THE KIDNEY CENTRE POST GRADUATE TRAINING INSTITU
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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Chartered Accountants
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Independent Auditor's Report to the Members of The Kidney Centre Post Graduate Training Institute

Opinion

We have audited the financial statements of The Kidney Centre Post Graduate Training Institute (the Institute), which comprise the statement of financial position as at June 30, 2024, and the statement of income and expenditure and other comprehensive income, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Institute as at June 30, 2024, 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) applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Institute 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.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and The Board of Governors for the Financial Statements

The management of the Institute is responsible for the preparation and fair presentation of the financial statements in accordance with the approved accounting and reporting standards as applicable in Pakistan, and for such internal control as the management 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, the management is responsible for assessing the Institute'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 Institute or to cease operations, or has no realistic alternative but to do so.

The Board of Governors are responsible for overseeing the Institute's financial reporting process.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or 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 Institute'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 Institute'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 Institute 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 Board of Governors 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.

A. F. Ferguson & Co.
Chartered Accountants
Karachi

Date: December 21, 2024

Engagement Partner: Azhar Hussain

UDIN: AR202410290C20RXYkzF

THE KIDNEY CENTRE POST GRADUATE TRAINING INSTITUTE
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

	Note	2024	2023
		Rupees	
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	4	973,852,148	761,216,831
Intangible assets	5	3,151,234	2,798,023
Long-term deposits		2,757,195	2,757,371
		979,760,577	766,772,225
CURRENT ASSETS			
Inventories	6	280,873,229	237,178,197
Accounts receivable	7	32,125,198	24,388,067
Advances, deposits, prepayments and other receivables	8	22,562,102	24,399,102
Short-term investments	9	2,192,560,741	1,961,379,958
Cash and bank balances	10	516,350,388	394,697,168
		3,044,471,658	2,642,042,492
TOTAL ASSETS		4,024,232,235	3,408,814,717
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred capital contribution	11	620,364,773	507,505,925
Long-term borrowings	12	67,510,750	93,416,590
		687,875,523	600,922,515
CURRENT LIABILITIES			
Trade and other payables	13	274,255,438	245,314,804
Current portion of long-term borrowings	12	44,444,444	50,732,000
Accrued interest		113,539	184,794
Deferred contribution	14	388,566,684	283,841,543
		707,380,105	580,073,141
NET ASSETS		2,628,976,607	2,227,819,061
FINANCED BY:			
Restricted endowment fund	16	2,628,976,853	2,186,927,370
General fund (deficit) / surplus		(246)	40,891,691
		2,628,976,607	2,227,819,061
CONTINGENCIES AND COMMITMENTS	15		

The annexed notes 1 to 30 form an integral part of these financial statements.

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Chairman

Treasurer

THE KIDNEY CENTRE POST GRADUATE TRAINING INSTITUTE
STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
		----Rupees----	
INCOME			
Income from medical services - net	17	1,048,075,842	858,443,751
Value of services provided to welfare patients - net	18	589,658,769	500,382,443
Amortization of deferred capital contribution	11	19,450,444	18,854,147
		1,657,185,055	1,377,680,341
EXPENDITURE			
Cost of services			
Medicines consumed		532,910,699	379,833,386
Salaries and allowances		710,668,827	586,408,530
Utilities expenses		138,749,361	97,311,421
Depreciation	4.1.2	70,924,225	75,959,244
Repair, maintenance and others		47,140,379	47,508,382
Laboratory tests		9,625,364	7,890,691
Food supplies		15,789,638	12,050,787
Uniform and linen		2,869,703	2,856,951
Communication		1,081,821	1,032,838
Advertisement		2,662,608	7,978,317
Printing and stationery		10,779,097	7,995,464
Insurance		7,828,963	6,932,304
Fund raising cost		15,463,320	14,019,974
Training, development and seminars		4,907,129	6,705,217
Laundry, cleaning and sanitation		22,309,708	18,237,858
Security service		4,221,613	3,606,931
Obsolete inventories written-off	6	5,225	14,421
Allowance for expected credit losses	7.3	163,715	322,258
Foreign exchange loss		763,120	5,530,174
Others		208,625	82,900
		1,599,073,139	1,282,278,048
Administrative expenses	19	127,554,865	81,574,242
Finance cost	20	4,798,890	3,408,049
		1,731,426,894	1,367,260,339
Other income	21	(33,349,902)	(22,981,769)
		1,698,076,992	1,344,278,570
Operating (deficit) / surplus		(40,891,937)	33,401,771
Other comprehensive income		-	-
Total comprehensive (loss) / income		(40,891,937)	33,401,771

The annexed notes 1 to 30 form an integral part of these financial statements.

Chairman

Treasurer

THE KIDNEY CENTRE POST GRADUATE TRAINING INSTITUTE
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2024

	Restricted Endowment Fund (note 16)	General fund [Operating surplus / (deficit)]	Total
	---Rupees---		
Balance as at June 30, 2022	1,854,502,606	7,489,920	1,861,992,526
Total comprehensive income for the year	-	33,401,771	33,401,771
Income on investments	331,247,474	-	331,247,474
Fair value adjustment	1,177,290	-	1,177,290
Balance as at June 30, 2023	2,186,927,370	40,891,691	2,227,819,061
Total comprehensive loss for the year	-	(40,891,937)	(40,891,937)
Income on investments	425,577,769	-	425,577,769
Fair value adjustment	16,471,714	-	16,471,714
Balance as at June 30, 2024	2,628,976,853	(246)	2,628,976,607

The annexed notes 1 to 30 form an integral part of these financial statements.

