AL - MUSTAFA TRUST

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 30, 2021

BDO

Tel: +92 51 260 4461-5
Fax: +92 51 260 4468
www.bdo.com.pk

3rd Floor,
Saeed Plaza,
22-East Blue Area,
Islamabad-44000,
Pakistan.

INDEPENDENT AUDITORS REPORT TO THE COUNCIL OF TRUSTEES OF AL MUSTAFA TRUST

Opinion

We have audited the financial statements of **Al Mustafa Trust** (the Trust), which comprise the statement of financial position as at June 30, 2021, and the statement of income and expenditure, the statement of changes in fund, 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 Trust as at June 30, 2021, 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 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 *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.

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

The Council of Trustees is responsible for the preparation and fair presentation of the financial statements in accordance with the approved accounting and reporting standards, and for such internal control as the Council of Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Council of Trustees is 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

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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 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 Trust to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

ISLAMABAD

DATED:

CHARTERED ACCOUNTANTS
Engagement Partner: Abdul Qadeer

AL MUSTAFA TRUST
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	4	233,388,299	241,155,547
Capital work in progress	5	13,270,294	2,754,458
Investment property	6	12,026,870	12,026,870
		258,685,463	255,936,875
CURRENT ASSETS			
Stock in trade	7	9,471,718	12,795,232
Short term investments	8	53,555,570	71,572,137
Advances and other receivables	9	25,891,220	11,139,733
Cash and bank balances	10	229,548,372	207,568,357
		318,466,880	303,075,459
TOTAL ASSETS		577,152,344	559,012,334
FUNDS AND LIABILITIES			
FUNDS		438,018,424	417,317,205
NON-CURRENT LIABILITIES			
Deferred capital grant	11	108,376,058	103,771,515
Restricted grant	12	19,645,140	25,492,156
		128,021,198	129,263,671
CURRENT LIABILITIES			
Creditors, accrued and other liabilities	13	11,112,721	12,431,458
CONTINGENCIES AND COMMITMENTS	14	-	-
TOTAL FUNDS AND LIABILITIES		577,152,344	559,012,334

The annexed notes 1 to 28 form an integral part of these financial statements.

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CHAIRMAN **TRUSTEE**

AL MUSTAFA TRUST
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
INCOME			
Receipts	15	56,292,906	47,647,202
Donations	16	186,041,180	168,641,161
Amortization of deferred capital grant	11	9,230,694	10,095,043
Restricted grant recognized	12	39,126,932	10,529,579
Other income	20	8,131,433	12,311,945
		298,823,145	249,224,931
EXPENDITURE			
Operating expenses	17	262,209,240	240,264,045
Administrative expenses	18	13,973,733	12,614,567
Fundraising expenses	19	1,938,953	3,646,029
		278,121,925	256,524,641
Surplus/(deficit) for the year		20,701,219	(7,299,710)
Other comprehensive income for the year		-	-
Total comprehensive income/(loss) for the year		20,701,219	(7,299,710)

The annexed notes 1 to 28 form an integral part of these financial statements.

CHAIRMAN **TRUSTEE**

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AL MUSTAFA TRUST
STATEMENT OF CHANGES IN FUND ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Total
	------------ Rupees -------------	
Balance at July 01, 2019	424,616,915	424,616,915
Total comprehensive income for the year	(7,299,710)	(7,299,710)
Balance at June 30, 2020	417,317,205	417,317,205
Total comprehensive surplus for the year	20,701,219	20,701,219
Balance at June 30, 2021	438,018,424	438,018,424

The annexed notes 1 to 28 form an integral part of these financial statements.

CHAIRMAN

TRUSTEE

AL MUSTAFA TRUST
STATEMENT OF CASHFLOW
FOR THE YEAR ENDED JUNE 30, 2021

	2021 Rupees	2020 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
(Deficit)/surplus for the year	20,701,219	(7,299,710)
Adjustment for non-cash charges and other items:		
Depreciation	25,808,571	26,072,637
Amortization of deferred capital grant	(9,230,694)	(10,095,043)
Restricted grant transferred to income	(39,126,932)	(10,529,579)
Profit on saving accounts	(1,616,671)	(3,705,688)
Profit on term deposit receipts	(1,759,331)	(4,552,982)
Exchange gain	3,641,583	(2,405,921)
Unrealized loss on investment measured at FVTPL	(7,264,445)	193,473
Loss on sales of property & equipment	29,828	
Write offs	-	-
	(29,518,091)	(5,023,103)
(Loss)/profit before working capital changes	(8,816,871)	(12,322,813)
Changes in working capital:		
(Increase) / decrease in current assets		
Increase in stock in trade	3,323,514	(3,225,850)
Increase in advances, deposits and other receivables	(14,341,052)	(3,467,601)
Increase in creditors, accrued and other liabilities	(1,318,737)	448,141
	(12,336,275)	(6,245,310)
Cash (used in)/generated from operations	(21,153,146)	(18,568,124)
Taxes paid during the year	(264,027)	(1,232,980)
Interest received during the year	3,682,210	5,162,714
Change in deferred capital grant	13,835,236	14,500,000
Change in restricted grant	(13,835,236)	(14,500,000)
Net cash (used in)/generated from operating activities	(17,734,963)	(14,638,389)
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(18,105,151)	(38,458,288)
Advance against purchase of property and equipment/CWIP	(10,515,836)	1,000,200
Proceeds from sale of property and equipment	34,003	-
Investments made during the year	(30,000,000)	(3,247,062)
Investments encashed during the year	54,828,395	4,075,254
Net cash used in investing activities	(3,758,590)	(36,629,897)
CASH FLOW FROM FINANCING ACTIVITIES		
Receipt of restricted grant during the year	47,115,151	49,133,141
Repayment of short-term loan	-	(4,500,000)
Net cash generated from financing activities	47,115,151	44,633,141
Net increase/(decrease) in cash and cash equivalents	25,621,598	(6,635,145)
Cash and cash equivalents at beginning of the year	207,568,357	211,797,581
Effect of movement in exchange rates on cash held	(3,641,583)	2,405,921
Cash and cash equivalents at end of the year	229,548,372	207,568,357

The annexed notes 1 to 28 form an integral part of these financial statements.

