

AIMS PAKISTAN  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS

London

We have audited the financial statements of AIMS Pakistan, which comprise the balance sheet as at 30 June 2020, the statement of profit or loss, the statement of cash flows and the statement of changes in equity, and the related disclosures, for the year ended 30 June 2020.

In our opinion, the financial statements give a true and fair view of the financial position of AIMS Pakistan as at 30 June 2020, of its performance for the year ended 30 June 2020, and of its cash flows for the year ended 30 June 2020, in accordance with the accounting policies applied by it.

Independent Auditor

The financial statements of AIMS Pakistan for the year ended 30 June 2020 have been prepared in accordance with the accounting policies applied by it, which are consistent with those applied in the previous year. The financial statements are prepared on a going concern basis. The financial statements are prepared on a going concern basis. The financial statements are prepared on a going concern basis.

**AIMS PAKISTAN**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**



**RSM Awaiz Hyder Liaquat Nauman**

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## **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, 2020, 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, 2020, 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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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.

Place: Peshawar

Date : October 30, 2020

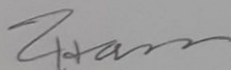
*RSM Avais Hyder Liaquat Nauman*  
**RSM Avais Hyder Liaquat Nauman**  
**Chartered Accountants**

Engagement Partner: *Muhammad Arif Saeed*  
**Muhammad Arif Saeed**  
**Chartered Accountant**

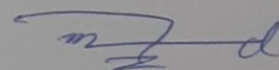
AIMS PAKISTAN  
STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property and equipment	4	11,281,509	8,962,215
Intangible assets	5	239,393	97,103
		11,520,902	9,059,318
<b>CURRENT ASSETS</b>			
Inventory	6	1,351,227	1,000,789
Advances and other receivables	7	601,961	291,708
Cash and bank balances	8	1,747,173	1,723,559
		3,700,361	3,016,056
		<u>15,221,263</u>	<u>12,075,374</u>
<b>FUNDS AND LIABILITIES</b>			
<b>GENERAL FUND</b>	11	(910,038)	(2,451,638)
<b>CURRENT LIABILITIES</b>			
Loan from Director	9	10,100,000	10,100,000
Creditors, accrued and other liabilities	10	6,031,301	4,427,012
		16,131,301	14,527,012
		<u>15,221,263</u>	<u>12,075,374</u>

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



PRESIDENT



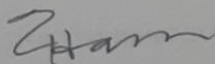
GENERAL SECRETARY

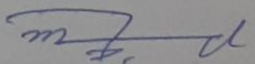


**AIMS PAKISTAN**  
**INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Note	2020 Rupees	2019 Rupees
<b>INCOME</b>			
Hospital income	12	17,235,628	18,544,246
Donation and zakat	13	18,103,816	9,387,400
Others		89,759	754,104
		<u>35,429,203</u>	<u>28,685,750</u>
Less: Zakat patients		<u>(3,958,920)</u>	<u>(322,146)</u>
		<u>31,470,283</u>	<u>28,363,604</u>
<b>EXPENDITURE</b>			
Direct cost	14	22,643,672	19,459,342
Administrative expenses	15	7,285,010	8,690,422
		<u>29,928,682</u>	<u>28,149,764</u>
Surplus for the year		<u>1,541,601</u>	<u>213,840</u>
Provision for taxation	17	-	-
Net surplus for the year		<u><u>1,541,601</u></u>	<u><u>213,840</u></u>