Chairman **Treasurer**

THE KIDNEY CENTRE POST GRADUATE TRAINING INSTITUTE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
		----------Rupees----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating (deficit) / surplus for the year		(40,891,937)	33,401,771
Adjustments for non-cash charges and other items:			
- Depreciation of operating assets	4.1.2	71,463,557	76,525,990
- Amortization of intangible assets	5	1,566,375	1,220,451
- Value of services provided to welfare patients - net	18	(589,658,769)	(500,382,443)
- Amortization of deferred capital contribution	11	(19,450,444)	(18,854,147)
- Obsolete inventories written-off	6	5,225	14,421
- Interest on long-term borrowings	20	-	41,072
- Gain on disposal of operating assets	21	(375,000)	(6,409,183)
- Fair value adjustment on investments		(16,471,714)	(1,177,290)
-Allowance for expected credit of losses	7.3	163,715	322,258
Deferred contributions received	14.1	694,383,910	585,793,821
Long-term deposits - net		176	(1,448,176)
Working capital changes	22	(20,823,471)	(159,810,826)
Net cash generated from operating activities		79,911,623	9,237,719
CASH FLOWS FROM INVESTING ACTIVITIES			
Short-term investments made		9,394,096,817	(478,861,155)
Short-term investments redeemed		(10,749,125,884)	1,171,719,832
Purchase of property and equipment		(271,847,825)	(232,248,037)
Proceeds from disposal of operating assets		375,000	6,507,002
Payment for acquisition of intangible asset		(1,919,586)	(1,699,170)
Net cash (used in) / generated from investing activities		(1,628,421,478)	465,418,472
CASH FLOWS FROM FINANCING ACTIVITIES			
Deferred capital contribution received during the year		132,309,292	179,453,359
Interest on long-term borrowings paid		(71,255)	(968,542)
Repayment of long-term borrowings		(44,444,444)	(79,236,415)
Income received on restricted endowment fund		362,204,003	599,837,267
Net cash generated from financing activities		449,997,596	699,085,669
Net increase in cash and cash equivalents		(1,098,512,259)	1,173,741,860
Cash and cash equivalents at beginning		1,665,997,168	492,255,308
Cash and cash equivalents at end	23	567,484,909	1,665,997,168

The annexed notes 1 to 30 form an integral part of these financial statements.

Chairman

Treasurer

1. LEGAL STATUS AND OPERATIONS

The Kidney Centre, a society registered on November 6, 1986 under the Societies Registration Act, 1860, was reorganized and re-established as a Training Institute to be known as the Dorab Patel Post Graduate Institute for Nephrology and Urology. This was effected on February 10, 2001 through promulgation of The Dorab Patel Post Graduate Training Institute for Nephrology and Urology Ordinance, 2001 (No. XI) by the Governor of Sindh. However, on August 8, 2001 the aforementioned Ordinance was repealed and replaced by a new Ordinance i.e. The Kidney Centre Post Graduate Training Institute Ordinance, 2001 (No. XXVIII). Under the new Ordinance:

- The Kidney Centre is to be known as The Kidney Centre Post Graduate Training Institute (the Institute);
- Established within the Institute is a training and research center to be known as the Dorab Patel Post Graduate Training and Research Centre; and
- The principal objective of the Institute is to construct and operate one or more hospitals with such ancillary facilities appropriate for the prevention and treatment of renal and other related diseases on charitable basis to needy patients.

The Institute, located at 197/9, Rafiqui Shaheed Road, Karachi, provides all medical services as specified in note 17. In addition, the Institute also provides filter clinic services at its Korangi location - 19, Sector 31/A, Korangi Township, Karachi.

2. MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Basis of preparation

2.1.1 These financial statements have been prepared under the historical cost convention, except as otherwise disclosed in the relevant accounting policies below:

2.1.2 These financial statements have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan. Approved accounting and reporting standards comprise of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified by the Securities and Exchange Commission of Pakistan (SECP) and Accounting Standard for Not for Profit Organizations (NPOs) issued by the Institute of Chartered Accountants of Pakistan (ICAP).

2.1.3 The preparation of financial statements in conformity with the above requirements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Institute's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

2.1.4 Initial application of standards and amendments to existing standards

a) Amendments to existing standards that became effective during the year

There are certain amendments to existing standards that are applicable for the financial year beginning on July 1, 2023, however, these do not have a material impact on the institute's financial reporting and, therefore, have not been disclosed in these financial statements, except for the following:

Amendment to IAS 1 "Presentation of financial statements" (IAS 1) and IFRS practice Statement 2 'Making Materiality Judgements';

This amendment provides guidance and examples to help entities apply materiality judgments in order to determine the accounting policy information which should be disclosed. The amendments aim to help entities providing accounting policy disclosures that are more useful by replacing the requirement for entities to disclose 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. This amendment has an impact on the Institute's disclosures of accounting policies, but not on the measurement, recognition or presentation of any item in these financial statements.

IAS 12 "Income Taxes" Application Guidance on Accounting for Minimum Taxes and Final Taxes:

ICAP has issued application guidance on accounting of minimum and final taxes vide its circular No. 07/2024 dated May 15, 2024 (the Guidance), whereby minimum tax differential (i.e. tax charge in excess of tax liability under normal tax regime) and tax deducted at source under final tax regime are out of scope from IAS 12 'Income Taxes' and fall in the ambit of IFRIC 21 'Levies' and IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'. However, there is no impact of the Guidance on the Institute.

b) Standards and amendments to exisiting standards that are not yet effective and have not been early adopted by the Institute

There are certain standards and amendments to existing standards that are not yet effective and have not been early adopted by the Institute for the financial year beginning on July 1, 2023. These are not expected to have a material impact on the institute's financial reporting in the year of initial application and, therefore, have not been presented in these financial statements.

2.2 Property and equipment

2.2.1 Operating assets

These are stated at cost less accumulated depreciation and impairment, if any. Depreciation is charged to the statement of income and expenditure and other comprehensive income using the straight-line method whereby the cost of an operating asset less its estimated residual value is written-off over its estimated useful life at rates given in note 4.1. Depreciation on additions is charged from the month in which the asset is available for use up to the month immediately preceding the disposal. Assets received as contributions in-kind are initially recognized at fair value and subsequently at valuation less accumulated depreciation and impairment, if any. Assets residual values and useful life are reviewed, and adjusted, if appropriate at each reporting date.

The carrying values of operating assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. The recoverable amount of operating assets is the greater of fair value less cost of disposal and value in use.

Subsequent costs are included in the assets' carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Institute and the cost of the item can be measured reliably.

