

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF TRUSTEES OF DR. A.Q. KHAN HOSPITAL TRUST

Opinion

We have audited the financial statements of **DR. A.Q. KHAN HOSPITAL TRUST** (the "Trust") which comprise the statement of financial positions at June 30, 2022 and the statement of income or expenditure, the statement of changes in equity 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 and to the best of our information and according to the explanations given to us, except for effects of matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of **DR. A.Q. KHAN HOSPITAL TRUST** as at June 30, 2022, 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 for Qualified Opinion

As explained in note 11.1 of the accompanying financial statements, we were unable to obtain sufficient, appropriate audit evidence due to refusal of banks to provide balance confirmation in absence of a court order. Consequently, an aggregate and material bank remained unconfirmed. Therefore, we were unable to assess the completeness / accuracy of the referred assets.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Trust 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.

Emphasis of Matter Paragraph

We draw attention to Note 13 of the financial statements which indicates that the bank accounts of Dr. AQ Khan Hospital Trust were frozen due to ongoing litigation.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters and our opinion is not modified in this respect.

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

The Board of Governors are 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 Governors determine 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, Board of Governors are responsible for assessing the Trust'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 Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust'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 Auditors' 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 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 Trust'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 Trust's 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 Auditors' report. However, future events or conditions may cause the Trust's 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.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Rashid Khan, FCA.


NAUMAN JAVED HASNAIN RASHID
CHARTERED ACCOUNTANTS
PLACE: Lahore
DATE: 11-01-2024
UDIN: AR202210369YXtZIOcvs

DR. A.Q. KHAN HOSPITAL TRUST
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	2022 Rupees	2021 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	6	141,502,754	80,538,179
Capital work in progress	7	416,216,293	397,674,310
Intangible assets	8	321,178	401,472
Long term investment		-	-
		558,040,225	478,613,962
Current assets			
Inventory	9	1,853,025	2,532,630
Advances, deposits, and prepayments	10	13,479,187	14,349,009
Cash and bank balances	11	401,804,510	310,299,697
		417,136,723	327,181,336
Total Assets		975,176,948	805,795,298
LIABILITIES			
Current Liabilities			
Trade and other payables	12	28,183,977	16,306,351
Total Liabilities		28,183,977	16,306,351
FUNDS			
Unrestricted			
General fund		355,941,871	354,486,443
Restricted			
Funds for construction		591,051,100	435,002,505
Total funds		946,992,971	789,488,948
Contingencies and Commitments	13	-	-
Total Liabilities and Funds		975,176,948	805,795,298

The annexed notes from 1 to 28 form an integral part of these accounts.



Chairman



General Secretary



Finance Secretary

**DR. A.Q. KHAN HOSPITAL TRUST
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2022**

Note	2022		2021	
	Unrestricted General fund	Restricted Construction fund	Unrestricted General fund	Restricted Construction fund
	Rupees		Rupees	
INCOME				
14	16,658,797	-	14,946,807	-
15	105,203,946	156,048,595	135,304,809	169,401,215
	121,862,743	156,048,595	150,251,616	169,401,215
				319,652,830
EXPENSES				
16	60,683,434	-	79,903,118	-
17	25,147,057	-	22,029,192	-
18	35,475,342	-	27,021,516	-
	-	-	-	-
	121,305,833	-	128,953,826	-
20	913,596	-	(136,661)	-
21	(15,078)	(15,078)	(121,569)	(121,569)
Surplus for the year	1,455,429	156,048,595	21,039,560	169,401,215
				190,440,774

The annexed notes from 1 to 28 form an integral part of these accounts.