CHAIRMAN **TRUSTEE**

AL MUSTAFA TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

1 THE TRUST AND ITS OPERATIONS

Al-Mustafa Trust ("The Trust") is a non-profit organization and was registered in Pakistan on May 26, 1998 under the Trust Act, 1882. Registered office of the Trust is at Al-Mustafa Trust Main Medical Center, Street 14, Mini Market, Chaklala Scheme 3, Rawalpindi Cantt. The primary objective of the Trust is to engage in social welfare activities by providing medical services to general public.

The Trust has 25 Medical centers (10 urban and 15 in rural areas) 19 dispensaries and mobile units, and providing free primary health care facilities to 76 cities, town and villages across the country.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified by the Securities and Exchange Commission of Pakistan; and
- Accounting Standard for Not for Profit Organizations (Accounting Standard for NPOs) issued by Institute of Chartered Accountants of Pakistan.

Where provisions of the IFRS differ with the Accounting Standard for NPOs, the provisions of IFRS shall prevail.

2.2 Basis of Measurement

These financial statements have been prepared under historical cost convention except for investments measured at fair value through profit or loss which are stated at their fair values.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is also the Trust's functional currency. All financial information presented in Pakistan Rupees has been rounded off to the nearest Rupee.

2.4 Significant accounting judgments and estimates

In preparing these financial statements, management has made judgments and estimates that affect the application of the Trust's accounting policies and the reported amounts of assets, 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 judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

The matters involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

(i) Property and equipment

The Trust reviews the appropriateness of the rates of depreciation, useful lives and residual values used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment, on an annual basis. Any change in the estimates in the future might affect the carrying amount of the respective items of property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

(ii) Capital work in progress

Initial recognition

Capital work-in-progress is stated at cost and consists of expenditure incurred, advances made and other costs directly attributable to operating fixed assets in the course of their construction and installation. Cost also includes applicable borrowing costs.

Transfers

Transfers are made to relevant operating fixed assets category as and when assets are available for use intended by the management.

(iii) Provision and contingencies

A provision is recognized when, and only when the Trust has a present obligation (legal or constructive) as a result of past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

(iv) Impairment of financial and non-financial assets

The carrying amounts of the Trust's assets are reviewed at each reporting date to determine whether there is any indication of impairment loss. Any change in estimates in future years might affect the carrying amounts of the respective assets with a corresponding effect on the impairment.

v) Measurement of fair values

A number of the Trust's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the management assesses the evidence obtained from the third parties to support its conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring fair value of an asset or a liability, the Trust uses observable and available market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1, which are observable and available for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable and available market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level of input that is significant to the entire measurement. The Trust recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

!.5 NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED STANDARDS

Standards / amendments that are effective in current year and relevant to the Entity

The Trust has adopted the standards / amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year from the dates mentioned below against the respective standard:

	Effective date (annual periods beginning on or after)
Amendments to IFRS 14, IAS 1, IAS 8, IAS 37, IAS 38,IFRIC 19, IFRIC 22, and SIC-32 to update these pronouncements with regard to references to and quotes from the framework or to indicate where they refer to different version of the Conceptual Framework.	January 01, 2020
IAS 1 Presentation of Financial Statements - amendments regarding the definition of materiality.	January 01, 2020
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - amendments regarding the definition of materiality.	January 01, 2020
IFRS 7 Financial Instruments: Disclosures - Amendments regarding pre-replacement issues in the context of the IBOR reform.	January 01, 2020
IFRS 9 Financial Instruments - Amendments regarding pre-replacement issues in the context of the IBOR reform.	January 01, 2020
IFRS 16 Leases - Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.	January 01, 2020

Amendments that are effective in current year and not relevant to the Trust

Amendments to IFRS 2, IFRS 3, IFRS 6,IFRIC 12 and IFRIC 20 to update these pronouncements with regard to references to and quotes from the framework or to indicate where they refer to different version of the Conceptual Framework.	January 01, 2020
IFRS 3 Business Combinations - amendments to clarify the definition of a business.	January 01, 2020

Other than the amendments to standards mentioned above, there are certain annual improvements made to IFRS that became effective during the year and not relevant to the Company:

Annual improvements to IFRSs (2018 – 2020) Cycle:

IFRS 41 Agriculture	January 01, 2020

Amendments not yet effective

The following amendments to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard:

Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
IFRS 3 Business Combinations - amendments updating a reference to the Conceptual Framework	January 01, 2022

		Effective date (annual periods beginning on or after)
IFRS 16	Leases - Extended practical relief regarding Covid - 19 related rent concessions	April 01, 2021
IAS 1	Presentation of Financial Statements - Amendments regarding the classification of liabilities	January 01, 2023
IAS 1	Presentation of Financial Statements - Disclosure of Accounting	January 01, 2023
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates.	January 01, 2023
IAS 12	Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction.	January 01, 2023
IAS 16	Property, Plant and Equipment - Proceeds before intended use.	January 01, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of fulfilling a contract.	January 01, 2022

The annual improvements to IFRSs that are effective from the dates mentioned below against respective standards:

Annual improvements to IFRSs (2018 – 2020) Cycle:

IFRS 1	First-time Adoption of International Financial Reporting Standards	January 01, 2022
IFRS 9	Financial Instruments	January 01, 2022

Standards or interpretations not yet effective

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1 First Time Adoption of International Financial Reporting Standards

IFRS 17 Insurance Contracts

The Trust expects that adoption of the other amendments and interpretations of the standards will not have any material impact and therefore will not affect the Trust's financial statements in the period of initial application.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except for the changes as indicated below:

3.1 IFRS 15 'Revenue from Contracts with Customers'

The IASB issued IFRS 15 Revenue from Contracts with Customers ("IFRS 15") in May 2014. This IFRS replaces IAS 18 Revenue, IAS 11 Construction Contracts and several revenue-related interpretations.