Maintenance and normal repairs are charged to the statement of income and expenditure and other comprehensive income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Disposal of assets is recognized when significant risks and rewards incidental to ownership have been transferred to the buyer. The gain or loss on disposal of an asset, represented by the difference between the sales proceeds and carrying amount of the asset, is recognized as an income or expense in the period of disposal.

2.2.2 **Capital work-in-progress**

These are stated at cost less impairment, if any, and consists of expenditure incurred and advances made in respect of tangible and intangible assets in the course of their construction and installation. Transfers are made to relevant operating asset or intangible assets category as and when assets are available for use.

2.3 Intangible assets

These are stated at cost less accumulated amortization and impairment losses, if any. Costs associated with maintaining computer software programmes are recognized as an expense as incurred. Costs directly associated with acquiring software that have probable economic benefits exceeding one year, are recognized as an intangible asset. Direct costs include the purchase cost of software and related overhead cost. Subsequent directly attributable 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 flow to the Institute and the cost of the item can be measured reliably.

Computer software costs are amortized from the year when such assets are available for use on a straight-line basis over the asset's useful life.

The asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

2.4 Financial instruments

2.4.1 **Financial assets**

The Institute classifies its financial assets in the following categories: at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVPL). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

a) At amortized cost

Financial assets are measured at amortized cost where assets are held within a business model whose objective is to hold assets to collect contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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b) At fair value through other comprehensive income

Financial assets are measured at FVOCI where assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets. The contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) At fair value through profit or loss

Financial assets, that are not measured at amortized cost or at FVOCI on initial recognition, are classified as FVTPL.

2.4.1.1 Recognition and measurement

All financial assets are recognized at the time when the Institute becomes a party to the contractual position of the instrument. Regular purchases and sales of financial assets are recognized on the trade-date - the date on which the Institute commits to purchase or sell the asset.

Financial assets at amortized cost are initially recognized at fair value and are subsequently measured at amortized cost using the effective interest method.

Investments, classified as FVOCI, are initially recognized at cost, being the fair value of the consideration given. Subsequent to initial recognition, these investments are re-measured at fair values. Increase or decrease in respect of these investments is recognized directly in other comprehensive income till the investment is sold or otherwise disposed off, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously recognized in other comprehensive income is transferred to the respective fund.

Any changes in the fair value of investments which are acquired from the funds restricted for capital expenditure purpose or endowment fund is recognized directly in deferred capital contribution or restricted endowment fund, respectively.

Financial assets carried at FVTPL are initially recognized at fair value, and transaction costs are expensed in the statement of income and expenditure and other comprehensive income. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Institute has transferred substantially all risks and rewards of ownership. Gains or losses arising from changes in the fair value are presented in the statement of income and expenditure and other comprehensive income within 'other income / other expenses' in the period in which they arise.

2.4.2 Impairment of financial assets

The Institute recognises lifetime expected credit losses (ECL) for accounts receivable. The ECL on accounts receivable are estimated using a provision matrix based on the Institute's historical credit loss experience, adjusted for factors i.e. general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial assets, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial asset has not increased significantly since initial recognition, the Institute measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

The amount of ECL is updated at each reporting date to reflect change in credit risk since initial recognition of the respective financial asset.

2.4.3 Financial liabilities

All financial liabilities are recognized at the time when the Institute becomes a party to the contractual provisions of the instrument.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the statement of income and expenditure and other comprehensive income.

2.4.4 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle either on a net basis, or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Institute or the counterparty.

2.5 Inventories

Inventories are valued at lower of cost, determined on moving average basis, or net realizable value. Cost comprises invoice value plus other charges incurred thereon.

Provision is made for slow moving inventories, where necessary, and recognized in the statement of income and expenditure and other comprehensive income. Obsolete items are written-off and are recorded at Nil.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated cost necessary to make the sale.

2.6 Accounts receivables

Accounts receivable are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognized at fair value. The Institute holds the accounts receivable with the objective to collect contractual cash flows and, therefore, measures them subsequently at amortized cost using the effective interest method. Provision for impairment is recognized for lifetime ECL under the simplified model for accounts receivables.

The amount of the provision for impairment is charged to the statement of income and expenditure and other comprehensive income. Accounts receivable considered irrecoverable are written-off.

2.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, balances with banks on current, deposit and savings accounts and short-term investments with original maturities of three months or less.

2.8 Retirement benefits

The Institute operates an approved contributory provident fund for its permanent employees. Equal monthly contributions are made, both by the Institute and the employees, to the fund at the rate of 10% of basic salary.

2.9 Compensated absences

Annual leave earned and not availed may be accumulated in the employee's annual leave account to a maximum of 42 days as of the first day of January of each year. An employee who has not availed annual leave will be allowed to encash his / her leave balance.

2.10 Trade and other payables

Trade and other payables are recognized initially at fair value of the consideration to be paid in the future for goods and services received, and are subsequently measured at amortized cost using the effective interest method.

These are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

2.11 Borrowings

Borrowings are recognized initially at fair value, net of attributable transaction costs incurred. Borrowings are subsequently stated at amortized cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of income and expenditure and other comprehensive income over the period of the borrowings using the effective interest method.

2.12 Government Grants

Grants from the government relating to property and equipment are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Institute will comply with all attached conditions. Government grants are netted off against the carrying amount of the related property and equipment in the statement of financial position.

2.13 Provisions

Provisions are recognized when the Institute has a present legal or constructive obligation as a result of past events, 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 obligation. Provisions are reviewed at each reporting date and adjusted to reflect current best estimates.

2.14 Deferred contributions

Specific donations and zakat contributed by donors are initially recognized as deferred contributions on receipt. Subsequently, they are recognized in the statement of income and expenditure and other comprehensive income to match the cost and expenses incurred in respect of the same.

2.15 Foreign currency transactions and translation

The financial statements are presented in Pakistan Rupees which is the Institute's functional currency. Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees at rates of exchange prevailing at the reporting date. Transactions in foreign currencies are accounted for in Pakistan Rupees at daily average rates. Exchange gains and losses on contribution received for capital expenditure are added to the balance of deferred capital contribution. All other exchange gains and losses are included in the statement of income and expenditure and other comprehensive income.

