

**AIMS PAKISTAN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING





RSM Avais Hyder Liaquat Nauman
Chartered Accountants

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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, 2022, 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, 2022, 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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Other Offices at
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RSM Avais Hyder Liaquat Nauman is 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.

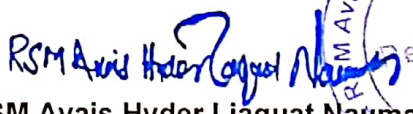
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern.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

Place: Peshawar

Date: December 26, 2022

UDIN: AR202210513GjUsyfNw1


RSM Avais Hyder Liaquat Nauman
Chartered Accountants
Engagement Partner: Muhammad Arif Saeed



AIMS PAKISTAN
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment	4	28,344,500	12,839,578
Intangible assets	5	193,909	215,454
		28,538,409	13,055,032
CURRENT ASSETS			
Inventory	6	3,145,349	1,306,266
Advances and other receivables	7	6,704,363	572,266
Cash and bank balances	8	12,293,050	4,366,007
		22,142,762	6,244,539
TOTAL ASSETS		<u>50,681,171</u>	<u>19,299,571</u>
FUND AND LIABILITIES			
General fund	9	24,676,610	13,178,646
NON CURRENT LIABILITIES			
Deferred grant	10	16,535,382	1,067,534
CURRENT LIABILITIES			
Creditors, accrued and other liabilities	11	9,469,178	5,053,391
TOTAL FUND AND LIABILITIES		<u>50,681,171</u>	<u>19,299,571</u>

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



PRESIDENT



GENERAL SECRETARY

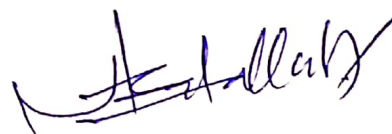
AIMS PAKISTAN
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
INCOME			
Hospital income	13	32,874,295	24,258,633
Donation and zakat	14	17,260,881	29,123,871
Others	15	321,083	431,899
Amortization of deferred grant		9,832,734	
		<u>60,288,993</u>	<u>53,814,403</u>
Less: Zakat patients		<u>(1,039,680)</u>	<u>(5,376,505)</u>
		<u>59,249,313</u>	<u>48,437,898</u>
EXPENDITURE			
Direct cost	16	33,161,405	22,839,499
Administrative expenses	17	14,589,944	11,509,715
		<u>47,751,349</u>	<u>34,349,214</u>
Surplus for the year before tax		<u>11,497,964</u>	<u>14,088,684</u>
Provision for taxation	19	-	-
Net surplus for the year		<u><u>11,497,964</u></u>	<u><u>14,088,684</u></u>

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



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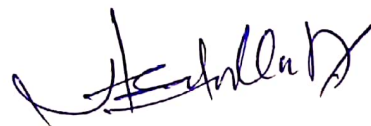
AIMS PAKISTAN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	2022 Rupees	2021 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year before tax	11,497,964	14,088,684
Adjustment for:		
Depreciation	2,542,947	1,346,143
Amortization of intangible assets	21,545	23,939
Loan waiver by director	-	(10,100,000)
Fixed assets adjustment	-	(267,037)
Operating surplus before working capital changes	14,062,456	5,091,729
Working capital changes:		
Decrease / (increase) in current assets		
Inventory	(1,839,083)	44,961
Advances and other receivables	(6,132,097)	29,695
Increase / (decrease) in current liabilities		
Creditors, accrued and other liabilities	4,415,787	552,473
	(3,555,393)	627,129
Net cash generated from operations	10,507,064	5,718,858
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(18,047,869)	(2,637,175)
Deferred grant	15,467,848	(462,849)
Net cash used in investing activities	(2,580,021)	(3,100,024)
Net increase in cash and cash equivalents	7,927,043	2,618,834
Cash and cash equivalents at the beginning of the year	4,366,007	1,747,173
Cash and cash equivalents at the end of the year	12,293,050	4,366,007

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, pursuing public private partnership for optimizing the use of available government facilities and capacity building of youth are its other areas of interests.