IFRS 15 introduces a single five-step model for revenue recognition with a comprehensive framework based on core principle that an entity should recognize revenue representing the transfer of promised goods or services under separate performance obligations under the contract to customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those promised goods or services. The standard also requires revenue from customers to be disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

The Trust has reviewed its income streams i.e. restricted grant, receipts and donations, and as a result of this review, it was noted that only receipt income and income from restricted grant meets revenue recognition criteria of this IFRS. Further, the adoption of this IFRS did not have a material impact on the Trust's statement of comprehensive income and statement of financial position. However, the Trust has expanded the disclosures in the notes to its financial statements as prescribed by IFRS 15 'Revenue from Contracts with Customers', including disclosing the Trust's disaggregated receipt income.

3.2 IFRS 9 'Financial Instruments'

The Trust has adopted IFRS 9 'Financial Instruments' with a date of initial application of July 01, 2018. IFRS 9 replaced IAS 39 'Financial Instruments – Recognition and Measurement' and includes the requirements on the classification and measurement of financial assets and liabilities, de-recognition of financial instruments, impairment of financial assets and hedge accounting it also includes an expected credit losses impairment model that replaces the current incurred loss impairment model. The Securities and Exchange Commission of Pakistan vide its notification dated September 02 2019 has deferred the application of expected credit loss model on financial assets due from the Government of Pakistan which continues to be accounted for under the previously applicable requirements of IAS 39 'Financial Instruments: Recognition and Measurement" till June 30, 2021.

The Trust has changed its accounting policy for classification and measurement of its financial instruments and as a result financial assets previously classified as 'loans and receivables' are now classified as 'amortized cost' while financial liabilities previously classified as 'other financial liabilities' are now classified as 'amortized cost'.

Further, effective July 01, 2018, the Trust implemented expected credit loss impairment model for financial assets. For trade debts, the calculation methodology has been updated to consider expected losses based on ageing profile and forward looking estimates such as economic profiling related to trade debts. The adoption of the expected loss approach has not resulted in any material change in impairment provision for any financial asset.

As a result of the adoption of IFRS 9, the Trust has adopted consequential amendments to IAS 1 'Presentation of Financial Statements', which require allowance for expected credit losses to be presented in a separate line item in the statement of comprehensive income. Previously, the Trust's approach was to include the impairment of financial assets in administrative expenses.

Additionally, the Trust has adopted consequential amendments to IFRS 7 Financial Instruments as well.

3.3 Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, FVTOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The Trust has changed its accounting policy for classification and measurement of its financial instruments and as a result financial assets previously classified as 'loans and receivables' are now classified as 'amortized cost' while financial liabilities previously classified as 'other financial liabilities' are now classified as 'amortized cost'. For an explanation of how the Company classifies and measures financial instruments and accounts for related gains and losses under IFRS 9.

The effect on adopting IFRS 9 on the classification of financial assets and liabilities is as follows:

a) Accrued interest

Owing to the presentational changes been made upon transition to IFRS 9 'Financial Instruments' from IAS 39 'Financial Instruments: recognition and measurement', accrued interest has been represented as "short-term investments".

b) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile.

3.4 Property and equipment

Operating fixed assets

These are stated at cost less accumulated depreciation and impairment loss, if any. Cost of an item of property and equipment comprises purchase price, import duties and other costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the management. Donated items of property and equipment are stated at nominal value of Rs.1.

Depreciation is calculated on reducing balance method at rates varying from 10 to 30 percent of the written down values depending upon each class of property and equipment. Full year's depreciation is charged on additions during a year, while no depreciation is charged on disposals/write off during a year.

The cost of replacing a part of item of property and equipment is recognized in the carrying amount of the item if it is probable that future economic benefits embodied within the part will flow to the Trust and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The cost of the day-to-day servicing of items of property and equipment are recognized in statement of comprehensive income as incurred.

An item of fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of property and equipment is charged to statement of comprehensive income.

Capital work-in-progress

Capital work-in-progress is stated at cost less impairment in value, if any. It consists of expenditure incurred and advances made in respect of operating fixed assets, in the course of their construction and installation.

3.5 Investment properties

Investment properties are measured initially at cost. Subsequent investments are stated at cost less accumulated depreciation and impairment, if any. Depreciation is charged to the income and expenditure account applying the reducing balance method, whereby the cost of an asset less its residual value, if not insignificant, is written-off over its estimated useful life.

Investment property is de-recognized when it has either been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains and losses on the retirement or disposal of an investment property are recognized in the income and expenditure account in the year of retirement or disposal.

3.6 Stock-in-trade

These are valued at the lower of cost or net realizable value. Management applies weighted average cost method for stock-in-trade cost valuation.

Net realizable value signifies the estimated selling price in the ordinary course of business, less estimated costs necessary to be incurred to make the sale. A provision is made for slow moving and expired stock, where necessary.

3.7 Short-term loans, advances, prepayments and other receivables

These are stated at cost as reduced by appropriate provisions for impairment, if any. Known impaired loans, receivables and advances are written-off, while loans, receivables and advances considered doubtful of recovery are fully provided for.

3.8 Cash and cash equivalents

These are carried in the statement of financial position at cost. For the purpose of the statement of cash flows, cash and cash equivalents comprise 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 with maturity of three months or less from the date of acquisition, net of outstanding bank overdrafts.

3.9 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Trust.

3.10 Provisions

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

3.11 Taxation

The Trust is registered as not for profit organization under section 2(36) of the Income Tax Ordinance, 2001. The Trust is eligible for tax credit under Section 100C of the Income Tax Ordinance 2001 from grants, voluntary contributions, profits on term deposit receipts, profits on saving bank accounts, investments in the securities of the Federal Government and so much of the income chargeable under the head "income from business" as is expended in Pakistan for the purposes of carrying out welfare activities. Accordingly, provision for taxation has not been made in these financial statements.

