCOME			
Hospital income	13	24,258,633	17,235,628
Donation and zakat	14	29,123,871	18,103,816
Others	15	431,899	89,759
		<u>53,814,403</u>	<u>35,429,203</u>
Less: Zakat patients		<u>(5,376,505)</u>	<u>(3,958,920)</u>
		48,437,898	31,470,283
EXPENDITURE			
Direct cost	16	22,839,499	22,643,672
Administrative expenses	17	11,509,715	7,285,010
		<u>34,349,214</u>	<u>29,928,682</u>
Surplus for the year before tax		14,088,684	1,541,601
Provision for taxation	19	-	-
Net surplus for the year		<u>14,088,684</u>	<u>1,541,601</u>

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

Asma Khattak

Zam

PRESIDENT

Asma Khattak

GENERAL SECRETARY

AIMS PAKISTAN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	2021 Rupees	2020 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year before tax	14,088,684	1,541,601
Adjustment for:		
Depreciation	1,346,143	1,046,161
Amortization of intangible assets	23,939	17,710
Loan waiver by director	(10,100,000)	-
Fixed assets adjustment	(267,037)	-
Operating surplus before working capital changes	5,091,729	2,605,472
Working capital changes:		
Decrease / (increase) in current assets		
Inventory	44,961	(350,438)
Advances and other receivables	29,695	(310,253)
Increase / (decrease) in current liabilities		
Deferred grant	(462,849)	-
Creditors, accrued and other liabilities	552,473	1,604,288
	164,280	943,597
Net cash generated from operations	5,256,009	3,549,069
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(2,637,175)	(3,365,455)
Intangible assets acquired	-	(160,000)
Net cash used in investing activities	(2,637,175)	(3,525,455)
Net increase in cash and cash equivalents	2,618,834	23,614
Cash and cash equivalents at the beginning of the year	1,747,173	1,723,559
Cash and cash equivalents at the end of the year	4,366,007	1,747,173

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



PRESIDENT



GENERAL SECRETARY

AIMS PAKISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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.

Amundia

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.

Amalika

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.

Amir

4 Property and equipment

[illegible][illegible]

	Note	2021 Rupees	2020 Rupees
5 Intangible assets			
Cost	5.1	308,000	308,000
Accumulated amortization	5.2	(92,546)	(68,607)
Net book value		<u>215,454</u>	<u>239,393</u>
5.1 Opening cost		308,000	148,000
Acquired during the year		-	160,000
Total cost		<u>308,000</u>	<u>308,000</u>
5.2 Opening amortization		68,607	50,897
Amortization charged for the year		23,939	17,710
Accumulated amortization		<u>92,546</u>	<u>68,607</u>
		10%	10%
6 Inventory		1,080,737	1,102,105
Pharmacy inventory		83,090	-
Lab Inventory		142,439	249,122
Zakat inventory		<u>1,306,266</u>	<u>1,351,227</u>
7 Advances and other receivables		173,738	394,220
Advances		185,925	181,312
Debtors-Considered good		212,603	26,429
Income tax refund due from government		<u>572,266</u>	<u>601,961</u>
8 Cash and bank balances		25,710	18,105
Cash in hand		-	49,741
Cash at bank:			
In current account	8.1	4,340,297	1,679,327
In deposit accounts		<u>4,366,007</u>	<u>1,747,173</u>

8.1 These are subject to profit at the rate ranging from 3.8% to 7.9% per annum (2020: 4% to 8% per annum).

	Note	2021 Rupees	2020 Rupees
9 General fund			
Opening balance		(910,038)	(2,451,638)
Add: Surplus for the year		<u>14,088,684</u>	<u>1,541,601</u>
		<u>13,178,646</u>	<u>(910,038)</u>
10 Deferred grant		8,351	530,383
Government zakat fund		1,059,183	-
AIMS zakat fund		-	1,000,000
Lift installation fund		<u>1,067,534</u>	<u>1,530,383</u>
11 Loan from director	11.1	-	10,100,000

11.1 This was interest free loan provided for the operational expenses of the Organization, donated as donation by the Director.