2.16 Income recognition

The Institute follows the deferral method of accounting for contributions, charities and grants. Under this method unrestricted contributions are recognized as income when received; externally restricted contributions including zakat, charities and grants are deferred and recognized as income in the year the related expenses are recognized / services provided to welfare patients free of cost (such income is recognized at the value of medical services, net of discount); contributions externally restricted for capital assets are recorded as deferred capital contribution and are amortized on the same basis as the related asset is depreciated.

Income from medical services is recognized as and when services are provided.

Investment income related to (i) deferred contribution are added to the balances thereof; (ii) restricted endowment fund are credited directly to the endowment fund; and (iii) other invested funds are recognized in the statement of income and expenditure and other comprehensive income.

Rental income is recognized over the term of the contract.

2.17 Taxation

The Institute has been granted approval as a non-profit organization under section 2(36) of the Income Tax Ordinance, 2001 (the Ordinance) by the Commissioner Inland Revenue. Therefore, the Institute based on its advice of its tax consultant, is of the view that its income would not be liable to tax in view of tax credit available under section 100C of the Ordinance.

2.18 Endowment Fund

Represents a restricted fund which is retained for the benefit of the Institute. The main objective of the fund is to fund capital expenditure, training of doctors and welfare patients treatment. Only endowment contributions and investment income subject to restrictions stipulating that it be added to the principal amount of the endowment fund would be reported as income of the endowment fund. The utilization of this fund is subject to the Board's discretion.

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3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Institute makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

3.1 Property and equipment

The Institute reviews appropriateness of the rate of depreciation, useful life and residual values used for recording the depreciation on an annual basis. Further where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis.

3.2 Accounts and other receivables

The Institute reviews the recoverability of its financial assets to assess amount of impairment and allowance required thereagainst on annual basis. While determining impairment allowance, the Institute considers financial health, market and economic information, aging of receivables, credit worthiness, credit rating and past records.

	2024	2023
	----Rupees----	
4. PROPERTY AND EQUIPMENT		
Operating fixed assets (note 4.1)	299,823,876	303,207,470
Capital work-in-progress (note 4.2)	674,028,272	458,009,361
	973,852,148	761,216,831

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4.1 Operating fixed assets

	Leasehold land	Building (note 4.1.1)	Electro medical equipment	Laboratory Equipment	Machinery	Furniture and fixture	Vehicles	Office equipment	Computers	Electrical equipment and fittings	Elevators	Books	Total
	Rupees												
As at 1 July 2022													
Cost	12,586,845	190,992,938	565,340,026	20,876,438	73,168,252	13,953,974	3,920,753	29,283,986	28,792,084	3,987,766	12,582,414	513,191	955,998,667
Accumulated depreciation	-	(97,211,120)	(358,887,160)	(15,439,077)	(62,354,716)	(10,447,461)	(3,173,447)	(16,266,853)	(19,497,462)	(3,987,766)	(10,802,414)	(513,191)	(598,580,667)
Net book value	12,586,845	93,781,818	206,452,866	5,437,361	10,813,536	3,506,513	747,306	13,017,133	9,294,622	-	1,780,000	-	357,418,000
Year ended 30 June 2023													
Opening net book value	12,586,845	93,781,818	206,452,866	5,437,361	10,813,536	3,506,513	747,306	13,017,133	9,294,622	-	1,780,000	-	357,418,000
Additions including transfers - note 4.2	-	-	17,390,717	-	-	779,628	-	2,518,434	1,724,500	-	-	-	22,413,279
Less: Disposals													
Cost	-	-	26,377,943	18,000	2,100,843	14,500	-	934,774	3,076,510	-	-	-	32,522,570
Accumulated depreciation	-	-	(26,356,975)	(18,000)	(2,100,843)	(14,500)	-	(857,933)	(3,076,500)	-	-	-	(32,424,751)
	-	-	20,968	-	-	-	-	76,841	10	-	-	-	97,819
Less: Depreciation charge - note 4.1.2	-	6,994,876	54,631,440	1,767,616	5,306,916	831,274	319,425	2,113,992	3,670,451	-	890,000	-	76,525,990
Closing net book value	12,586,845	86,786,942	169,191,175	3,669,745	5,506,620	3,454,867	427,881	13,344,734	7,348,661	-	890,000	-	303,207,470
As at 1 July 2023													
Cost	12,586,845	190,992,938	556,352,800	20,858,438	71,067,409	14,719,102	3,920,753	30,867,646	27,440,074	3,987,766	12,582,414	513,191	945,889,376
Accumulated depreciation	-	(104,205,996)	(387,161,625)	(17,188,693)	(65,560,789)	(11,264,235)	(3,492,872)	(17,522,912)	(20,091,413)	(3,987,766)	(11,692,414)	(513,191)	(642,681,906)
Net book value	12,586,845	86,786,942	169,191,175	3,669,745	5,506,620	3,454,867	427,881	13,344,734	7,348,661	-	890,000	-	303,207,470
Year ended 30 June 2024													
Opening net book value	12,586,845	86,786,942	169,191,175	3,669,745	5,506,620	3,454,867	427,881	13,344,734	7,348,661	-	890,000	-	303,207,470
Additions including transfers - note 4.2	-	-	30,911,649	715,600	55,556	1,382,400	14,354,710	5,569,664	15,090,384	-	-	-	68,079,963
Less: Disposals													
Cost	-	-	-	-	950,000	-	-	-	-	-	-	-	950,000
Accumulated depreciation	-	-	-	-	(950,000)	-	-	-	-	-	-	-	(950,000)
	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: Depreciation charge - note 4.1.2	-	6,994,876	51,659,694	1,531,290	2,149,650	934,054	929,498	2,407,899	3,966,596		890,000		71,463,557
Closing net book value	12,586,845	79,792,066	148,443,129	2,854,055	3,412,527	3,903,213	13,853,094	16,506,499	18,472,449	-	-	-	299,823,876
As at 30 June 2024													
Cost	12,586,845	190,992,938	587,264,449	21,574,038	70,172,965	16,101,502	18,275,463	36,437,310	42,530,458	3,987,766	12,582,414	513,191	1,013,019,339
Accumulated depreciation	-	(111,200,872)	(438,821,320)	(18,719,983)	(66,760,438)	(12,198,289)	(4,422,369)	(19,930,811)	(24,058,009)	(3,987,766)	(12,582,414)	(513,191)	(713,195,463)
Net book value	12,586,845	79,792,066	148,443,129	2,854,055	3,412,527	3,903,213	13,853,094	16,506,499	18,472,449	-	-	-	299,823,876
Annual rate of depreciation (%)		5	3.33 - 20	20	10	10	20	10	25	10	10	15	

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4.1.1 The building has been constructed on the land owned by the Military Lands and Cantonments. The lease for such land is still in process of being granted to the Institute.