Chairman



General Secretary



Finance Secretary

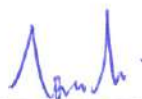
**DR. A.Q. KHAN HOSPITAL TRUST
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 30 JUNE 2022**

	<u>Unrestricted</u> <u>General fund</u>	<u>Restricted</u> <u>Construction fund</u>	<u>Total</u>
	-----Rupees-----		
Balance as at June 30, 2019	<u>323,637,164</u>	<u>199,725,380</u>	<u>523,362,544</u>
Surplus for the year	9,809,719	65,875,910	75,685,629
Other comprehensive income	-	-	-
Total comprehensive income	9,809,719	65,875,910	75,685,629
Balance as at June 30, 2020	<u>333,446,883</u>	<u>265,601,290</u>	<u>599,048,173</u>
Surplus for the year	21,039,560	169,401,215	190,440,775
Other comprehensive income	-	-	-
Total comprehensive income	21,039,560	169,401,215	190,440,775
Balance as at June 30, 2021	<u>354,486,443</u>	<u>435,002,505</u>	<u>789,488,948</u>
Surplus for the year	1,455,429	156,048,595	157,504,024
Other comprehensive income	-	-	-
Total comprehensive income	1,455,429	156,048,595	157,504,024
Balance as at June 30, 2022	<u>355,941,871</u>	<u>591,051,100</u>	<u>946,992,971</u>

The annexed notes from 1 to 28 form an integral part of these accounts.



Chairman



General Secretary



Finance Secretary

**DR. A.Q. KHAN HOSPITAL TRUST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022**

	Note	2022 Rupees	2021 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Surplus for the year		157,504,023	190,440,774
Adjustment for non-cash items			
Depreciation	6.1	12,050,107	11,772,823
Donation in kind	15	(1,520,340)	(12,143,702)
Medicines consumed received in kind	16.1	1,520,340	12,007,041
Exchange (gain) / loss	20	(913,596)	136,661
Amortization on intangibles	8	80,294	100,368
Finance cost	21	15,078	121,569
		<u>11,231,884</u>	<u>11,994,760</u>
Operating profit before working capital changes		168,735,906	202,435,534
Working capital changes			
Inventory	9	679,605	(185,585)
Advances, deposits, and prepayments	10	869,821	4,501,005
Trade and other payables	12	11,877,626	(11,332,723)
		<u>13,427,052</u>	<u>(7,017,303)</u>
Cash generated from operations		182,162,958	195,418,231
Finance cost paid	21	(15,078)	(121,569)
Net cash from operating activities		<u>182,147,880</u>	<u>195,296,663</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets	6.1	(73,014,681)	(24,117,883)
Intangible assets		-	-
Proceeds from disposal of PPE		-	14,827
Capital expenditure	7	(18,541,983)	(43,301,262)
Exchange (gain) / loss		913,596	
Net cash used in investing activities		<u>(90,643,068)</u>	<u>(67,404,318)</u>
Net increase/(decrease) in cash & cash equivalents		<u>91,504,812</u>	<u>127,892,345</u>
Cash and cash equivalents at the beginning of year		310,299,698	182,407,352
Cash and cash equivalents at the end of year		<u><u>401,804,510</u></u>	<u><u>310,299,697</u></u>

The annexed notes from 1 to 28 form an integral part of these accounts.



Chairman



General Secretary



Finance Secretary

DR. A.Q. KHAN HOSPITAL TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

1 The trust, operations and registered office

Dr. A.Q. Khan Hospital Trust is formed by Doctor Abdul Qadeer Khan (Mohsin-e-Pakistan) and his associate personnel registered under Trust Act 1882, on October 29, 2013. Dr. A.Q. Khan Hospital Trust is providing services of health and awareness for poor and underprivileged people of Pakistan. Dr. A.Q.Khan Hospital is located at 78 Maulana Ahmed Ali Road near Minar-e-Pakistan, Lahore. It is a 300 bed hospital. The Trust's registered office is situated at 18-K, Model Town, Lahore.

2 Statement of compliance and Basis of preparation

2.1 Statement of compliance

These accounts 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 Medium-Sized Entities issued by the Institute of Chartered Accountants of Pakistan and provisions

2.2 Basis of preparation

The financial statements have been prepared under the "historical cost" convention. Except for the cash flow statement, all transactions in these financial statements have been accounted for on accrual basis.

3 Significant accounting estimates and judgments

The preparation of financial statements in conformity with Accounting and Financial Reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and related 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 the carrying values of assets and liabilities that are not readily apparent from other sources, actual results may differ from the estimates. The estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the period in which such revisions are made and in any future periods affected.

