

AIMS PAKISTAN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

INDEPENDENT AUDITORS' REPORT TO THE EXECUTIVE BODY**Opinion**

We have audited the financial statements of "AIMS PAKISTAN", which comprise the statement of financial position as at June 30, 2018, and the income and expenditure account, 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 present fairly, in all material respects, the financial position of the Organization as at June 30, 2018, and its financial performance and its cash flows for the year then ended in accordance with approved accounting and reporting standards as applicable in Pakistan.

Basis of 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 Executive Body 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 Executive Body 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 Executive Body 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 the Executive Body 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.

Auditors' 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.

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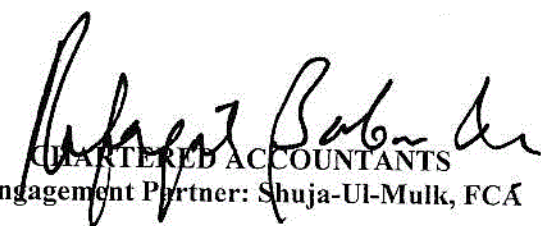
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As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

ISLAMABAD


CHARTERED ACCOUNTANTS
Engagement Partner: Shuja-ul-Mulk, FCA

11 NOV 2018

AIMS PAKISTAN
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

	NOTE	2018 RUPEES	2017 RUPEES
NON CURRENT ASSETS			
Property and equipment	5	9,962,289	7,380,877
Intangible assets	6	107,892	119,880
		10,070,181	7,500,757
CURRENT ASSETS			
Inventory	7	1,415,779	1,206,839
Advances and other receivables	8	148,207	68,483
Cash and bank balances	9	346,910	77,938
		1,910,896	1,353,260
TOTAL ASSETS		11,981,077	8,854,017
EQUITY AND LIABILITIES			
NET ASSETS			
Capital-unrestricted		2,700,000	2,700,000
Accumulated loss-unrestricted		(5,365,478)	(2,831,414)
		(2,665,478)	(131,414)
CURRENT LIABILITIES			
Due to director	10	7,600,000	6,100,000
Provision for taxation	11	212,014	-
Creditors, accruals and other payables	12	6,834,541	2,885,431
		14,646,555	8,985,431
CONTINGENCIES AND COMMITMENTS	18	-	-
TOTAL NET ASSETS AND LIABILITIES		11,981,077	8,854,017

The annexed notes from 1 to 20 form an integral part of these financial statements.

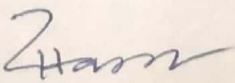

PRESIDENT


GENERAL SECRETARY

AIMS PAKISTAN
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2018

	NOTE	2018 RUPEES	2017 RUPEES
INCOME (unrestricted)			
Income from:			
- Hospital Income	13	16,536,891	13,245,030
- Donation and Zakat	14	12,932,000	14,138,100
- Others		424,220	67,330
GROSS INCOME		29,893,111	27,450,460
Less: Zakat patients		(5,577,448)	(4,242,721)
NET INCOME		24,315,663	23,207,739
LESS: EXPENDITURE			
Direct Cost	15	20,820,669	18,906,326
Administrative expense	16	5,817,044	5,535,180
		26,637,713	24,441,506
		(2,322,050)	(1,233,767)
Deficit for the year			
Less: Provision for taxation	11	212,014	-
Deficit for the year		(2,534,064)	(1,233,767)

The annexed notes from 1 to 20 form an integral part of these financial statements.