3.12 Foreign currency transactions

These financial statements are presented in Pak Rupees, which is the Trust's functional and presentation currency. Foreign currency transactions during the year, are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange, which approximate those prevailing on the reporting date. Gains and losses on translation are taken to income currently. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates existing as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency, are translated using the exchange rates at the date when the fair value was determined.

3.13 Income recognition

(a) Grants

Capital grants

Grants received for fixed assets are initially recorded as capital grants in the statement of financial position. Subsequently, these are recognized as income on a systematic basis over periods necessary to match them with the carrying value of the related assets.

Restricted grants

Grants, of a non-capital nature, received for specific purposes, and any bank interest earned on them, are classified as restricted grants. Such grants are transferred to income to the extent of actual expenditure incurred against them which approximately corresponds to the satisfaction of related performance obligations. Expenditure incurred against grants committed but not received, is accrued and recognized in income and is reflected as a grant receivable. Unspent portions of such grants, representing unsatisfied performance obligations, are reflected as restricted grants in the statement of financial position. Refer to note 12 for nature of activities undertaken from restricted funds and related balances at the reporting date.

Unrestricted grants and zakat

Grants received from donors without any conditions and zakat are recognized as unrestricted grants in income in the period of receipt.

Grants in kind

Non-monetary grants, such as land or other resources, and related assets are accounted for at a nominal value of Rs.1.

(b) Receipts

The Trust operates medical centers to provide health services to patients. Receipts mainly comprise income earned at pre-determined rates from registration fees, medical tests and medical treatment in dental care, eye care and physiotherapy.

Receipts income is recognized when medical services are delivered to patients at an amount that reflects the consideration to which the Trust expects to be entitled in exchange for the services delivered. The consideration is based on pre-determined rates.

Receipts income is recognized over period of time since the patients receive and consume the benefits provided by the Trust's performance of medical services. Payments against receipt income are collected in advance from patients. The Trust uses 'output method', which looks at the measure of progress of the benefit being transferred to the patient. The 'output method' uses direct measurement of value to the customer of the goods or services transferred to date. This includes using the appraisal of results achieved, milestones reached or units produced or delivered. Management applied this method to measure progress of service delivery to patients by identifying the number of days in which medical treatment has been delivered against total duration of the days required for the medical treatment.

Historically, the Trust only delivers medical treatment to patients of such nature that the duration of the medical treatment does not extend beyond the period of one day, since there are no facilities available for admittance of patients.

(c) Dividend income is recognized when the right to receive the dividend is established.

(d) Profit on bank deposit is recognized using the effective interest rate method.

(e) Other Income is recognized when the right to receive is established.

3.14 Financial instruments

3.14.1 Financial assets

Classification

On initial recognition, a financial asset is classified as measured at:

- amortized cost;
- fair value through other comprehensive income (FVOCI); or
- fair value through profit or loss (FVTPL).

The classification of financial assets is based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is to hold assets to collect contractual cash flows; and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Fair value through profit or loss (FVTPL)

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

Subsequent measurement

Financial assets at amortized cost	Measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in income and expenditure account. Any gain or loss on de-recognition is recognized in income and expenditure account.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in income and expenditure account. Other net gains and losses are recognized in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to income and expenditure account.
Financial assets at FVTPL	Measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in income and expenditure account.
Equity investment at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in income and expenditure account unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to income and expenditure account.

De-recognition

The Trust derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Trust is recognized as a separate asset or liability.

3.14.2 Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in surplus or deficit. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of comprehensive income. Any gain or loss on de-recognition is also included in surplus or deficit.

The Trust derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. Any gain / (loss) on the recognition and de-recognition of the financial assets and liabilities is included in the statement of comprehensive income for the period in which it arises.

3.14.3 Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Trust currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

3.15 Impairment

Financial assets

The Trust recognizes loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortized cost, other than those due from the Government of Pakistan entities. For trade receivables, the Trust applies a simplified approach in calculating ECLs. Therefore, the Trust does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Trust has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Lifetime ECLs are those that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Trust is exposed to credit risk.

At each reporting date, the Trust assesses whether the financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

Impairment of financial assets – accounting policy applied before July 01,2018.

A financial asset other than held for trading and carried at fair value was assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Trust on terms that the Trust would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. All impairment losses are recognized in statement of comprehensive income. An impairment loss is reversed in the statement of comprehensive income if the reversal can be related objectively to an event occurring after the impairment loss was

Non-financial assets

The carrying amount of the Trust's assets are reviewed at each reporting date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In the absence of any information about the fair value of a cash-generating unit, the recoverable amount is deemed to be the value in use. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

3.16 Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Trust has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Trust's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Trust measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Trust uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Trust determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in statement of comprehensive income on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