The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in applications of accounting policies are as follows:

- Useful life of property, plant and equipment
- Provisions for doubtful debts
- Provisions for slow moving inventories
- Taxation

4 Change in accounting policy

In accordance with the guidelines issued by The Institute of Chartered Accountants of Pakistan for "ACCOUNTING AND FINANCIAL REPORTING BY NON-PROFIT ORGANISATIONS (NPOs)", Trust has changed its accounting policy regarding classification of funds collected or received from general public to give more reliable and relevant information to the donors and other stakeholders. The funds are in the following two categories:-

- General fund unrestricted
- Construction fund restricted

Effect of change is as follows:

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DR. A.Q. KHAN HOSPITAL TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

Note	2022 Rupees	2021 Rupees
Unrestricted fund		
General fund	105,203,946	135,304,809
Restricted fund		
Construction fund	156,048,595	169,401,215
	261,252,541	304,706,024

5 Summary of significant accounting policies

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year.

5.1 Property, plant and equipment

Owned operating assets

Fixed assets are stated at cost less accumulated depreciation and any identified impairment loss except freehold

land which is stated at cost. Cost includes expenditure that are directly attributable to the acquisition of the item.

Depreciation is recognized in Income and Expenditure by applying reducing balance method over the useful life of each item of fixed asset, using the rates specified in note 6 to the accounts. The asset's residual values, depreciation method and useful lives are reviewed, at each year end and adjusted if impact on depreciation is significant.

Depreciation on additions to fixed asset is charged from the month in which the item becomes available for use.

Depreciation is discontinued for the month in which it is disposed off or classified as held for disposal.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will to the Trust and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred.

Normal repairs and maintenance is charged to profit and loss account as and when incurred, while major renewals and replacements are capitalized if it is probable that the respective future economic benefits will flow to the Company and the cost of the item can be measured reliably, and assets so replaced, if any, are retired."

Profit or loss on disposal of operating fixed assets is included to current year's income.

5.2 Intangible assets

The Hospital reviews appropriateness of amortization, useful life and residual values used for recording the amortization of the Hospital's intangibles on annual basis Further, where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis.

5.3 Capital work in progress

Capital work in progress is stated at cost less identified impairment loss, if any and includes the expenditures on material, labour and appropriate overheads directly relating to the construction, erection or installation of an item of hospital building. These costs are transferred to property, plant and equipment as and when related items become available for intended use.

DR. A.Q. KHAN HOSPITAL TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

5.4 Inventory

Inventories comprise medicines, consumables and general supplies such as surgical supplies, stationery, grocery items, etc. These are valued at cost. Cost is determined on First In First Out (FIFO) basis. Cost comprises the purchase cost and other related costs incurred in bringing the inventories to their present location and condition. Donated inventories are carried at a valuation equivalent to the cost, which would have been incurred in bringing such inventories to their present location and condition had these inventories been purchased. Provision is made for slow moving and expired stock where necessary.

5.5 Taxation

The Hospital is exempt from income tax under section 100 C clause 66 Part I of the Second Schedule of the Income Tax Ordinance 2001. Consequently no provision for taxation has been made in these financial statements.

5.6 Provisions

A provision is recognized when the Company has a present, legal or constructive obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation of which reliable estimate can be made.

5.7 Functional Currency

All monetary assets and liabilities in foreign currency are translated into Pakistan rupees at the rates of exchange prevailing on the balance sheet date, while the transaction in foreign currency during the year are initially recorded in functional currency at the rates of exchange prevailing at the transactions date.

5.8 Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

5.9 Offsetting of financial assets with financial liabilities

All the financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognized when the company loses control of the contractual rights that comprise the financial asset. Financial liabilities are de-recognized when they are extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expired.

5.10 Advances, deposits, prepayments and other receivables

Advances, deposits, prepayments and other receivables are recognized and carried at original invoice amount less an allowance for any uncollectible amount. Carrying amount of advances and receivables are assessed on a regular basis.

5.11 Creditors, accrued and other Liabilities

Creditors, accrued and other liabilities are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the trust.

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**DR. A.Q. KHAN HOSPITAL TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

5.12 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, cash at bank in current account, deposit accounts and foreign currency accounts.

5.13 Dividend Income

Dividend income is recognized when the Trust's right to receive payment has been established and is recognized in Statement of Income and Expenditure and included in other income.