PRESIDENT

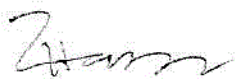

GENERAL SECRETARY

AIMS PAKISTAN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	NOTE	2018 RUPEES	2017 RUPEES
CASH FLOWS FROM OPERATING ACTIVITIES			
Deficit before tax for the year		(2,322,050)	(1,233,766)
Adjustments for non-cash items:			
Depreciation	5	1,106,921	820,096
Amortization	6	11,988	13,320
		<u>1,118,909</u>	<u>833,416</u>
Operating deficit before working capital changes		(1,203,141)	(400,350)
Working Capital Changes			
Increase in inventory		(208,940)	(791,495)
(Increase)/decrease in advances, deposits and other receivables		(79,724)	11,468
Increase in creditors, accrued and other liabilities		3,949,110	2,041,176
		<u>3,660,446</u>	<u>1,261,149</u>
Cash generated from/(used in) operations		2,457,305	860,799
Income taxes paid		-	-
Net cash generated from/(used in) operating activities		2,457,305	860,799
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Purchase of property and equipment	5	(3,688,333)	(2,991,809)
Net cash used in investment activities		(3,688,333)	(2,991,809)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan from President		1,500,000	1,500,000
Capital introduced		-	-
Net cash from financing activities		1,500,000	1,500,000
Net decrease in cash and bank balances		268,972	(631,010)
Cash and bank balances at beginning of the year		77,938	708,948
Cash and bank balances at end of the year	9	346,910	77,938

The annexed notes from 1 to 20 form an integral part of these financial statements.

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PRESIDENT


GENERAL SECRETARY

AIMS PAKISTAN
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2018

	Capital	Accumulated Loss Rupees (Unrestricted)	TOTAL
Balance as at June 30, 2016	2,700,000	(1,597,648)	1,102,352
Deficit for the year ended June 30, 2017	-	(1,233,766)	(1,233,766)
Balance as at June 30, 2017	2,700,000	(2,831,414)	(131,414)
Deficit for the year ended June 30, 2018	-	(2,534,064)	(2,534,064)
Balance as at June 30, 2018	2,700,000	(5,365,478)	(2,665,478)

The annexed notes from 1 to 20 form an integral part of these financial statements.

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PRESIDENT



GENERAL SECRETARY

AIMS PAKISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

1 THE ENTITY AND ITS OPERATIONS

AIMS Pakistan 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 Small Sized Not for Profit organization operating as Diabetes Hospital and Research Center 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, raising health awareness of public regarding various diseases, perusing public private partnership for optimizing the use of available government facilities and capacity building of youth are its other areas of interest.

2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with "Accounting Standards for Not for Profit Organization (NPOs)" issued by The Institute of Chartered Accountants of Pakistan and "Accounting and Financial Reporting Standards for Small Sized Entities (AFRS for SSE)" as applicable in Pakistan.

3 BASIS OF MEASUREMENT

These financial statements are prepared under the historical cost convention and by following accrual basis of accounting on consistent basis.

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Organization operates. These financial statements are presented in Pak Rupees, which is the Organization's functional and presentation currency.

4.2 Significant estimates and judgments

The preparation of financial statements in conformity with the "Guidelines for Accounting and Financial Reporting by Non-Profit Organisation" issued by the Institute of Chartered Accountants of Pakistan" requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts 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 judgment 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 underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized on Prospective basis.

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets, provision for doubtful receivables and slow moving inventory. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

4.3 Property and equipment

Property and equipment are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it's intended use.

These assets are subsequently measured using the cost model, cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is provided on reducing balance method at the rates specified in Note 5. Full year depreciation is charged on assets acquired during the year however, no depreciation is charged in the year of disposal.

Maintenance and normal repairs are charged against income as and when incurred, while major renewals and improvements are capitalized.

4.4 Intangible assets

Intangible assets, which are stated at cost less accumulated amortization and any identified impairment loss, represent the cost of software "Hospital Management Information System" license used for the recognition of income.

Amortization is charged against income on the reducing balance method so as to write off the cost of an asset over its estimated useful life. Amortization on additions is charged from the month in which an asset is available for use while no amortization is charged for the month in which the asset is disposed off. Amortization is charged at the annual rates specified in Note 6.

4.5 Inventory

Inventory include stock of medicine at pharmacy which is valued at average moving cost method.

4.6 Creditors, accruals and other payables

Liabilities for creditors, accruals and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

4.7 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise of cash in hand and bank balances.