4 OPERATING FIXED ASSETS

Particulars	Land (Note 4.1)	Buildings	Vehicles	Medical Instruments	Computers	Office Equiments	Furniture and Fixtures	Total
	---------- Rupees ----------							
Net carrying value basis								
Period ended June 30, 2021								
Opening net book value	28,767,012	100,274,685	13,273,436	68,239,012	1,985,936	21,471,629	7,143,837	241,155,547
Additions during the year	-	222,000	-	6,089,620	3,465,937	2,437,619	766,000	12,981,176
Disposals during the year - Cost	-	-	-	-	-	(78,800)	-	(78,800)
Disposals during the year - Acc.	-	-	-	-	-	14,972	-	14,972
Transferred from capital working in	-	1,480,895	3,479,380	-	-	28,000	135,700	5,123,975
Depreciation charge for the year	-	(10,197,758)	(3,350,562)	(7,432,859)	(1,635,562)	(2,387,339)	(804,491)	(25,808,571)
Period ended June 30, 2021	28,767,012	91,779,822	13,402,254	66,895,773	3,816,311	21,486,081	7,241,046	233,388,299
Gross carrying value								
Period ended June 30, 2021								
Cost	28,767,012	188,127,066	50,374,554	109,011,171	7,258,105	33,465,468	12,164,134	429,167,510
Accumulated depreciation	-	(96,347,244)	(36,972,300)	(42,115,398)	(3,441,794)	(11,979,387)	(4,923,088)	(195,779,211)
Net book value (NBV)	28,767,012	91,779,822	13,402,254	66,895,773	3,816,311	21,486,081	7,241,046	233,388,299
Net carrying value basis								
Period ended June 30, 2020								
Opening net book value	28,767,012	88,613,115	15,687,639	56,663,314	1,537,248	21,851,820	6,512,527	219,632,675
Additions during the year	-	-	904,155	13,712,805	1,299,804	2,005,543	1,425,000	19,347,307
Disposals during the year	-	-	-	-	-	-	-	-
Transferred from capital working in	-	22,803,202	-	5,445,000	-	-	-	28,248,202
Depreciation charge for the year	-	(11,141,632)	(3,318,358)	(7,582,107)	(851,116)	(2,385,734)	(793,690)	(26,072,637)
Period ended June 30, 2020	28,767,012	100,274,685	13,273,436	68,239,012	1,985,936	21,471,629	7,143,837	241,155,547
Gross carrying value								
Period ended June 30, 2020								
Cost	28,767,012	186,424,171	46,895,174	102,921,551	3,792,168	31,078,649	11,262,434	411,141,159
Accumulated depreciation	-	(86,149,486)	(33,621,738)	(34,682,539)	(1,806,232)	(9,607,020)	(4,118,597)	(169,985,612)
Net book value (NBV)	28,767,012	100,274,685	13,273,436	68,239,012	1,985,936	21,471,629	7,143,837	241,155,547
Rate of depreciation		10%	20%	10%	30%	10%	10%	

		Note	2021 Rupees	2020 Rupees
4.1	**Allocation of depreciation charge for the year**			
	Operating expenses	17	24,504,582	24,814,883
	Administrative expenses	18	1,303,989	1,257,754
			25,808,571	26,072,637

5 CAPITAL WORK IN PROGRESS

	Note	2021 Rupees	2020 Rupees
Opening balance		2,754,458	11,891,679
Additions during the year		15,831,111	19,110,981
Less: Charged to expense during the year		(191,300)	-
Less: Work in progress capitalized		(5,123,975)	(28,248,202)
Closing balance	5.1	13,270,294	2,754,458

5.1 This represents construction of a medical center at Pajjagai, Peshwar and initial design cost of commercial plaza proposed to be build on a donated plot at Sawan Camp, Rawalpindi.

6 INVESTMENT PROPERTY

	Note	2021 Rupees	2020 Rupees
Opening balance		12,026,870	10,076,870
Additions during the year		-	1,950,000
Closing balance	6.1	12,026,870	12,026,870

6.1 The above properties are purchased/retained for the capital value appreciation purposes.

Fair value of investment property at the reporting date was Rs. 50 million (2020: Rs. 56 million)

The detail of properties are as under:

(i) Plot no. 10, Street no. 12, Phase I, Sector E-17/3, CDECHS, Islamabad, measuring 500 Sq yds.

(ii) Plot no. 1400, Block D, Phase 9P, DHA Lahore, measuring 01 Kanal

(iii) Plot no. 1325-C Phase 9P, Town, DHA Lahore, measuring 05 Marlas.

(iv) Plot no. 206, Street no. A-7/2, Phase-1, Kashmir Model Town, Jammu & Kashmir Housing Society, Chakri Road, Rawalpindi measuring 600 Sq yds.

(v) Commercial Plaza on Plot no. 62, Loop Road, Bharia Town Phase VII, Rawalpindi measuring 1200 Sq ft.

	Note	2021 Rupees	2020 Rupees
7 STOCK IN TRADE			
Opening balance		12,795,232	9,569,382
Purchases during the year		65,690,666	76,611,485
Consumption during the year		(69,014,180)	(73,385,635)
Closing balance		9,471,718	12,795,232
8 SHORT TERM INVESTMENTS			
Investments at fair value through profit or loss			
Open ended mutual funds		26,775,370	19,982,893
Shares of listed companies		1,780,200	1,308,232
Investments at amortized cost			
Term deposit receipts	8.1	25,000,000	50,281,012
		53,555,570	71,572,137

8.1 This represents investment in term deposit receipts with banks carrying interest ranging from 3% to 7% (2020: 5% to 11%) per annum.

	Note	2021 Rupees	2020 Rupees
9 ADVANCES AND OTHER RECEIVABLES			
Advance income tax		5,632,778	5,368,751
Accrued interest/dividend		718,669	458,519
Advances to suppliers		1,386,662	2,116,604
Other receivables		15,270,632	693,000
Advances to employees - unsecured	9.1	2,882,480	2,502,859
		25,891,220	11,139,733
9.1 Opening balance		2,502,859	164,453
Advances extended during the year		2,525,193	6,422,290
Advances repaid during the year		(2,145,573)	(4,083,884)
Closing balance		2,882,480	2,502,859
10 CASH AND BANK BALANCES			
Cash in hand		3,210,114	1,806,194
Cash at bank:			
In local currency:			
- in current accounts		52,194,828	71,785,827
- in saving accounts	10.1	47,472,069	36,008,807
In foreign currency:			
- in current accounts		52,514,183	97,967,525
- in saving accounts	10.2	74,157,178	5
		226,338,258	205,762,164
		229,548,372	207,568,357