	2021 Rupees	2020 Rupees
12 Creditors, accrued and other liabilities		
Creditors	2,919,468	1,017,535
Accounts payable	20,900	2,254,500
Accrued liabilities	1,347,406	598,000
Withholding tax payable	253,158	187,087
Security-deduction from employees' salaries	512,459	443,796
	<u>5,053,391</u>	<u>4,500,918</u>

Amirul

	Note	2021 Rupees	2020 Rupees
13 Hospital Income			
Laboratory		7,857,760	7,875,790
Out Patient Department treatment		4,306,171	2,702,300
Eye clinic		-	20,734
Procedures		789,650	1,208,700
Pharmacy		11,305,052	5,428,104
		<u>24,258,633</u>	<u>17,235,628</u>
14 Donation and Zakat			
Donation from individuals		12,797,264	16,053,816
Donation others		5,234,958	50,000
Donation from Director	14.1	10,100,000	-
Donation from Government of Khyber Pakhtunkhwa		991,649	2,000,000
		<u>29,123,871</u>	<u>18,103,816</u>
14.1 This represents the loan from director (refer note 11), now treated as donation to hospital.			
15 Other income			
Bank profit		63,207	60,149
Other income		101,655	29,610
Fixed assets adjustment		267,037	-
		<u>431,899</u>	<u>89,759</u>
16 Direct cost			
Salaries and benefits		4,933,668	7,758,678
Cost of medicines sold	16.1	10,905,393	7,808,794
Consultants Shares		1,750,467	1,686,299
Laboratory and dental supplies		3,531,288	4,038,340
Consultants fee		-	99,700
Discount allowed		1,061,936	447,506
Advertisement		-	27,698
Official events		28,716	223,281
Insulin expenses		-	10,000
Medical camp expenses		595,271	262,028
Travelling and conveyance		32,760	121,311
Mess expenses		-	160,037
		<u>22,839,499</u>	<u>22,643,672</u>
16.1 Cost of medicines sold			
Opening inventory		1,102,105	971,521
Purchases during the year		11,026,464	7,939,378
Closing inventory	6	(1,223,176)	(1,102,105)
		<u>10,905,393</u>	<u>7,808,794</u>
17 Administrative expenses			
Salaries and other benefits		4,771,979	1,933,449
Rent expense		144,000	96,000
Travelling and conveyance		206,860	155,387
News paper, printing and stationery		532,840	536,756
Utilities		1,236,030	937,324
Communication charges		49,086	81,577
Petroleum, oil and lubricants		365,585	233,668
Repair and maintenance cost		663,632	413,238
Mess expenses		139,200	252,714
Office supplies and other cost		893,223	1,113,606
Advertisement		445,883	30,469
Legal and professional charges		158,330	202,770
Bad debts		257,336	-
Security expenses		-	37,600
Auditor remuneration		100,000	100,000
Depreciation	4	1,346,143	1,046,161
Amortization	5	23,939	17,710
Bank charges		5,194	3,758
Miscellaneous expenses		170,455	92,824
		<u>11,509,715</u>	<u>7,285,010</u>

Amir

2021
Rupees

2020
Rupees

18 Related party transactions and balances

18.1 Related party transactions

Name of related party	Nature of transactions	Basis of relationship		
Diabetes Association Peshawar	Rent	Associated undertaking	-	96,000
Zia UI Hasan	Donation	President	17,180,500	11,227,000
			<u>17,180,500</u>	<u>11,323,000</u>

18.2 Related party balances

Zia UI Hasan	Loan from Director	President	-	10,100,000
--------------	--------------------	-----------	---	------------

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 16-05-2022

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.

Amir

Zia

PRESIDENT

A. Akmal

GENERAL SECRETARY