



AIMS PAKISTAN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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FOR THE YEAR ENDED JUNE 30, 2019



RSM Avals Hyder Liaquat Nauman

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INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS

Opinion

We have audited the financial statements of AIMS Pakistan (the Organization), which comprise the statement of financial position as at June 30, 2019, income and expenditure account 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, 2019, 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.

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RSM Avals Hyder Liaquat Nauman is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not a self a separate legal entity in any jurisdiction.

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.

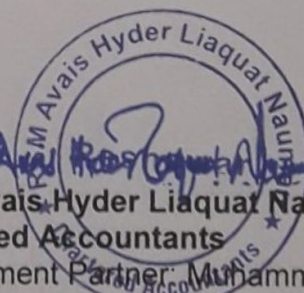
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. 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.

RSM Avais

Place: Peshawar

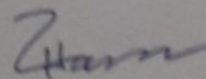
Date : Oct 31, 2019

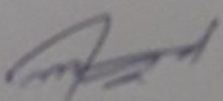
A circular blue ink stamp with the text "RSM Avais Hyder Liaquat Nauman" around the perimeter and "Chartered Accountants" at the bottom. A signature is written across the stamp.
RSM Avais Hyder Liaquat Nauman
Chartered Accountants
Engagement Partner: Muhammad Arif Saeed

AIMS PAKISTAN
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment	4	8,962,215	9,962,289
Intangible assets	5	97,103	107,892
		9,059,318	10,070,181
CURRENT ASSETS			
Inventory	6	1,000,789	1,415,779
Advances and other receivables	7	291,708	148,207
Cash and bank balances	8	1,723,559	346,910
		3,016,056	1,910,896
		12,075,374	11,981,077
CURRENT LIABILITIES			
Loan from Director	9	10,100,000	7,600,000
Provision for taxation		-	212,014
Creditors, accrued and other liabilities	10	4,427,012	6,834,541
		14,527,012	14,646,555
NET ASSETS		<u>(2,451,638)</u>	<u>(2,665,478)</u>
REPRESENTED BY:			
General fund	11	<u>(2,451,638)</u>	<u>(2,665,478)</u>

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

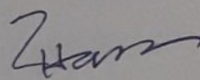

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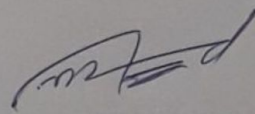

GENERAL SECRETARY

AIMS PAKISTAN
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
INCOME			
Hospital income	12	18,544,246	16,536,891
Donation and zakat	13	9,387,400	12,932,000
Others		754,104	424,220
		<u>28,685,750</u>	<u>29,893,111</u>
Less: Zakat patients		<u>(322,146)</u>	<u>(5,577,448)</u>
		<u>28,363,604</u>	<u>24,315,663</u>
EXPENDITURE			
Direct cost	14	19,459,342	20,820,669
Administrative expenses	15	8,690,422	5,817,044
		<u>28,149,764</u>	<u>26,637,713</u>
Surplus/(deficit) for the year		<u>213,840</u>	<u>(2,322,050)</u>
Provision for taxation	17	-	(212,014)
Net surplus/(deficit) for the year		<u>213,840</u>	<u>(2,534,064)</u>

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

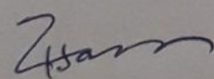

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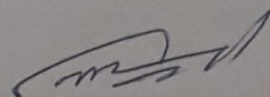

GENERAL SECRETARY

AIMS PAKISTAN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	2019 Rupees	2018 Rupees
a) CASH FLOW FROM OPERATING ACTIVITIES		
Surplus/(deficit) for the year	213,840	(2,322,050)
Adjustment for non-cash items		
Depreciation	1,072,731	1,106,921
Amortization	10,789	11,988
Reversal of accumulated depreciation	(249,575)	-
Cash flow before working capital changes	1,047,785	(1,203,141)
Working capital changes		
Decrease/(increase) in current assets:		
Inventory	414,990	(208,940)
Advances and other receivables	(143,501)	(79,724)
(Decrease)/increase in current liabilities		
Creditors, accrued and other liabilities	(2,407,529)	3,949,110
Tax paid	(2,136,040)	3,660,446
	(212,014)	-
	(2,348,054)	3,660,446
Net cash generated from operating activities	(1,300,269)	2,457,305
b) CASH FLOW FROM INVESTMENT ACTIVITIES		
Additions in property and equipment	(1,313,082)	(3,688,333)
Sale proceed from property and equipment	1,490,000	-
Net cash generated from/(used in) investing activities	176,918	(3,688,333)
c) CASH FLOW FROM FINANCING ACTIVITIES		
Loan from President	2,500,000	1,500,000
Net cash generated from financing activities	2,500,000	1,500,000
Net increase in cash and cash equivalent (a+b+c)	1,376,649	268,972
Cash and cash equivalent at the beginning of the year	346,910	77,938
Cash and cash equivalent at the end of the year	1,723,559	346,910