10.1 These carry interest at the rates ranging from 5% to 7% (2020: 5% to 10%) per annum.

10.2 These carry interest at the rates ranging from 0.02% to 0.03% (2020: 0.04% to 0.05%) per annum.

		Note	2021 Rupees	2020 Rupees
11	**DEFERRED CAPITAL GRANT**			
	Opening balance		103,771,515	99,366,558
	Cost of capital expenditure during the year	11.1	13,835,236	14,500,000
	Amortized during the year		(9,230,694)	(10,095,043)
	Closing balance		108,376,058	103,771,515
11.1	This represents capital expenditure incurred as follows:			
	- Construction of medical center, Mardan		-	14,500,000
	- Purchase of medical equipment & furniture for Orangi		1,322,500	-
	- Construction of medical center, Peshawar		10,160,836	-
	- Purchase of ambulances for Mardan & Umerkot		2,351,900	-
			13,835,236	14,500,000
12	**RESTRICTED GRANT**			
	Opening balance		25,492,156	1,388,594
	Received during the year	12.1	47,115,151	49,133,141
	Transferred to income during the year		(39,126,932)	(10,529,579)
	Transferred to deferred capital grant	11.1	(13,835,236)	(14,500,000)
	Closing balance	12.2	19,645,140	25,492,156

		Note	2021 Rupees	2020 Rupees
12.1	This represents grants received from the following sources:			
	- Brother Enterprises (for Mardan)	12.1.1	2,221,735	14,500,000
	- Brother Enterprises (for Mahmoudabad)	12.1.2	-	2,500,000
	- Qilla Gujar Singh Center' Sponsor	12.1.3	-	1,499,884
	- Pasha Fund (from Mr. Wasim Pasha)	12.1.4	1,205,324	4,500,055
	- Al Mustafa Charitable Trust USA	12.1.5	26,064,900	20,197,422
	- Individuals	12.1.6	1,711,875	310,780
	- Islamic Medical Association of North America (IMANA)	12.1.7	7,372,580	5,625,000
	- APPS UK		4,025,237	-
	- Col Muhammad Tariq		2,200,000	-
	- Mardan Mosque		1,032,000	-
	- Yasir Iqbal (Dr 201)		1,281,500	-
			47,115,151	49,133,141

12.1.1 This represents amount received from Brother Enterprises for construction of medical center in Babini, Mardan.

12.1.2 This represents receipt for upgradation of medical center building in Mahmoudabad, Karachi.

12.1.3 This represents receipt from donor for operational expenditure of Qilla Gujar Singh Dispensary, Lahore

12.1.4 This represents receipts from donor for medical expenses of poor patients.

12.1.5 This represents amount received from AMCT USA for construction & upgradation of Peshawar and Orangi Medical Centers, respectively.

12.1.6 This represents amount received from individual donors for construction of Peshawar Medical

12.1.7 This represents USD 36,000 received from IMANA for operational expenditure of Umerkot Medical Center for the year ended June 30, 2021 (2020: USD 36,000).

		Note	2021 Rupees	2020 Rupees
12.2	Break up of restricted grant at year end is as follows:			
	- Brother Enterprises		2,500,000	2,500,000
	- Pasha Fund		2,923,063	2,949,397
	- Qilla Gujar Singh Center		-	1,433,137
	- Al Mustafa Charitable Trust USA (for Peshawar)		5,374,164	15,535,000
	- Al Mustafa Charitable Trust USA (for Orangi)		3,474,612	1,599,250
	- Islamic Medical Association of North America (IMANA)		543,646	1,164,592
	- Individuals (for Peshawar)		444,400	310,780

	Note	2021 Rupees	2020 Rupees
- Mardan Mosque Const		1,032,000	-
- Individuals (for Dewalian Abmulance)		2,200,000	-
- Individuals (for Mehmoodabad Solar)		1,078,254	-
- Individuals (Dr. Yasir)		75,000	-
		19,645,140	25,492,156

13 CREDITORS, ACCRUED AND OTHER LIABILITIES

	2021 Rupees	2020 Rupees
Creditors	6,122,873	9,255,810
Withholding tax payable	312,860	81,589
Accrued liabilities	2,585,386	647,810
Payable to donors	829,411	884,743
Others	1,262,191	1,561,506
	11,112,721	12,431,458

14 CONTINGENCIES AND COMMITMENTS

14.1 Commitments

Trust's commitment for construction of Medical Centre located at Pajjagai Peshawar is Rs.7 million. (2020: 15 million).

14.2 Contingencies

14.2.1 RTO Rawalpindi issued notice under section 122 (5A) of Income Tax Ordinance, 2001 (the Ordinance), in respect of tax years 2007 to 2011, to the Trust which was duly replied to by the Trust. Additional Commissioner Inland Revenue (Audit) RTO, Rawalpindi, imposed tax on the Trust despite the Trust's response. The Trust filed an appeal there against with Commissioner Inland Revenue Appeals(CIR Appeals), which declared the tax imposition invalid vide Order No. 1681 to 1685/2012 dated 27 June 2012. RTO Rawalpindi filed an appeal against that order with Appellate Tribunal Inland Revenue (ATIR), which in turn passed an order upholding the decision of CIR Appeals on 31 March 2015. Currently, RTO Rawalpindi has filed a reference in Lahore High Court against ATIR's decision, which is pending. Management is of the view that the reference will be decided in the Trust's favor.

14.2.2 Income tax authorities issued a hearing notice on 13 November 2017 to the Trust under Rule 44(4) of Income Tax Rules, 2002, through IRIS no. 328 requesting explanation for instances of taxes not withheld in respect of tax year 2014. The Trust duly replied on 2 October 2018 to the said notice claiming that no action was warranted since taxes were duly withheld and deposited for the said period. The total amount of tax in respect of which notice was issued amounts to Rs. 915,193. The Trust filed appeal with Commissioner Appeals who remanded back the order to Assistant Commissioner supporting the Trust's plea.

15 RECEIPTS

The Trust operates medical centers to provide health services to patients. Receipts mainly comprise income earned at pre-determined rates from registration fees, medical tests and medical treatment in dental care, eye care and physiotherapy. The amount received from non-deserving patients are utilized for the treatment of deserving poor patients only.