	2024	2023
	---Rupees---	
4.1.2 Depreciation charge for the year has been allocated as follows:		
Cost of services	70,924,225	75,959,244
Administrative expenses (note 19)	539,332	566,746
	71,463,557	76,525,990

4.2 Capital work-in-progress

	Civil works and construction	Machinery and electro- medical equipment	Total
	---Rupees---		
Year ended June 30, 2023			
Balance at July 1, 2022	18,359,839	214,272,482	232,632,321
Additions (notes 4.2.1 & 4.2.2)	13,139,335	224,985,412	238,124,747
Transfers to operating assets	-	(12,747,707)	(12,747,707)
Balance at June 30, 2023	31,499,174	426,510,187	458,009,361
Year ended June 30, 2024			
Balance at July 1, 2023	31,499,174	426,510,187	458,009,361
Additions (notes 4.2.1 & 4.2.2)	83,940,702	165,443,423	249,384,125
Transfers to operating assets	-	(33,365,214)	(33,365,214)
Balance at June 30, 2024	115,439,876	558,588,396	674,028,272

4.2.1 Capital work-in-progress includes cost of plant and machinery and electro-medical equipment amounting to Rs. 57,657,433 (2023: Rs. 218,083,085) in respect of a state-of-the-art Modular Operation Theatre Complex (MOTC) being constructed by the Institute at its premises (7th floor).

Subsequent to the year end the, the MOTC was completed and ready for its intended use effective November 25, 2024.

4.2.2 This includes borrowing costs capitalized during the year amounting to Rs. 13,075,048 (2023: Rs. 15,542,282). The rate used to determine the amount of borrowing costs eligible for capitalisation is 13.35% (2023: 13.6%) per annum as applied by Bank Al Habib Limited under the Refinance Facility for Combatting COVID-19 scheme, referred in note 12.1.

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	2024	2023
	Rupees	

5. INTANGIBLE ASSETS

	2024	2023
Gross carrying value		
Cost - Computer software	6,599,436	4,679,850
Less: Accumulated amortization	(3,448,202)	(1,881,827)
Net book value	3,151,234	2,798,023
Net carrying value		
Movement during the year		
Balance at beginning of the year	2,798,023	2,319,304
Add: Purchase of software	1,919,586	1,699,170
Less: Amortization (note 19)	(1,566,375)	(1,220,451)
Balance at end of the year	3,151,234	2,798,023
Amortization rate per annum (%)	25	25

5.1 Computer software costs include license fees for Windows server, antiviruses and other software programs.

	2024	2023
	Rupees	

6. INVENTORIES

	2024	2023
Medicines	257,799,099	212,983,468
General store	23,068,905	24,209,150
	280,868,004	237,192,618
Less: Obsolete inventories written-off	(5,225)	(14,421)
	280,873,229	237,178,197

7. ACCOUNTS RECEIVABLE - unsecured

	2024	2023
Considered good (notes 7.1 and 7.2)	32,125,198	24,388,067
Considered doubtful (note 7.3)	885,973	722,258
	33,011,171	25,110,325
Allowances for expected credit losses (note 7.3)	(885,973)	(722,258)
	32,125,198	24,388,067

7.1 As at June 30, 2024, accounts receivables amounting to Rs.11,234,483 (2023: Rs. 12,876,431) were neither past due nor impaired.

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7.2 As at June 30, 2024, accounts receivable aggregating to Rs. 20,890,715 (2023: Rs. 11,511,636) were past due but not impaired. These relate to various patients including corporate patients and autonomous bodies for which there is no history of default. The aging of these accounts receivable is as follows:

	2024	2023
	---Rupees---	
Upto 3 months	19,006,360	10,232,100
3 to 6 months	1,884,355	1,279,536
	20,890,715	11,511,636

7.3 Movement in the balance is as follows:

	2024	2023
	---Rupees---	
Balance at beginning of the year	722,258	400,000
Allowance	163,715	322,258
Balance at end of the year	885,973	722,258

8. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances to:		
- suppliers and others	2,837,690	12,225,550
- employees	2,457	122,764
Prepayments	3,855,679	3,463,147
Taxation refundable	8,484,156	4,606,005
Unbilled medical services	3,885,895	924,572
Other receivables	3,496,226	3,057,064
	22,562,102	24,399,102

9. SHORT-TERM INVESTMENTS

Treasury Bills (notes 9.1 and 9.2)	1,256,433,126	-
Pakistan Investment Bonds (notes 9.1 to 9.3)	550,632,533	670,950,726
Foreign Currency deposits (notes 9.1, 9.2 and 9.5)	31,918,045	-
Term Deposits (notes 9.1, 9.2 and 9.4)	353,577,037	1,290,429,232
	2,192,560,741	1,961,379,958

9.1 The above pertains to investments made out of Restricted Endowment Fund except Term Deposits having face value of Rs.19,259,362 (2023: Rs. 18,300,000).

9.2 Short-term investments includes profit / interest receivable amounting Rs.137,789,656 (2023: Rs. 41,472,462) out of which profit / interest receivable amounting to Rs.137,668,677 (2023: Rs. 38,450,924) pertains to investments made out of Restricted Endowment Fund.

9.3 These carry mark-up at rate ranging from 8.00% to 23.57% per annum (2023: 8.00% to 22.42% per annum) having latest maturity in November 2033.

9.4 These carry mark-up at rate ranging from 20.15% to 20.25% per annum (2023: 16.85% to 21.60% per annum) having latest maturity in July 2024.