2 Basis of preparation

2.1 Statement of compliance

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

2.2 Accounting convention

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

2.3 Functional and presentation currency

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

3 Summary of significant accounting policies

3.1 Property and equipment

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

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

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

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

3.2 Intangible assets

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

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

3.9 Provision for taxation

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

3.10 Foreign currency transactions and translation

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

3.11 Financial instruments

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

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

3.12 Offsetting of financial asset and financial liability

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

4 Property and equipment

Operating assets	4.1	27,867,030	12,839,578
Capital work in progress		477,470	-
		<u>28,344,500</u>	<u>12,839,578</u>

4.1 Operating assets

PARTICULARS	2022							
	COST			DEPRECIATION			NET BOOK VALUE	RATE
	As at July 01, 2021	Addition	As at June 30, 2022	As at July 01, 2021	For the year	As at June 30, 2022	As at June 30, 2022	%
-----Rupees-----								
Leasehold improvements	4,327,650	3,649,330	7,976,980	1,600,659	493,819	2,094,478	5,882,502	10
Hospital operating equipment	9,779,853	13,244,256	23,024,109	2,495,486	1,678,081	4,173,567	18,850,542	10
Computer and IT equipment	1,354,805	137,700	1,492,505	326,486	110,983	437,469	1,055,036	10
Furniture and fixtures	958,815	219,753	1,178,568	395,607	102,482	498,089	680,479	10
Electric appliances	1,887,718	319,360	2,207,078	684,625	153,849	838,474	1,368,604	10
Vehicle	40,000	-	40,000	6,400	3,733	10,133	29,867	10
	<u>18,348,841</u>	<u>17,570,399</u>	<u>35,919,240</u>	<u>5,509,263</u>	<u>2,542,947</u>	<u>8,052,210</u>	<u>27,867,030</u>	

PARTICULARS	2021									
	COST				DEPRECIATION				NET BOOK VALUE	RATE
	As at July 01, 2020	Addition	Adjustment	As at June 30, 2021	As at July 01, 2020	For the year	Adjustment	As at June 30, 2021	As at June 30, 2021	%
-----Rupees-----										
Leasehold improvements	5,426,008	1,680,000	(2,778,358)	4,327,650	1,521,795	558,421	(479,557)	1,600,659	2,726,991	10
Hospital operating equipment	6,116,612	209,000	3,454,241	9,779,853	1,568,629	475,698	451,159	2,495,486	7,284,367	10
Computer and IT equipment	776,765	640,725	(62,685)	1,354,805	207,689	81,704	37,093	326,486	1,028,319	10
Furniture and fixtures	1,380,321	25,400	(446,906)	958,815	487,857	90,249	(182,499)	395,607	563,208	10
Electric appliances	1,981,658	82,050	(175,990)	1,887,718	651,218	136,338	(102,931)	684,625	1,203,093	10
Vehicle	40,000	-	-	40,000	2,667	3,733	-	6,400	33,600	10
	<u>15,721,364</u>	<u>2,637,175</u>	<u>(9,698)</u>	<u>18,348,841</u>	<u>4,439,855</u>	<u>1,346,143</u>	<u>(276,735)</u>	<u>5,509,263</u>	<u>12,839,578</u>	

	Note	2022 Rupees	2021 Rupees
5 Intangible assets			
Cost	5.1	308,000	308,000
Accumulated amortization	5.2	(114,091)	(92,546)
Net book value		<u>193,909</u>	<u>215,454</u>
5.1 Opening cost		308,000	308,000
Acquired during the year		-	-
Total cost		<u>308,000</u>	<u>308,000</u>
5.2 Opening amortization		92,546	68,607
Amortization charged for the year		21,545	23,939
Accumulated amortization		<u>114,091</u>	<u>92,546</u>
		10%	10%
6 Inventory			
Pharmacy inventory		2,120,988	1,080,737
Lab Inventory		898,662	83,090
Zakat inventory		125,699	142,439
		<u>3,145,349</u>	<u>1,306,266</u>
7 Advances and other receivables			
Advances		3,272,279	173,738
Debtors-Considered good		3,087,310	185,925
Income tax refund due from government		344,774	212,603
		<u>6,704,363</u>	<u>572,266</u>
8 Cash and bank balances			
Cash in hand		321,466	25,710
Cash at bank:			
In current account		-	-
In deposit accounts	8.1	11,971,584	4,340,297
		<u>12,293,050</u>	<u>4,366,007</u>