	Note	2021 Rupees	2020 Rupees
15.1 Disaggregation of receipts income in respect of regions:			
Central region		15,264,910	14,080,538
North region		25,529,824	22,485,200
South region		15,498,172	11,081,465
		56,292,906	47,647,202

16 DONATIONS

Disaggregation of donation received from different sources:

Local donation		52,849,092	61,567,138
Foreign donation		70,237,976	61,069,700
Local zakat		62,939,112	45,960,323
Others		15,000	48,000
		186,041,180	168,645,161

17 OPERATING EXPENSES

Salaries and benefits		120,079,253	110,338,176
Medicines, lab and X-Ray material consumed		83,607,700	73,385,635
Printing and stationery		3,059,500	3,207,878
Vehicle running		3,687,665	4,491,174
Repair and maintenance		12,575,396	8,825,686
Office supplies		1,153,422	2,039,022
Utilities		6,995,906	6,159,727
Travelling and conveyance		370,819	1,771,643
Depreciation	4.1	24,504,582	24,814,883
Entertainment		1,449,383	987,671
Postage and delivery		54,570	91,967
Advertisement		202,210	69,555
Legal and professional fee		253,250	404,570
Bank charges		53,018	66,817
Miscellaneous expenses		357,363	667,846
Rent and rates		1,244,304	450,340
Financial assistance	17.1	1,353,919	2,356,654
Dues and subscriptions		1,206,980	134,800
		262,209,240	240,264,045

17.1 (2020:Financial assistance includes an amount of Rs. 1,838,654 which is paid as per Trust's policy. However, the balancing figure amounting to Rs. 518,000 is paid for purchasing ration for deserving families during the pandemic of COVID-19.)

18 ADMINISTRATIVE EXPENSES

	Note	2021 Rupees	2020 Rupees
Salaries and benefits		8,436,758	8,134,432
Printing and stationery		101,490	351,224
Vehicle running		729,934	854,766
Repair and maintenance		888,017	420,405
Office supplies		31,541	76,019
Utilities		753,438	473,449
Travelling and conveyance		60,095	68,853
Entertainment		287,270	340,922
Postage and delivery		62,433	70,964
Depreciation	4.1	1,303,989	1,257,754
Advertisement		173,829	186,624
Legal and professional fee		1,085,630	221,599
Bank charges		55,739	71,047
Miscellaneous expenses		3,570	16,509
Financial assistance		-	70,000
		13,973,733	12,614,567

18.1 Due to the charitable nature of the Trust, the audit was conducted on honorary basis and therefore no audit fee has been charged in these financial statements.

19 FUNDRAISING EXPENSES

	Note	2021 Rupees	2020 Rupees
Local travelling		-	175,280
Foreign travelling		-	1,215,951
Supplies		-	53,640
Event management		25,000	489,194
Advertisement		-	22,800
Commission	19.1	1,913,953	1,689,164
		1,938,953	3,646,029

19.1 This represents commission paid to the third party for collection of donations for the Trust.

20 OTHER INCOME

	2021 Rupees	2020 Rupees
Income from financial assets:		
Dividend income	636,260	1,054,352
Profit on saving accounts	1,616,671	3,705,688

	2021 Rupees	2020 Rupees
Exchange gain	(3,641,583)	2,405,921
Profit on term deposit receipts	1,759,331	4,552,982
Capital gain/(loss) on listed securities	-	207,557
Unrealized loss on remeasurment of:		
- investments measured at FVTPL	471,968	193,473
- NIT units	6,792,477	-
Income from non-financial assets:		
Miscellaneous income	496,309	191,972
	8,131,433	12,311,946

21 FINANCIAL INSTRUMENTS

The Trust has exposure to the following risks from its use of financial instruments:

Credit risk
Liquidity risk
Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Trust's risk management framework. The Board of Directors is also responsible for developing and monitoring the Trust's risk management policies.

The Trust's risk management policies are established to identify and analyse the risks faced by the Trust, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Trust's activities. The Trust, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors of the Trust oversees how management monitors compliance with the Trust's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Trust.

21.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The credit risk for the Trust arises mainly from its term deposit receipts, advances, deposits and other receivables and balances maintained with bank. The Trust maintains bank balances with financial institutions of sound credit ratings. Accordingly, the Trust is not exposed to significant credit risk.

Exposure to credit risk

The carrying amount of financial assets represent the maximum credit risk exposure. The maximum exposure to credit risk at the statement of financial position date was:

	2021 Rupees	2020 Rupees
Term deposit receipts	25,000,000	50,281,012
Advances and other receivables	18,871,781	3,654,378
Bank balances	226,338,258	205,762,164
	270,210,038	259,697,554

21.2 Liquidity risk

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they fall due. The Trust's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or damage to the Trust's reputation.
The maturity profile of the Trust's financial liabilities based on the contractual amounts is as

	Carrying amount	Contractual cash flows	Within one year	2-5 years	Over 5 years
			Rupees		
2021					
Financial liabilities at amortized cost					
Creditors	6,122,873	6,122,873	6,122,873	-	-
Accrued liabilities	2,585,386	2,585,386	2,585,386	-	-
Payable to donors	829,411	829,411	829,411	-	-
Others	1,262,191	1,262,191	1,262,191	-	-
	10,799,861	10,799,861	10,799,861	-	-
2020					
Financial liabilities at amortized cost					
Creditors	9,255,810	9,255,810	9,255,810	-	-
Accrued liabilities	647,810	647,810	647,810	-	-
Payable to donors	884,743	884,743	884,743	-	-
Others	1,561,506	1,561,506	1,561,506	-	-
	12,349,869	12,349,869	12,349,869	-	-

21.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Trust's income or the value of its holding of financial instruments. The objectives of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

(a) Interest rate risk management; and

(b) Currency rate risk management.