9.5 These carry a mark-up at a rate ranging from 3.00% to 4.00% per annum (2023: Nil), with the latest maturity in July 2024.

	2024	2023
	----------Rupees----------	

10. CASH AND BANK BALANCES

	2024	2023
Balances with banks in:		
- savings accounts (note 10.1)	509,562,115	388,823,372
- current accounts	2,868,957	1,416,858
	512,431,072	390,240,230
Cash in hand	3,919,316	4,456,938
	516,350,388	394,697,168

10.1 These carry mark-up at rates ranging from 6.63% to 20.51% (2023: 3.40% to 19.50%) per annum.

	2024	2023
	----------Rupees----------	

11. DEFERRED CAPITAL CONTRIBUTION

	2024	2023
Balance at beginning of the year	507,505,925	346,906,713
Deferred capital contribution received (note 11.1)	132,309,292	179,453,359
	639,815,217	526,360,072
Less: Amortization of deferred capital contribution	(19,450,444)	(18,854,147)
Balance at end of the year	620,364,773	507,505,925

11.1 This represents contributions received specifically for capital expenditure inclusive of specific donation received amounting to Rs. 91,593,820 (2023: Rs. 168,254,059) for MOTC (as referred in note 4.2.1).

	2024	2023
	----------Rupees----------	

12. LONG-TERM BORROWINGS

	2024	2023
Loans from Bank Al Habib Limited (BAHL), a related party		
- Refinance Facility for Combatting COVID-19 scheme	111,955,194	144,148,590
	111,955,194	144,148,590
Less: Current portion shown under current liabilities	(44,444,444)	(50,732,000)
	67,510,750	93,416,590

12.1 During the financial year 2022, the Institute entered into a long-term loan agreement amounting to Rs. 200,000,000 under the Refinance Facility for Combatting COVID-19 scheme (introduced by SBP) for construction of MOTC, referred in note 4.2.1. The principal amount of loan is repayable in nine equal semi-annual installments to be commenced after a grace period of six months. The loan is secured against 100% lien over Pakistan Investment Bonds held with Bank Al-Habib Limited.

The loan carries a mark-up of 0.5% per annum and is payable on quarterly basis in arrears. Any late payment by the Institute is subject to the markup of 20% per annum or as decided by the bank.

12.2 The value of below-market interest rate on the loan, has been accounted for as government grant under IAS - 20 "Government Grant" and deducted from the cost of MOTC (note 4.2.1), as summarized below:

	2024	2023
	---Rupees---	
Balance at beginning of the year	144,148,590	156,546,496
Principal paid during the year	(44,444,444)	(27,045,778)
Add: Amortization of loan during the year	12,251,049	14,647,872
Balance at end of the year	111,955,195	144,148,590

13. TRADE AND OTHER PAYABLES

Creditors	73,767,089	46,969,216
Accruals, provisions and other liabilities (note 13.1)	150,058,750	115,024,827
Retention money	3,395,192	1,171,552
Book overdraft	38,602,178	70,944,722
Advances from patients and others	8,432,229	11,204,487
	274,255,438	245,314,804

13.1 Includes provision in respect of gas charges short billed by Sui Southern Gas Company Limited (SSGCL) during the period from September 2013 to August 2018 amounting to Nil (2023: Rs. 3,129,640).

	2024	2023
	---Rupees---	

14. DEFERRED CONTRIBUTION

Zakat	209,411,889	205,952,416
Sponsor a patient and other charities	179,154,795	77,889,127
	388,566,684	283,841,543

Represents unutilized amount of restricted contributions relating to zakat, sponsor a patient, patient contribution and other charities received, close to the year end, for treatment of welfare patients.

	2024	2023
	---Rupees---	

14.1 Movement in deferred contribution:

Balance at beginning of the year	283,841,543	198,430,165
Deferred contribution received during the year (note 14.3)	694,383,910	585,793,821
Less: Funds utilized during the year (note 18)	(589,658,769)	(500,382,443)
Balance at end of the year	388,566,684	283,841,543

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14.2 The Institute has appointed an Independent Shariah Advisor (ISA) to review, on an ongoing basis, the documents and procedures followed in respect of Zakat. The ISA has certified, vide their report, that the collection and utilization of Zakat funds by the Institute is as per Shariah rules and regulations.

14.3 Includes funds received from:

a) Grant in Aid from the Government of Sindh amounting to Rs. 200,000,000 (2023: Rs. 200,000,000) spent on various medical services.

b) Sindh Zakat Fund from the Ministry of Religious Affairs amounting to Rs. 8,000,000 (2023: Rs. 8,000,000) which was fully utilized during the year on mustahiq dialysis patients.

15. CONTINGENCIES AND COMMITMENTS

15.1 Commitments

The facility for opening letters of credit as at June 30, 2024 amounted to Rs. 105,000,000 (2023: Rs. 105,000,000) of which the amount remaining unutilized as at year-end was Rs. 63,718,860 (2023: Rs. 94,241,099). The Institute has pledged the balance in IPS accounts to the extent of Rs. 105,000,000 (2023: Rs. 105,000,000) against the aforementioned facility.

15.2 Bank guarantees have been provided to SSGCL for supply of high pressure gas line amounting to Rs. 3,300,000 (2023: Rs. 3,300,000) and to K-Electric for load extension of supply of electricity for MOTC amounting to Rs. 868,909 (2023: 868,909).

15.3 As at June 30, 2024, the outstanding commitments entered into in respect of construction of MOTC, referred to in note 4.2.1 amounted to Rs. 34,081,895 (2023: Rs. 52,366,402) and the outstanding purchase orders amounted to Rs. 17,779,224 (2023: Rs. 23,364,917).

16. RESTRICTED ENDOWMENT FUND

The Institute maintains an Endowment fund restricted for capital expenditure, training of doctors and for welfare patients treatment. The Funds restricted in respect thereof are invested in Treasury Bills, Foreign Currency Deposits, Pakistan Investment Bonds and Term Deposits.