4.8 Income

Income comprises income from providing healthcare services and donations. It is measured by reference to the fair value of consideration received or receivable, excluding rebates, and discounts. Income is recognised when the amount of income can be measured reliably, the costs incurred or to be incurred can be measured reliably, and when the services are performed or the goods are delivered.

The organization receives significant portion of its income including donations from its president. The donation given by president is unconditional since it represents the cost of services / medicines/equipment for patients.

Unrestricted contributions are for use at the organization's discretion, they are available to fund operations of current and future periods as required. This increase in economic resources is recognized when it occurs by reporting such contributions as income of the current period.

4.9 Taxation

The organization has applied for approval under section 2(36) as non-profit organization to Commissioner of Inland Revenue. After approval by the Commissioner of Inland Revenue the income of the organization would be subject to 100% tax credit under section 100(C) of the Income Tax Ordinance, 2001.

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5 PROPERTY AND EQUIPMENT

LEASEHOLD IMPROVEMENTS	HOSPITAL OPERATING EQUIPMENTS	COMPUTERS AND IT EQUIPMENTS	FURNITURE AND FIXTURES	ELECTRIC APPLIANCES	TOTAL
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Rupees

COST

Balance as at June 30, 2016	2,943,560	1,593,042	250,100	685,536	380,447	5,852,685
Additions/ (deletions)	206,440	893,969	177,929	340,800	1,372,671	2,991,809
Transfer / Adjustments	-	-	-	-	-	-
Balance as at June 30, 2017	3,150,000	2,487,011	428,029	1,026,336	1,753,118	8,844,494
Balance as at June 30, 2017	3,150,000	2,487,011	428,029	1,026,336	1,753,118	8,844,494
Additions/ (deletions)	79,650	3,273,901	80,197	225,385	29,200	3,688,333
Transfer / Adjustments	-	-	-	-	-	-
Balance as at June 30, 2018	3,229,650	5,760,912	508,226	1,251,721	1,782,318	12,532,827

ACCUMULATED DEPRECIATION

Balance as at June 30, 2016	294,356	181,178	36,197	89,983	41,807	643,521
Charge for the year	285,564	230,583	39,183	93,635	171,131	820,096
Balance as at June 30, 2017	579,920	411,761	75,380	183,618	212,938	1,463,617
Balance as at June 30, 2017	579,920	411,761	75,380	183,618	212,938	1,463,617
Charge for the year	264,973	534,915	43,285	106,810	156,938	1,106,921
Balance as at June 30, 2018	844,893	946,676	118,665	290,428	369,876	2,570,538
Balance as at June 30, 2018	844,893	946,676	118,665	290,428	369,876	2,570,538
Written Down Value as at						
-June 30, 2017	2,570,080	2,075,250	352,649	842,718	1,540,180	7,380,877
-June 30, 2018	2,384,757	4,814,236	389,561	961,293	1,412,442	9,962,289
Rate of Depreciation	10%	10%	10%	10%	10%	

	2018 RUPEES	2017 RUPEES
6 INTANGIBLE ASSETS (SOFTWARE)		
Cost		
Balance at July 01	148,000	148,000
Additions/ (deletions)	-	-
Balance at June 30	148,000	148,000
Accumulated amortization		
Balance at July 01	(28,120)	(14,800)
Charge for the year	(11,988)	(13,320)
Balance at June 30	(40,108)	(28,120)
Net book value	107,892	119,880
7 INVENTORY		
Pharmacy inventory	1,386,511	1,206,839
Zakat related inventory	29,268	-
	1,415,779	1,206,839
8 ADVANCES AND OTHER RECEIVABLES		
Advances	73,369	7,050
Advance income tax	64,838	-
Other receivables	10,000	61,433
	148,207	68,483
9 CASH AND BANK BALANCES		
Cash in hand	185,112	22,060
Cash at bank		
- in current account	64,986	23,914
- in deposit account	96,812	31,964
	346,910	77,938
10 DUE TO DIRECTORS		
Loan from director	7,600,000	6,100,000
	7,600,000	6,100,000
This represents unsecured, interest free loan which is repayable on demand.		
11 PROVISION FOR TAXATION		
Tax expense for the year	212,014	-
11.1 AIMS Pakistan has applied for Tax Exemption under section 2(36) as non-profit organization to Commissioner of Inland Revenue. As commissioner has not given approval, provision for tax @ 1.25 % of gross turnover (excluding donations) being minimum tax has been recognized during the year.		
12 CREDITORS, ACCRUALS AND OTHER PAYABLES		
Creditors	5,143,727	1,277,208
Accrued expenses	257,419	206,651
Income tax payable	24,822	282,460
Salary payable	934,523	310,141
Security deducted from employees	474,050	808,971
	6,834,541	2,885,431