5.14 Revenue recognition

Donations are recognized when they are received in cash or deposited in banks. Donations received in kind are measured at the market value prevailing at the time of the transaction.

5.14.1 Unrestricted/General fund

Funds received as donations without any direct request being made, or without any defined terms and conditions being laid down with regard to utilisation, are unrestricted. In such circumstances, there will be an unwritten agreement, that the funds will be utilised within the objectives of the Trust.

5.14.2 Restricted fund

Construction fund

Donations received from general public under construction fund are recognized on receipt basis and are used for construction of new hospital building located at 78 Maulana Ahmed Ali Road near Minar-e-Pakistan, Lahore.

Deferred capital grant is recognized as income to match depreciation and amortisation provided during the year on the related capital assets.

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DR. A.Q. KHAN HOSPITAL TRUST
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2022

6.1 Operating fixed assets schedule

Particulars	Building on free-hold land	Land	Furniture & Fixture	Vehicles	Computers	Electric Appliances	Medical Equipment	Total
Cost								
Balance as at July 01, 2017	53,357,874	-	1,812,488	37,000	3,050,086	1,278,338	22,295,857	81,831,643
Additions	9,022,100	-	75,430	3,383,227	463,300	1,755,565	2,664,000	17,363,622
Disposals	-	-	-	-	-	-	-	-
Balance as at June 30, 2018	62,379,974	-	1,887,918	3,420,227	3,513,386	3,033,903	24,959,857	99,195,265
Balance as at July 01, 2018	62,379,974	-	1,887,918	3,420,227	3,513,386	3,033,903	24,959,857	99,195,265
Additions	11,095,000	-	50,500	790,000	192,607	368,125	64,170	12,560,402
Disposals	(18,428,801)	-	-	-	-	-	-	(18,428,801)
Balance as at June 30, 2019	55,046,173	-	1,938,418	4,210,227	3,705,993	3,402,028	25,024,027	93,326,866
Balance as at July 01, 2019	55,046,173	-	1,938,418	4,210,227	3,705,993	3,402,028	25,024,027	93,326,866
Additions	10,000,000	-	208,300	-	223,765	1,144,039	1,827,212	13,403,316
Disposals	-	-	-	-	-	-	-	-
Balance as at June 30, 2020	65,046,173	-	2,146,718	4,210,227	3,929,758	4,546,067	26,851,239	106,730,182
Balance as at July 01, 2020	65,046,173	-	2,146,718	4,210,227	3,929,758	4,546,067	26,851,239	106,730,182
Additions	3,400,000	17,665,900	223,400	-	618,150	2,133,431	77,002	24,117,883
Disposals	-	-	-	-	-	(31,000)	-	(31,000)
Balance as at June 30, 2021	68,446,173	17,665,900	2,370,118	4,210,227	4,547,908	6,648,498	26,928,241	130,817,065
Balance as at July 01, 2021	68,446,173	17,665,900	2,370,118	4,210,227	4,547,908	6,648,498	26,928,241	130,817,065
Additions	-	72,313,280	-	-	96,500	604,901	-	73,014,681
Disposals	-	-	-	-	-	-	-	-
Balance as at June 30, 2022	68,446,173	89,979,180	2,370,118	4,210,227	4,644,408	7,253,399	26,928,241	203,831,746
Balance as at July 01, 2017	7,125,334	-	424,543	19,949	980,216	345,149	2,139,237	11,034,428
On opening	4,623,254	-	138,795	1,705	413,974	186,638	2,015,662	7,380,027
Additions	526,289	-	5,934	258,415	54,972	331,215	62,075	1,238,900
Disposals	-	-	-	-	-	-	-	-
Balance as at June 30, 2018	12,274,878	-	569,271	280,069	1,449,162	863,002	4,216,974	19,653,355

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Balance as at July 01, 2018	12,274,878	569,271	280,069	1,449,162	863,002	4,216,974	19,653,355
On opening	6,237,997	188,792	342,023	702,677	606,781	2,495,986	10,574,255
Additions	1,109,500	5,050	79,000	38,521	73,625	6,417	1,312,113
Disposals	(3,690,507)	-	-	-	-	-	(3,690,507)
Balance as at June 30, 2019	15,931,868	763,113	701,092	2,190,360	1,543,408	6,719,377	27,849,217