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


PRESIDENT


GENERAL SECRETARY

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, persuing 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 income applying reducing balance method at the rates specified in the operating assets note.

Depreciation on additions during the year is charged from the month in which an asset is acquired or capitalized while no depreciation 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 depreciation is significant.

Maintenance and normal repairs are charged to income 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 account for the year. Costs associated with maintaining computer software, are recognized as an expense as and when incurred.

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.

- Profit on investments / bank deposits is recognized on time proportionate basis.

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 translation

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

PARTICULARS	COST				2019					RATE
	As at July 01, 2018	Additions	Disposals	As at June 30, 2019	DEPRECIATION				Carrying value	
					As at July 01, 2018	For the year	Adjustment for the year	As at June 30, 2019	As at June	
									30, 2019	
Rupees										
Leashold improvements	3,229,650	907,242		4,136,892	844,893	321,640		1,166,533	2,970,359	
Hospital operating equipment	5,760,912	250,000	(1,490,000)	4,520,912	946,676	468,732	(249,575)	1,165,833	3,355,079	10%
Computer and IT equipment	508,226	19,000		527,226	118,665	40,231		158,896	368,330	10%
Furniture and fixtures	1,251,721	81,800		1,333,521	290,428	98,678		389,106	944,415	10%
Electric appliances	1,782,318	55,040		1,837,358	369,876	143,450		513,326	1,324,032	10%
	12,532,827	1,313,082	(1,490,000)	12,355,909	2,570,538	1,072,731	(249,575)	3,393,694	8,962,215	

PARTICULARS	COST			2018				RATE
	As at July 01, 2017	Additions	As at June 30, 2018	DEPRECIATION			Carrying value	
				As at July 01, 2017	For the year	As at June 30, 2018	As at June 30, 2018	
				Rupees				
Leashold improvements	3,150,000	79,650	3,229,650	579,920	264,973	844,893	2,384,757	
Hospital operating equipment	2,487,011	3,273,901	5,760,912	411,761	534,915	946,676	4,814,236	10%
Computer and IT equipment	428,029	80,197	508,226	75,380	43,285	118,665	389,561	10%
Furniture and fixtures	1,026,336	225,385	1,251,721	183,618	106,810	290,428	961,293	10%
Electric appliances	1,753,118	29,200	1,782,318	212,938	156,938	369,876	1,412,442	10%
	8,844,494	3,688,333	12,532,827	1,463,617	1,106,921	2,570,538	9,962,289	

	Note	2019 Rupees	2018 Rupees
5 Intangible assets			
Carrying value at the beginning of the year			
Cost		148,000	148,000
Accumulated amortization		40,108	28,120
Net book value		<u>107,892</u>	<u>119,880</u>
Reconciliation for the year			
Opening book value		107,892	119,880
Amortization charge		10,789	11,988
Closing net book value		<u>97,103</u>	<u>107,892</u>
Book value at the end of the year			
Cost		148,000	148,000
Accumulated amortization		50,897	40,108
Net book value		<u>97,103</u>	<u>107,892</u>
Annual rate of amortization (%)		10%	10%
6 Inventory			
Pharmacy inventory		971,521	1,386,511
Zakat inventory		29,268	29,268
		<u>1,000,789</u>	<u>1,415,779</u>
7 Advances and other receivables			
Advances		131,869	73,369
Debtors		157,791	-
Income tax refund due from government		2,048	64,838
Other receivables		-	10,000
		<u>291,708</u>	<u>148,207</u>
8 Cash and bank balances			
Cash in hand		282,029	185,112
Cash at bank			
In current account		49,741	64,986
In deposit accounts	8.1	<u>1,391,789</u>	<u>96,812</u>
		<u>1,723,559</u>	<u>346,910</u>
8.1 These are subject to profit at the rate ranging from 4% to 8% per annum (2018: 4% to 7% per annum).			
9 Loan from directors	9.1	<u>10,100,000</u>	<u>7,600,000</u>
9.1 These are interest free loan provided for the operational expenses of the Organization, repayable at demand.			
10 Creditors, accrued and other liabilities			
Creditors		2,379,581	5,143,727
Accrued liabilities		974,977	1,191,942
Restricted funds received in advance		570,807	-
Withholding tax payable		2,075	24,822
Salary deducted from employees		499,572	474,050
		<u>4,427,012</u>	<u>6,834,541</u>
11 General fund			
Opening balance		(2,665,478)	(131,414)
Add: Surplus/ (Deficit) for the year		213,840	(2,534,064)
		<u>(2,451,638)</u>	<u>(2,665,478)</u>