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

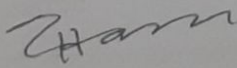
  
**PRESIDENT**

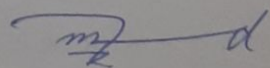
  
**GENERAL SECRETARY**

**AIMS PAKISTAN**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	2020 Rupees	2019 Rupees
<b>a) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Surplus for the year	1,541,601	213,840
Adjustment for non-cash items		
Depreciation	1,046,161	1,072,731
Amortization	17,710	10,789
Gain on disposal	-	(249,575)
Cash flow before working capital changes	<u>2,605,472</u>	<u>1,047,785</u>
Working capital changes		
Decrease/(increase) in current assets:		
Inventory	(350,438)	414,990
Advances and other receivables	(310,253)	(143,501)
(Decrease)/increase in current liabilities		
Creditors, accrued and other liabilities	1,604,288	(2,407,529)
Tax paid	943,597	(2,136,040)
	-	(212,014)
	<u>943,597</u>	<u>(2,348,054)</u>
Net cash generated from operating activities	<u>3,549,069</u>	<u>(1,300,269)</u>
<b>b) CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Additions in property and equipment	(3,365,455)	(1,313,082)
Intangible assets acquired	(160,000)	
Sale proceed from property and equipment	-	1,490,000
Net cash generated from/(used in) investing activities	<u>(3,525,455)</u>	<u>176,918</u>
<b>c) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Loan from President	-	2,500,000
Net cash generated from financing activities	<u>-</u>	<u>2,500,000</u>
Net increase in cash and cash equivalent (a+b+c)	23,614	1,376,649
Cash and cash equivalent at the beginning of the year	1,723,559	346,910
Cash and cash equivalent at the end of the year	<u>1,747,173</u>	<u>1,723,559</u>

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, 2020**

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**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 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.

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 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

2020										
PARTICULARS	COST				DEPRECIATION				Carrying value	RATE
	As at July 01, 2019	Additions	Disposals	As at June 30, 2020	As at July 01, 2019	For the year	Adjustment for the year	As at June 30, 2020	As at June 30, 2020	
-----Rupees-----										
Leashold improvements	4,136,892	1,289,116		5,426,008	1,166,533	355,262	-	1,521,795	3,904,213	10%
Hospital operating equipment	4,520,912	1,595,700		6,116,612	1,165,833	402,796	-	1,568,629	4,547,983	10%
Computer and IT equipment	527,226	249,539		776,765	158,896	48,793	-	207,689	569,076	10%
Furniture and fixtures	1,333,521	46,800		1,380,321	389,106	98,751	-	487,857	892,464	10%
Electric appliances	1,837,358	144,300		1,981,658	513,326	137,892	-	651,218	1,330,440	10%
Vehicle	-	40,000		40,000	-	2,667	-	2,667	37,333	10%
	12,355,909	3,365,455	-	15,721,364	3,393,694	1,046,161	-	4,439,855	11,281,509	
-----Rupees-----										
2019										
PARTICULARS	COST				DEPRECIATION				Carrying value	RATE
	As at July 01, 2018	Additions	Disposals	As at June 30, 2019	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	10%
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	



	Note	2020 Rupees	2019 Rupees
<b>5 Intangible assets</b>			
Cost	5.1	308,000	148,000
Accumulated amortization	5.2	(68,607)	(50,897)
Net book value		<u>239,393</u>	<u>97,103</u>
5.1 Opening cost		148,000	148,000
Acquired during the year		160,000	-
Total cost		<u>308,000</u>	<u>148,000</u>
5.2 Opening amortization		50,897	40,108
Amortized for the year		17,710	10,789
Accumulated amortization		<u>68,607</u>	<u>50,897</u>
		10%	10%
<b>6 Inventory</b>			
Pharmacy inventory		1,102,105	971,521
Zakat inventory		249,122	29,268
		<u>1,351,227</u>	<u>1,000,789</u>
<b>7 Advances and other receivables</b>			
Advances		394,220	131,869
Debtors		181,312	157,791
Income tax refund due from government		26,429	2,048
		<u>601,961</u>	<u>291,708</u>
<b>8 Cash and bank balances</b>			
Cash in hand		18,105	282,029
Cash at bank			
In current account		49,741	49,741
In deposit accounts	8.1	1,679,327	1,391,789
		<u>1,747,173</u>	<u>1,723,559</u>
8.1 These are subject to profit at the rate ranging from 4% to 8% per annum (2019: 4% to 7% per annum).			
<b>9 Loan from directors</b>	9.1	<u>10,100,000</u>	<u>10,100,000</u>
9.1 These are interest free loan provided for the operational expenses of the Organization,			
<b>10 Creditors, accrued and other liabilities</b>			
Creditors		1,017,535	2,379,581
Account Payables		2,254,500	-
Accrued liabilities		598,000	974,977
Restricted funds received in advance		1,530,383	570,807
Withholding tax payable		187,087	2,075
Salary deducted from employees		443,796	499,572
		<u>6,031,301</u>	<u>4,427,012</u>
<b>11 General fund</b>	Note	2020 Rupees	2019 Rupees
Opening balance		(2,451,638)	(2,665,478)
Add: Surplus for the year		1,541,601	213,840
		<u>(910,038)</u>	<u>(2,451,638)</u>