Balance as at July 01, 2019	15,931,868	763,113	701,092	2,190,360	1,543,408	6,719,377	27,849,217
On opening	5,504,617	193,842	421,023	370,599	340,203	2,502,403	9,332,687
Additions	1,000,000	20,830	-	22,377	114,404	182,721	1,340,332
Disposals	-	-	-	-	-	-	-
Balance as at June 30, 2020	22,436,485	977,785	1,122,114	2,583,336	1,998,014	9,404,500	38,522,236

Balance as at July 01, 2020	22,436,485	977,785	1,122,114	2,583,336	1,998,014	9,404,500	38,522,236
On opening	6,504,617	214,672	421,023	392,976	909,213	2,685,124	11,127,625
Additions	340,000	22,340	-	61,815	213,343	7,700	645,198
Disposals	-	-	-	-	(16,173)	-	(16,173)
Balance as at June 30, 2021	29,281,103	1,214,797	1,543,137	3,038,127	3,104,398	12,097,325	50,278,886

Balance as at July 01, 2021	29,281,103	1,214,797	1,543,137	3,038,127	3,104,398	12,097,325	50,278,886
On opening	6,844,617	237,012	421,023	454,791	1,329,700	2,692,824	11,979,966
Additions	-	-	-	9,650	60,490	-	70,140
Disposals	-	-	-	-	-	-	-
Balance as at June 30, 2022	36,125,720	1,451,809	1,964,160	3,502,568	4,494,588	14,790,149	62,328,992

Carrying amounts							
As at June 30, 2021	39,165,070	1,155,321	2,667,090	1,509,781	3,544,100	14,830,916	80,538,179
As at June 30, 2022	32,320,453	89,979,180	918,309	2,246,067	1,141,840	2,758,811	141,502,754

Rate of depreciation (%)	10%	0%	10%	10%	20%	10%	10%
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6.2 Allocation of depreciation

Cost of sales	6,844,617	-	189,609	-	232,220	561,278	2,692,824	10,520,549
Admin	-	-	47,402	421,023	232,220	561,278	-	1,261,924
	6,844,617	-	237,012	421,023	464,441	1,122,557	2,692,824	11,782,473

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DR. A.Q. KHAN HOSPITAL TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 Rupees	2021 Rupees
6 Property, plant and equipment			
Operating fixed assets	6.1	12,138,092	141,502,754
		<u>12,138,092</u>	<u>141,502,754</u>
7 Capital work in progress			
Construction of OPD building:			
Opening balance		397,674,310	354,373,048
Additions during the year		18,541,983	43,301,262
Transferred to property, plant and equipment		-	-
Closing balance		<u>416,216,293</u>	<u>397,674,310</u>
8 Intangible Assets			
Opening Balance		401,472	501,840
Additions during the year		-	-
Disposals during the year		-	-
Amortization		(80,294)	(100,368)
Closing Balance		<u>321,178</u>	<u>401,472</u>
9 Inventory			
Inventory		1,853,025	2,532,630
		<u>1,853,025</u>	<u>2,532,630</u>
10 Advances, deposits, and prepayments			
Security deposit		1,824,919	1,824,919
Advances income tax		3,040,797	2,743,377
Advance against capital expenditure		500,000	2,500,000
Advances to employees (Considered good)		1,188,366	1,070,806
Advances to suppliers (Secured)		5,298,993	1,333,573
Mobilization advance SCC (PVT) Ltd.		1,626,112	4,876,334
		<u>13,479,187</u>	<u>14,349,009</u>
11 Cash and bank balances			
Cash in hand		94,939	412,417
Cash at bank	11.1		
- current accounts		401,709,571	309,887,280
		<u>401,804,510</u>	<u>310,299,697</u>
11.1 Following bank accounts were operational during the year and an aggregate balance of Rs. 89,753,713 was confirmed.			
UBL A/C 212898932		53,776,468	19,282,519
Summit A/C 1-3-9-20311-714-153665		553,533	3,296,174
Summit Dollar A/C 1-3-9-20314-333-153665		4,321,960	3,411,223
Askari Bank A/C 0730-100577504		24,009,405	16,561,360
HBL Microfinance bank 2221-012759800015		7,092,347	-
		<u>89,753,713</u>	<u>42,551,276</u>