	Note	2019 Rupees	2018 Rupees
12 Hospital Income			
Laboratory		7,691,642	6,631,850
Outpatient Department treatment		2,909,380	2,441,550
Eye clinic		148,641	-
Procedures		1,004,300	587,800
Pharmacy		6,790,283	6,875,691
		<u>18,544,246</u>	<u>16,536,891</u>
13 Donation and Zakat			
Donation from individuals		8,905,900	10,932,000
Donation others		481,500	-
Donation from Government of Khyber Pakhtunkhwa		-	2,000,000
		<u>9,387,400</u>	<u>12,932,000</u>
14 Direct cost			
Salaries and benefits		6,653,440	9,086,237
Cost of medicines sold	14.1	6,548,762	6,027,201
Commission		884,949	-
Laboratory and dental supplies		3,756,626	4,119,458
Consultants fee		180,750	344,809
Discount allowed		213,776	284,653
Advertisement		52,593	193,087
Official events		235,598	128,925
Insulin expenses		25,000	180,000
Medical camp expenses		648,197	11,577
Travelling and conveyance		126,979	102,360
Mess expenses		132,672	342,362
		<u>19,459,342</u>	<u>20,820,669</u>
14.1 Cost of medicines sold			
Opening inventory		971,521	1,206,839
Purchases during the year		6,548,762	6,206,873
Closing inventory	6	(971,521)	(1,386,511)
		<u>6,548,762</u>	<u>6,027,201</u>
15 Administrative expenses			
Salaries and other benefits		3,897,727	1,960,340
Rent expense		96,000	96,000
Travelling and conveyance		147,000	68,240
News paper, printing and stationery		495,899	472,062
Utilities		994,553	771,691
Communication charges		22,169	34,131
Petrouleum, oil and lubricants		140,284	62,046
Repair and maintenance cost		195,019	189,960
Mess expenses		273,921	228,242
Office supplies and other cost		511,870	228,385
Advertisement		35,062	128,724
Legal and professional charges		460,019	87,300
Security expenses		192,000	213,100
Auditor remuneration		100,000	60,000
Depreciation		1,072,731	1,106,921
Amortization		10,789	11,988
Bank charges		10,379	8,683
Miscellaneous expenses		35,000	89,231
		<u>8,690,422</u>	<u>5,817,044</u>

16 Related party transactions and balances

16.1 Related party transactions

Related party	Nature of transaction	Relation	2019 Rupees	2018 Rupees
Diabetes Association, Peshawar	Rent	Associated undertaking	96,000	96,000
Diabetes Association, Peshawar	Donation	Associated undertaking	-	180,000
Zia Ul Hasan	Donation	President	8,905,900	9,642,000
Zia Ul Hasan	Loan	President	2,500,000	1,500,000
			<u>11,501,900</u>	<u>11,418,000</u>

16.2 Related party balances

Zia Ul Hasan	Loan from Director	President	10,100,000	7,600,000
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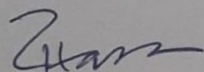
17 Provision for taxation

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

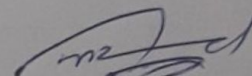
18 DATE OF AUTHORIZATION FOR ISSUE

These financial statements are approved by the Board of Directors on 31/10/2019.

19 Figures have been rounded off to the nearest Rupees.



PRESIDENT



GENERAL SECRETARY