		2020 Rupees	2019 Rupees
<b>12 Hospital Income</b>			
Laboratory		7,875,790	7,691,642
Outpatient Department treatment		2,702,300	2,909,380
Eye clinic		20,734	148,641
Procedures		1,208,700	1,004,300
Pharmacy		5,428,104	6,790,283
		<u>17,235,628</u>	<u>18,544,246</u>
<b>13 Donation and Zakat</b>			
Donation from individuals		16,053,816	8,905,900
Donation others		50,000	481,500
Donation from Government of Khyber Pakhtunkhwa		2,000,000	-
		<u>18,103,816</u>	<u>9,387,400</u>
<b>14 Direct cost</b>			
Salaries and benefits		7,758,678	6,653,440
Cost of medicines sold	14.1	7,808,794	6,548,762
Consultants Shares		1,686,299	884,949
Laboratory and dental supplies		4,038,340	3,756,626
Consultants fee		99,700	180,750
Discount allowed		447,506	213,776
Advertisement		27,698	52,593
Official events		223,281	235,598
Insulin expenses		10,000	25,000
Medical camp expenses		262,028	648,197
Travelling and conveyance		121,311	126,979
Mess expenses		160,037	132,672
		<u>22,643,672</u>	<u>19,459,342</u>
<b>14.1 Cost of medicines sold</b>			
Opening inventory		971,521	1,386,511
Purchases during the year		7,939,378	6,133,772
Closing inventory	6	(1,102,105)	(971,521)
		<u>7,808,794</u>	<u>6,548,762</u>
<b>15 Administrative expenses</b>			
Salaries and other benefits		1,933,449	3,897,727
Rent expense		96,000	96,000
Travelling and conveyance		155,387	147,000
News paper, printing and stationery		536,756	495,899
Utilities		937,324	994,553
Communication charges		81,577	22,169
Petrouleum, oil and lubricants		233,668	140,284
Repair and maintenance cost		413,238	195,019
Mess expenses		252,714	273,921
Office supplies and other cost		1,113,606	511,870
Advertisement		30,469	35,062
Legal and professional charges		202,770	460,019
Security expenses		37,600	192,000
Auditor remuneration		100,000	100,000
Depreciation	4	1,046,161	1,072,731
Amortization		17,710	10,789
Bank charges		3,758	10,379
Miscellaneous expenses		92,824	35,000
		<u>7,285,010</u>	<u>8,690,422</u>



## 16 Related party transactions and balances

### 16.1 Related party transactions

Related party	Nature of transaction	Relation		
Diabetes Association, Peshawar	Rent	Associated undertaking	96,000	96,000
Zia Ul Hasan	Donation	President	11,227,000	8,905,900
Zia Ul Hasan	Loan	President	-	2,500,000
			<u>11,323,000</u>	<u>11,501,900</u>

### 16.2 Related party balances

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

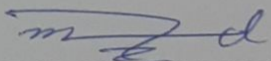
The Organization has obtained temporary exemption from taxation from the Income Tax Authorities for the year. Hence no provision has been made for taxation has been made.

## 18 Date of authorization for issue

These financial statements are approved by the Board of Directors on 30/10/2020.

## 19 Figures have been rounded off to the

  
PRESIDENT

  
GENERAL SECRETARY