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	2022 Rupees	2021 Rupees
11.2 Following bank accounts remained frozen during the year. However, an aggregate amount of Rs. 311,955,858 was confirmed.		
MCB A/C 0176-0834403881004937	29,578,527	18,789,200
NBP A/C 1997-4000982198	17,874,572	14,946,133
Soneri A/C 0096-20004262914 (0104-02012489442)	45,891,485	46,405,076
BAH A/C 0018-0981-016246-01-3	20,147,165	19,522,615
Faysal Bank A/C 0150-007900194115	17,703,718	10,440,476
JS Bank A/C 9518-768100	6,404,775	3,733,251
Silk Bank A/C 0025-2006093356	17,680,321	14,149,772
BOK A/C 0057-00270-002	85,522	85,522
SindhBank A/C 0648-425061-1000	4,184,716	2,750,605
SME Bank 2002-0016225-0001	30,664,651	935,352
Apna Bank 0156-011019212700	73,561,965	59,795,266
Emaan (Silk Bank) 5061-5000302661	886,878	530,952
Soneri 40	500,572	500,572
BOP Bank A/C 0158-6020041968300018	5,696,107	6,751,212
TDR	41,094,884	68,000,000
	<u>311,955,858</u>	<u>267,336,004</u>

11.3 Following bank accounts remained frozen during the year and an aggregate balance of Rs. 42,121,120/- remained unconfirmed.

Bank of Khyber	85,522	85,522
Faysal Bank Limited	17,703,718	10,440,476
Bank Al-Habib Limited	20,147,165	19,522,615
Sindh Bank Limited	4,184,716	2,750,605
	<u>42,121,121</u>	<u>32,799,218</u>

12 Trade and other payables

Security payable	12.1	2,182,391	2,191,091
Withholding tax payable		5,363,206	3,241,352
Others		20,638,380	10,873,908
		<u>28,183,977</u>	<u>16,306,351</u>

12.1 This amount represents the amount payable to employees in respect of deduction from salaries.

13 Contingencies and Commitments

13.1 Currently, the Trust is dealing with legal suit where the unblocking of its bank accounts is in issue. The plaintiff/trustees filed a suit for permanent injunction under Section 51 of the Specific Relief Act 1877 for unblocking of the trustees' bank accounts and for the suspension of operation of a fake letter issued to various banks.

An application under the order 39 rule 1 & 2 of the Civil Procedure Code 1908 for getting interim injunction for the unblocking of the accounts which was accordingly granted on 01-04-2022.

Thereafter 5 banks complied with court orders and 15 banks did not. Hence, the plaintiff also filed contempt applications under order 39 Rule 4 of the Civil Procedures Code 1908 and section 4 of the Contempt of Court Ordinance, 2003. Currently, the main suit is pending for submission of amended plaint and the contempt petitions are pending for framing of issues.

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Currently, the suits are pending in the court of Mr. Qamar Abbas Civil Judge, Lahore and the order dated 01-04-2022 is still in field and intact where the court has ordered the banks to unblock the bank accounts. That this order has not been set aside by any court and has attained finality.

Furthermore, the plaintiff/trustees have valid trust deed in their favor bearing document no.598, book no. 4, volume no. 87 dated 27-10-2021 registered with Sub-registrar Gulberg Town, Lahore.

There is every likelihood that the outcome will be in the favor of the management/trustees of Dr. A.Q. Khan Hospital Trsut and there will be no potential loss to the Trsut.

13.2 During the year, a piece of land measuring 5 kanals 2 marlas and 125 sq.feet having value of Rs.69,913,280 was donated to the Trust. The land was already illegally occupied by some miscreants and litigation on them was already in progress in Civil Court since 2012. Thus, although the property is in the name of the Trust but its possession is not completely with the it due to illegal occupation and on-going litigation.