	2024	2023
	Rupees	
17. INCOME FROM MEDICAL SERVICES - NET		
Dialysis clinic	397,035,272	360,399,603
Pharmacy	166,152,581	137,734,571
Operation theatre	430,275,077	333,618,857
Laboratory	205,102,865	171,823,047
Radiology	83,153,074	75,208,190
Out-patient	167,560,089	125,690,118
Lithotripsy	8,695,050	9,188,450
Casualty	60,352,071	42,740,285
Wards	123,936,608	104,560,552
Intensive Care Unit	53,996,403	44,523,138
Histopathology	4,658,089	4,704,188
Cardiology	16,473,070	14,507,340
	1,717,390,249	1,424,698,339
Less: Treatment of welfare patients including discounts	(669,314,407)	(566,254,588)
	1,048,075,842	858,443,751

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18. VALUE OF SERVICES PROVIDED TO WELFARE PATIENTS - NET

This represents the amount transferred from deferred contribution being the value of medical services provided to welfare patients, net of discount, out of the funds received from zakat, sponsor a patient and other charities, as summarized below:

	2024		2023	
	Number of treatments	Rupees	Number of treatments	Rupees
Dialysis	41,291	244,939,000	39,722	199,423,200
Surgery and other related services	3,467	220,144,653	3,048	216,300,261
Medical procedures	33,957	172,673,794	33,400	132,348,944
Lithotripsy	227	5,166,000	286	4,247,400
Filter clinic	25,101	26,390,960	13,985	13,934,783
		669,314,407		566,254,588
Less : Discount		(79,655,638)		(65,872,145)
		589,658,769		500,382,443

	2024	2023
	---Rupees---	
19. ADMINISTRATIVE EXPENSES		
Salaries and allowances	93,297,588	65,993,814
Communication	116,081	24,340
Advertisement & marketing	2,561,529	4,886,261
Printing and stationery	1,387,291	876,489
Insurance	1,738,406	1,484,928
Repair, maintenance and others	17,672,250	1,131,743
Training, development and seminars	1,738,406	677,887
Laundry, cleaning and sanitation	342,874	222,908
Depreciation (note 4.1.2)	539,346	566,746
Amortization (note 5)	1,566,375	1,220,451
Auditors' remuneration (note 19.1)	1,483,138	1,221,556
Legal and professional charges	4,994,089	3,224,596
Uniform and linen	117,492	42,523
	127,554,865	81,574,242
19.1 Auditors' remuneration		
Audit fee	200,000	200,000
Fee for taxation services	1,218,138	961,524
Out of pocket expenses	65,000	60,032
	1,483,138	1,221,556
20. FINANCE COST		
Interest on long-term borrowings	-	41,072
Credit card collection fee	4,680,005	3,145,523
Bank charges	118,885	221,454
	4,798,890	3,408,049

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	2024	2023
	---Rupees---	

21. OTHER INCOME

	2024	2023
From financial assets		
Income on savings bank accounts	21,742,846	15,652,285
Income on foreign currency account	680,556	-
From other than financial assets		
Gain on disposal of operating assets	375,000	6,409,183
Rental income	516,670	465,850
Liabilities written-back (note 21.1)	9,608,560	-
Others	426,270	454,451
	33,349,902	22,981,769

21.1 This includes outstanding security deposit balances from various corporate and private patients written back during the year.

	2024	2023
	---Rupees---	

22. WORKING CAPITAL CHANGES

	2024	2023
Increase in current assets:		
Inventories	(43,689,807)	(137,216,407)
Accounts receivable	(7,900,846)	(7,545,964)
Advance, deposits, prepayments and other receivables	1,837,000	(7,668,422)
	(49,753,654)	(152,430,793)
Increase / (decrease) in current liabilities		
Trade and other payables	28,940,633	(7,380,033)
	(20,813,021)	(159,810,826)

23. CASH AND CASH EQUIVALENTS

	2024	2023
Short-term investments (note 9)		
- Term deposits	19,259,362	1,271,300,000
- Foreign Currency deposits	31,875,159	-
	51,134,521	1,271,300,000
Cash and bank balances (note 10)	516,350,388	394,697,168
	567,484,909	1,665,997,168

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24. REMUNERATION OF KEY MANAGEMENT PERSONNEL

24.1 The aggregate amounts charged in these financial statements for remuneration; including all benefits to Administrator and certain executives of the Institute considered as key management personnel, are as follows:

	2024				2023			
	CEO	Administrator	Executives	Total	Officiating CEO / Dean	Administrator	Executives	Total
Managerial remuneration	19,124,171	8,252,168	52,868,380	80,244,719	19,263,725	7,057,042	46,981,979	73,302,746
Contribution for staff retirement benefits	-	505,763	770,805	1,276,568	176,400	435,997	699,061	1,311,458
Total	19,124,171	8,757,931	53,639,185	81,521,287	19,440,125	7,493,039	47,681,040	74,614,204
Number of person including those who work part of the year	2	1	2		1	1	3	

24.2 No remuneration is paid to the members of the Board of Governors.

	2024	2023
	----------Rupees----------	
25. FINANCIAL INSTRUMENTS		
25.1 Financial assets		
Fair value:		
Short-term investments	550,632,533	670,950,726
Amortized cost:		
Long-term deposits	2,757,195	2,757,371
Short-term investments	1,641,928,208	1,290,429,232
Accounts receivable	32,125,198	24,388,067
Deposits and other receivables	7,382,121	3,981,636
Cash and bank balances	516,350,388	394,697,168
	2,751,175,643	2,387,204,200
25.2 Financial liabilities		
Amortized cost:		
Long-term borrowings	111,955,194	144,148,590
Accrued interest	113,539	184,794
Trade and other payables	265,823,209	234,110,318
	377,891,942	378,443,702

25.3 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 arm's length transaction. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

The Institute discloses the financial instruments measured in the statement of financial position at fair value in accordance with the following fair value hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

	2024			
	Level 1	Level 2	Level 3	Total
	Rupees			
Financial Assets				
Short-term investments				
Pakistan Investments Bonds	-	550,632,533	-	550,632,533

	2023			
	Level 1	Level 2	Level 3	Total
	Rupees			
Financial Assets				
Short-term investments				
Pakistan Investments Bonds	-	670,950,726	-	670,950,726

There was no change in valuation techniques during the year.