8.1 These are subject to profit at the rate ranging from 6% to 10% per annum (2021: 3.8% to 7.9% per annum).

	Note	2022 Rupees	2021 Rupees
9 General fund			
Opening balance		13,178,646	(910,038)
Add: Surplus for the year		11,497,964	14,088,684
		<u>24,676,610</u>	<u>13,178,646</u>
10 Deferred grant			
Government zakat fund		-	8,351
AIMS zakat fund		17,262,541	1,059,183
Civil works		739,700	-
Foot care		8,298,075	-
Sponsored camps		67,800	-
		26,368,116	1,067,534
Less: Expenses incurred during the year		(9,832,734)	-
Closing balance		<u>16,535,382</u>	<u>1,067,534</u>
11 Creditors, accrued and other liabilities			
Creditors		4,395,397	2,919,468
Accounts payable		2,001,500	20,900
Accrued liabilities		1,561,454	1,347,406
Withholding tax payable		876,036	253,158
Security payable		634,791	512,459
		<u>9,469,178</u>	<u>5,053,391</u>

	Note	2022 Rupees	2021 Rupees
13 Hospital Income			
Laboratory		8,057,553	7,857,760
Out Patient Department treatment		4,397,150	4,306,171
Procedures		1,927,653	789,650
Pharmacy		18,491,939	11,305,052
		<u>32,874,295</u>	<u>24,258,633</u>
14 Donation and Zakat			
Donation from individuals		2,200,000	12,797,264
Donation others		4,085,090	5,234,958
Donation from Director	14.1	7,777,301	10,100,000
Donation from US-AIMS		3,198,490	-
Donation from Government of Khyber Pakhtunkhwa		-	991,649
		<u>17,260,881</u>	<u>29,123,871</u>
15 Other income			
Bank profit		168,656	63,207
Other income		152,427	101,655
Fixed assets adjustment		-	267,037
		<u>321,083</u>	<u>431,899</u>
16 Direct cost			
Salaries and benefits		11,185,556	4,933,668
Cost of medicines sold	16.1	14,017,294	10,905,393
Consultants Shares		2,737,027	1,750,467
Laboratory and dental supplies		3,600,571	3,531,288
Discount allowed		21,150	1,061,936
Official events		217,159	28,716
Medical camp expenses		1,382,398	595,271
Travelling and conveyance		250	32,760
		<u>33,161,405</u>	<u>22,839,499</u>
16.1 Cost of medicines sold			
Opening inventory		1,223,176	1,102,105
Purchases during the year		15,040,805	11,026,464
Closing inventory	6	<u>(2,246,687)</u>	<u>(1,223,176)</u>
		<u>14,017,294</u>	<u>10,905,393</u>
17 Administrative expenses			
Salaries and other benefits		5,203,873	4,771,979
Rent expense		280,000	144,000
Travelling and conveyance		99,830	206,860
News paper, printing and stationery		906,610	532,840
Utilities		1,420,708	1,236,030
Communication charges		104,455	49,086
Petroleum, oil and lubricants		249,778	365,585
Repair and maintenance cost		856,611	663,632
Mess expenses		716,224	139,200
Office supplies and other cost		312,217	893,223
Advertisement		298,640	445,883
Legal and professional charges		973,500	158,330
Bad debts		-	257,336
Auditor remuneration		110,000	100,000
Depreciation	4	2,542,947	1,346,143
Amortization	5	21,545	23,939
Bank charges		2,975	5,194
Miscellaneous expenses		490,031	170,455
		<u>14,589,944</u>	<u>11,509,715</u>

2022
Rupees

2021
Rupees

18 Related party transactions and balances

18.1 Related party transactions

Name of related party	Nature of transactions	Basis of relationship	2022 Rupees	2021 Rupees
Zia Ul Hasan	Donation	President	7,777,301	17,180,500
			<u>7,777,301</u>	<u>17,180,500</u>

19 Provision for taxation

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

20 Date of authorization for issue

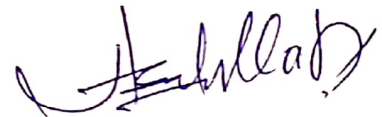
These financial statements have been authorised for issue by the Board of Directors of the Organization on 26/12/2022.

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.



PRESIDENT



GENERAL SECRETARY