	NOTE	2018 RUPEES	2017 RUPEES
13 HOSPITAL INCOME			
- Laboratory		6,631,850	3,581,675
- OPD		2,441,550	2,000,300
- Eye Clinic		-	213,408
- Procedures		587,800	667,692
- Pharmacy		6,875,691	6,781,955
		<u>16,536,891</u>	<u>13,245,030</u>
14 DONATION AND ZAKAT			
- Donation from Individual Donors		10,932,000	14,138,100
- Donation from Government of KPK		2,000,000	-
		<u>12,932,000</u>	<u>14,138,100</u>
15 DIRECT COST			
- Cost of medicines sold	15.1	6,027,201	6,199,836
- Discount allowed		284,653	240,550
- Consultant fee		344,809	196,190
- Lab and dental supplies used		4,119,458	2,024,535
- Insulin donation expense		180,000	187,005
Salaries and other benefits		9,086,237	8,896,690
Camp expenses		11,577	515,523
Advertisement		193,087	273,706
Official events		128,925	-
Travelling and conveyance		102,360	131,201
Mess expenses		342,362	241,090
		<u>20,820,669</u>	<u>18,906,326</u>
15.1 Opening inventory		1,206,839	415,344
Purchases during year		6,206,873	6,991,331
Closing inventory	7	(1,386,511)	(1,206,839)
Cost of medicines sold		<u>6,027,201</u>	<u>6,199,836</u>
16 ADMINISTRATION EXPENSES			
Salaries and other benefits		1,960,340	2,030,740
Rent expense		96,000	96,000
Travelling and conveyance		68,240	87,468
Printing and stationary		472,062	498,716
Utilities		771,691	597,985
Communication charges		34,131	7,940
Fuel and CNG charges		62,046	80,983
Repair and maintenance cost		189,960	420,393
Mess expenses		228,242	160,726
Office supplies and other cost		228,385	140,821
Advertisement		128,724	182,471
Legal and professional charges		87,300	60,000
Security expenses		213,100	159,811
Auditor remuneration		60,000	60,000
Depreciation		1,106,921	820,096
Amortization		11,988	13,320
Bank charges		8,683	41,479
Miscellaneous expenses		89,231	76,231
		<u>5,817,044</u>	<u>5,535,180</u>

17 RELATED PARTY TRANSACTIONS AND BALANCES

NATURE OF TRANSACTION RELATION

17.1 RELATED PARTY TRANSACTIONS

RELATED PARTY

Diabetes Association, Peshawar	Rent	Associated	96,000	96,000
Diabetes Association, Peshawar	Donation	Undertaking	180,000	187,005
Zia ul Hasan	Donation	President	9,642,000	13,716,850
Zia ul Hasan	Loan		1,500,000	1,500,000

17.2 RELATED PARTY BALANCES

RELATED PARTY

Zia ul Hasan	Loan from director	President	7,600,000	6,100,000
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18 CONTINGENCIES AND COMMITMENTS

The organization has no contingencies and commitments as at the reporting date (2017: Nil).

19 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 10 NOV 2018, by the Executive body.

20 GENERAL

- Figures have been rounded off to the nearest of Pakistani rupee.
- Previous years figures have been re-arranged for comparison purpose, if necessary.
- Average number of employees during the year were 25. (2017: 26)

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PRESIDENT



GENERAL SECRETARY