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

26.1 Financial risk factors

The Institute's activities expose it to a variety of financial risks including market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Institute's overall risk management program focuses on having cost effective funding as well as to manage financial risk and to minimize earnings volatility for smooth operations of the Institute.

Risk management is carried out by the Administrator of the Institute, under policies approved by the Board of Governors.

a) 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. The Institute imports medical consumables (including medicines) and is exposed to currency risk, primarily with respect to liabilities denominated in US Dollars. The Institute manages its currency risk by close monitoring of currency markets.

As at June 30, 2024, if Pakistani Rupee had strengthened / weakened by 5% against the US Dollars and Euros with all other variables held constant, surplus for the year would have been higher / lower by Rs. 859,075 and Rs. 1,265,166 respectively (2023: Rs. 597,606 and Rs. 743,977) mainly as a net result of foreign exchange gains / losses on translation of US Dollar and Euro denominated foreign currency accounts and deposits and trade payables.

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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. The Institute has interest-bearing assets in the shape of investments in Treasury Bills, Term Deposits and Foreign Currency Deposits which are on fixed rates and Pakistan Investment Bonds which are on floating and fixed rates. Moreover, the Institute has interest bearing liability in the form of a long-term borrowings at fixed rate.

The Institute analyses its interest rates exposure on a regular basis by monitoring existing return on investments against prevailing market interest rates and taking into account various other investing options available.

As at June 30, 2024, if interest rates on the Institute's interest bearing financial instruments had been 1% higher / lower with all other variables held constant, the returns for the year on these financial instruments would have been higher / lower by Rs. 13,176,690 (2023: Rs. 22,455,209) mainly as a result of higher / lower interest exposure on interest bearing financial instruments.

(iii) 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 similar financial instruments traded in the market. The Institute is not exposed to equity securities price risk as it carries no such financial instrument.

b) Credit risk

Credit risk represents the risk of financial loss being caused if counter parties fail to discharge an obligation. The Institute's credit risk is primarily attributable to its accounts receivables. The majority of receivables relate mainly to corporate clients who generally have good credibility. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2024	2023
	----------Rupees----------	
Short-term investments - at ammortized cost	1,641,928,208	1,290,429,232
Long-term deposits	2,757,195	2,757,371
Accounts receivable	33,011,171	25,110,325
Deposits and other receivables	7,382,121	3,981,636
Cash and bank balances	512,431,072	390,240,230
	2,197,509,768	1,712,518,794

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The credit quality of receivables can be assessed with reference to their historical performance with no major defaults in recent history. The credit quality of the Institute's bank balances and short-term investments can be assessed with reference to external credit ratings as follows:

Bank	Rating Agency	Rating	
		Short-term	Short-term
Bank Al Habib Limited	PACRA	A1+	A1+
Habib Bank Limited	JCR-VIS	A-1+	A-1+
United Bank Limited	JCR-VIS	A-1+	A-1+
Habib Metropolitan Bank Limited	PACRA	A-1+	A-1+
Sindh Bank Limited	PACRA	A-1	A-1
Meezan Bank Limited	JCR-VIS	A-1+	A-1+
Bank Islami Pakistan Limited	JCR-VIS	A-1	A-1
Pakistan Oman Investment Company Limited	JCR-VIS	A-1+	A-1+
HBL First Micro Finance Bank Limitec	PACRA	A-1	A-1

(c) Liquidity risk

Liquidity risk represents the risk that the Institute will encounter difficulties in meeting obligations associated with financial liabilities. The Institute's liquidity risk management involves maintaining sufficient cash, projecting cash flows and considering the level of liquid assets necessary to meet obligations associated with financial liabilities.

The table below analyses the Institute's financial liabilities held at amortized cost into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows.

	2024			2023		
	Maturity upto one year	Maturity after one year	Total	Maturity upto one year	Maturity after one year	Total
Financial liabilities						
Long-term borrowings	44,977,241	80,126,182	125,103,423	51,550,520	123,138,588	174,689,107
Trade and other paybles	265,823,209	-	265,823,209	234,110,318	-	234,110,318
Accrued Interest	113,512	-	113,512	184,794	-	184,794

27. FUND MANAGEMENT

The Institute's objectives when managing fund balances is to safeguard its ability to continue as a going concern and to maintain strong fund base to support the sustained development of its operations.

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28. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated undertakings, retirement benefit funds, members of the Board of Governors and key management personnel. Details of the transactions with related parties, other than those which have been disclosed elsewhere in the financial statements, are as follows:

		2024	2023
		---------------- Rupees ----------------	
Nature of relationship	**Nature of transactions**		
Associated undertakings			
Jaffer Brothers (Pvt.) Limited	Billing medical services paid	144,050	-
Jaffer Business Systems (Pvt.) Limited	Purchase of services	3,315,114	2,839,158
Patient Aid Foundation	Billing medical services	26,380	20,890
Vikor Enterprises (Pvt.) Limited	Purchase of goods	156,783	18,143
Shell Pakistan Limited	Funds / donations received	1,700,000	1,500,000
Agriauto Industries Limited	Funds / donations received	100,000	-
Bank Al Habib Limited	Donations	-	500,000
Coastal Converters (Pvt.) Limited	Funds / donations received	20,000	20,000
Khalid Anwer & Co.	Donations	700,000	-
Sindh Club	Funds / donations received	-	20,000
Pakistan Petroleum Limited	Billing medical services	10,620,223	6,480,462
SICPA Inks Pakistan (Pvt) Limited	Billing medical services	219,580	-
	Donations received	1,000,000	-
Members of the Board of Governors	Donations	12,412,000	3,725,000
Staff retirement provident fund	Contributions	19,938,012	17,356,572
Key Management Personnel	Remuneration & allowance	81,521,287	74,614,204
Associated Persons	Donations	10,000,000	-
Senior doctors	Donations	5,224,880	15,515,060

29. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purpose of comparison, the effects of which are not material.

30. DATE OF AUTHORIZATION

These financial statements were authorized for issue on 25 NOV 2024 by the Board of Governors of the Institute.

Chairman

Treasurer