	2022 Rupees	2021 Rupees
14 Clinical income		
Receipts from OPD	16,307,294	12,106,333
Receipts from lab centre	2,372,200	8,075,046
Discount to poor patients	<u>(2,020,697)</u>	<u>(5,234,572)</u>
	<u>16,658,797</u>	<u>14,946,807</u>

	Unrestricted		Restricted	
	General fund		Construction fund	
Donations	103,683,606		83,735,315	
Donations in Kind	1,520,340		72,313,280	
	<u>105,203,946</u>		<u>156,048,595</u>	
			<u>261,252,541</u>	<u>304,706,024</u>

16 Clinical expenses			
Medicines consumed	16.1	14,389,981	32,211,310
Other consumables		2,387,000	5,814,535
Salaries, wages and other benefits		26,312,439	23,761,250
Utility bills		3,275,429	3,778,445
Rent, rates and taxes		150,000	819,709
Printing and stationery		192,780	176,213
Computer accessories consumption		145,130	95,950
Entertainment		781,721	689,511
Travelling and conveyance		491,459	247,491
Repair & maintenance		1,337,946	1,229,543
Depreciation	6.2	10,520,549	10,515,724
Cleaning & sanitation		621,103	449,348
Miscellaneous		77,896	114,089
		<u>60,683,434</u>	<u>79,903,118</u>

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	2022 Rupees	2021 Rupees
16.1 Medicines Consumed		
Opening stocks	2,532,630	2,347,045
Donation	1,520,340	12,143,702
Purchases	12,190,036	20,253,193
	16,243,006	34,743,940
Closing stock	1,853,025	2,532,630
	<u>14,389,981</u>	<u>32,211,310</u>
17 General and administration expenses		
Salaries ,wages and other benefits	12,336,254	9,488,417
Travelling and conveyance	626,741	1,324,874
Utility bills	1,076,882	1,319,084
Printing and stationery	489,411	1,308,051
Computer accessories consumption	436,207	556,277
Entertainment	878,982	999,986
Vehicle running and maintenance	854,068	480,412
Rent, rates and taxes	1,491,336	1,338,942
Repair & maintenance	1,209,639	728,752
Non-refundable Security deposit	-	-
Legal and professional	3,393,045	293,130
Postage	372,176	2,172,936
Depreciation	6.2 1,261,924	1,257,099
Amortization	8 80,294	100,368
Auditors remuneration	17.1 300,000	300,000
Miscellaneous	340,099	360,864
	<u>25,147,057</u>	<u>22,029,192</u>
17.1 Auditors remuneration		
Audit fee	300,000	300,000
Out of pocket expenses	-	-
	<u>300,000</u>	<u>300,000</u>
18 Marketing and fund raising expenses		
Salaries, wages and other benefits	5,286,966	4,495,036
Travelling and conveyance	268,603	567,803
Utility bills	461,521	565,322
Printing and stationery	209,747	560,593
Advertisement	25,613,760	14,341,696
Fund raising events campaigns	3,122,304	6,285,175
Vehicle running and maintenance	512,441	205,891
	<u>35,475,342</u>	<u>27,021,516</u>
19 Taxation		

The Hospital is exempt from income tax under section 100 C clause 66 Part I of the Second Schedule of the Income Tax Ordinance 2001. Consequently no provision for taxation has been made in these financial statements.

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DR. A.Q. KHAN HOSPITAL TRUST
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 FOR THE YEAR ENDED 30 JUNE 2022

	2022 Rupees	2021 Rupees
20 Exchange gain		
Exchange gain/loss	913,596	(136,661)
	<u>913,596</u>	<u>(136,661)</u>
21 Finance cost		
Bank charges	15,078	121,569
	<u>15,078</u>	<u>121,569</u>
22 Financial instruments by category		
Financial assets as per balance sheet		
Trade deposits	13,479,187	14,349,009
Cash and bank balances	401,804,510	310,299,697
	<u>415,283,698</u>	<u>324,648,706</u>
Financial liabilities as per balance sheet		
Trade and other payables	28,183,977	16,306,351
	<u>28,183,977</u>	<u>16,306,351</u>

22.1 Fair values of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

23 Financial instruments

23.1 Financial Risk Factors

The Trust's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Trust's overall risk management programme focuses on having cost effective funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

Risk management is carried out by the Trust's finance department under policies approved by the Board of Governors.

Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or The Trust is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD). Currently, the Trust's foreign exchange risk exposure is restricted to foreign currency bank balances and foreign currency donations.

Cash at bank in foreign currency (USD 21098.17, 2021; 21,612, 2020; 21,112)	4,321,960	3,407,292
Net exposure	<u>4,321,960</u>	<u>3,407,292</u>

The following significant exchange rates have been applied at the reporting dates:

USD to PKR	<u>204.85</u>	<u>157.54</u>
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(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Trust has no interest-bearing assets, therefore the Trust's income and operating cash flows are substantially independent of changes in market interest rates.

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(iii) Fair value sensitivity analysis for fixed rate instruments:

The Trust does not account for any fixed rate financial assets and liabilities at fair value through Income and Expenditure. Therefore, a change in interest rates at the reporting date would not affect Statement of Income and Expenditure.

(iv) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all

(v) Credit risk

Credit risk represents the risk of financial loss being caused if counter parties fail to discharge an obligation.

The Trust monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets which have not impaired are as under:

	Note	2022 Rupees	2021 Rupees
Trade deposits		13,479,187	14,349,009
Cash and bank balances		401,804,510	310,299,697
		<u>415,283,698</u>	<u>324,648,706</u>

The credit quality of receivables can be assessed with reference to their historical performance with no or some defaults in recent history, however, no losses. The credit quality of Trust's bank balances can be assessed with reference to external credit ratings as follows:

Bank Name	Credit rating		Source	Balance at June 30, 2022
	Short Term	Long term		
United Bank Limited	A1+	AAA	JCR-VIS	53,776,468
MCB Bank Limited	A1+	AAA	PACRA	29,578,527
National Bank of Pakistan	A1+	AAA	PACRA	17,874,572
Soneri Bank Limited	A1+	AA-	PACRA	45,891,485
Bank Al-Habib Limited	A1+	AA+	PACRA	20,147,165
Faysal Bank Limited	A1+	AA+	JCR-VIS	17,703,718
JS Bank Limited	A1+	AA-	PACRA	6,404,775
Summit Bank Limited	A-3	AAA	JCR-VIS	553,533
Silk Bank Limited	AA+	BBB-	JCR-VIS	4,321,960
Bank of Khyber Limited	A-1	A	PACRA	85,522
Sindh Bank Limited	A-1	A+	PACRA	2,750,605
SME Bank Limited	B	CCC	PACRA	935,352
Apna Microfinance Bank Limited	A-3	BBB+	PACRA	59,795,266
Askari Bank Limited	A1+	AA+	PACRA	16,561,360
Bank of Punjab Limited	A1+	AA+	PACRA	6,751,212
				<u>283,131,519</u>

(vi) Liquidity risk

Liquidity risk represents the risk that the Trust will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the Trust's operations, the Board maintains flexibility in funding by maintaining availability under committed credit lines.

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Management monitors the forecasts of the Trust's cash and cash equivalents on the basis of expected cash flow. This is generally carried out in accordance with practice and limits set by the Trust. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Trust's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities, monitoring balance sheet liquidity ratios against internal requirements, and maintaining debt financing plans.

The table shows analyses how management monitors net liquidity based on details of the remaining contractual maturities of financial assets and liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

24 Related parties

The related parties comprise associated undertaking companies, related group companies and board of governors etc. Transactions with related parties other than remuneration and other benefits paid to chairman, trustees and key management personnel which are considered at arm's-length are as follows:

Key management personnel

**Qaiser Amin Butt
Shaukat Babar Virk
Muhammad Sohail**

**Chairman
General Secretary
Trustee**

	2022 Rupees	2021 Rupees
Number of person	1	1
Remuneration	<u>397,986</u>	<u>397,986</u>

25 Remuneration of chief executive

Number of person
Remuneration

26 Events after the statement of financial position date

There were no adjusting and non-adjusting events after the statement of financial position date.

27 Date of authorization

These financial statements were authorized on _____ 2024 by the Board of Governors of the trust.

28 General

28.1 Figures have been rounded off to the nearest rupee.

28.2 Figures of the previous year have been rearranged and reclassified wherever necessary for the purpose of comparison.



Chairman



General Secretary



Finance Secretary