(a) Interest rate risk management

The interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate exposure arises from short term running finance, liabilities against assets subject to finance lease and balances in deposit and saving accounts. At the reporting date the interest rate risk profile of the Trust's interest bearing financial instruments are as follows:

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	2021 Rupees	2020 Rupees
(i) Fixed rate instruments		
Financial assets at amortized cost		
Cash at bank	121,629,247	36,008,812
Term deposit receipts	25,000,000	50,281,012

(ii) 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 account.

(b) Currency rate risk management

(i) Exposure to currency risk

The Trust is exposed to currency rate risk on bank balances which is denominated in currency other than the functional currency of the Trust. The Trust's exposure to foreign currency risk is as follows:

	2021 Rupees	2020 Rupees
Foreign currency bank balances	126,671,361	97,967,530

(ii) The following significant exchange rates applied during the year:

	Average rates		Balance sheet rates	
	2021	2020	2021	2020
United States Dollar (USD)	162.26	165.49	157.54	166.98
Great Britain Pound (GBP)	217.44	212.34	217.98	216.89

(iii) Sensitivity analysis

A reasonably possible strengthening (weakening) of the US Dollar against the Pakistani Rupees at June 30 would have affected the measurement of financial instruments denominated in a foreign currency and affected profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit or loss	
	Strengthening	Weakening
As at June 30, 2021		
US Dollar (10% movement)	6,735,405	(6,735,405)
As at June 30, 2020		
US Dollar (10% movement)	9,796,753	(9,796,753)

21.4 Fair value of financial assets and liabilities

(i) The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy:

Financial assets and liabilities	Carrying amount				Fair Value			
	Amortized cost	Held at fair value through profit or loss	Other financial assets and liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
June 30, 2021	Rupees				Rupees			
Financial Asset								
Advances and other receivables	18,871,781	-	-	18,871,781	-	-	-	-
Term deposit receipts	25,000,000	-	-	25,000,000	-	-	-	-
Short-term investments	-	28,555,570	-	28,555,570	28,555,570	-	-	28,555,570
Bank balances	226,338,258	-	-	226,338,258	-	-	-	-
Total financial assets	270,210,038	28,555,570	-	298,765,609	28,555,570	-	-	28,555,570
Financial liabilities								
Creditors and accrued liabilities	-	-	10,799,861	10,799,861	-	-	-	-
Total financial liabilities	-	-	10,799,861	10,799,861	-	-	-	-

Financial assets and liabilities	Carrying amount				Fair Value			
	Amortized cost	Held at fair value through profit or loss	Other financial assets and liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
June 30, 2020	Rupees				Rupees			
Financial Asset								
Advances and other receivables	3,654,378	-	-	3,654,378	-	-	-	-
Term deposit receipts	50,281,012	-	-	50,281,012	-	-	-	-
Short-term investments	-	21,291,125	-	21,291,125	21,291,125	-	-	21,291,125
Bank balances	205,762,164	-	-	205,762,164	-	-	-	-
Total financial assets	259,697,554	21,291,125	-	280,988,679	21,291,125	-	-	21,291,125
Financial liabilities								
Creditors and accrued liabilities	-	-	12,349,869	12,349,869	-	-	-	-
Short-term loan			-	-				
Total financial liabilities	-	-	12,349,869	12,349,869	-	-	-	-

21.5 Fair value of financial assets and liabilities (continued)

(ii) Determination of fair values

A number of the Trust's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurements and / or disclosure purposes based on the following methods:

Non-derivative financial assets

The fair value of non-derivative financial assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes. Fair value of short term investments quoted at fair value is based on quoted market prices.

Derivative financial assets

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

22 FUNDS MANAGEMENT

The Board of Directors of the Trust monitors the performance along with the fund required for the sustainable operations and the Trust is not subject to externally imposed fund requirements.

23 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Restricted grant	Total
	Rupees	Rupees
Balance at July 01, 2020	25,492,156	25,492,156
Changes from financing cash flows		
Receipts during the year	47,115,151	47,115,151
Total changes from financing cash flows	72,607,307	72,607,307
Other changes		
Liability related		
Transfer to income during the year	(39,126,932)	(39,126,932)
Transfer to deferred capital grant	(13,835,236)	(13,835,236)
Total liability related other changes	(52,962,168)	(52,962,168)
Balance at June 30, 2021	19,645,140	19,645,140

24 RELATED PARTY TRANSACTIONS

Related parties comprise the Council of Trustees, key management personnel and entities over which the Trustees are able to exercise significant influence. Transactions with related parties are as follows:

	2021 Rupees	2020 Rupees
Transactions with entities by virtue of common directorship		
Al-Mustafa Charitable Trust - UK	34,104,660	30,477,000
Al-Mustafa Charitable Trust - USA	35,964,400	31,351,522
Transactions with key management personnel		
Donations received from Chairman of the Board of Trustees	5,870,000	4,000,000
Donations received from Vice Chairman of the Board of Trustees	4,139,000	4,119,000
Others		
Donations received from Trustees	500,000	366,000

25 REMUNERATION OF KEY MANAGEMENT PERSONNEL

All key management personnel and project directors are working on voluntary basis for the Trust. (2020: nil).

26 IMPACT OF COVID-19 ON THE FINANCIAL STATMENTS

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. Since March 2020, the Government of Pakistan announced temporary lock downs from time to time as a measure to reduce the spread of the COVID-19. However, after implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Trust henceforth continued its operations in order to maintain business performance despite slowed down economic activity.

There is no significant accounting impact of the effects of COVID-19 in these financial statements. The Trust has sufficient liquidity to support its activities in future and is able to meet its obligations as they come due and no such indications exist that may trigger impairment of its assets.

27 GENERAL

Figures have been rounded to the nearest rupees.

28 DATE OF AUTHORIZATION

These financial statements were approved by the Council of Trustees on ________________.

CHAIRMAN **TRUSTEE**