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working world**

**PAKISTAN KIDNEY AND LIVER INSTITUTE
AND RESEARCH CENTRE**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

EY Ford Rhodes
Chartered Accountants
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INDEPENDENT AUDITORS' REPORT TO THE BOARD OF GOVERNORS OF PAKISTAN KIDNEY AND LIVER INSTITUTE AND RESEARCH CENTER

Opinion

We have audited the accompanying financial statements of the **Pakistan Kidney and Liver Institute and Research Center** (hereinafter referred as "the Institute"), which comprise the statement of financial position as at 31 December 2017, and the income and expenditure account, statement of comprehensive income, statement of changes in fund and 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 Institute as at 31 December 2017, and its financial performance and its cash flows for the year ended 31 December 2017 in accordance with International Financial Reporting Standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Institute in accordance with the International Ethics Standards Board for *Accountants' Code of Ethics for Professional Accountants (IESBA Code)* as adopted by the Institute of Chartered Accountants of Pakistan, together with the ethical requirements that are relevant to our audit of the financial statements in Pakistan and we have fulfilled our other ethical responsibilities under these requirements and IESBA 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 Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Institute's 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 Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as applicable in Pakistan, and for such internal control as 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, 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.

Those charged with governance 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 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 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.



Chartered Accountants
Engagement Partner: Sajjad Hussain Gill
Lahore: 18 February 2020


PAKISTAN KIDNEY AND LIVER INSTITUTE AND RESEARCH CENTER
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 Rupees	2016 Rupees
ASSETS			
Non-current assets			
Property and equipment	4	1,928,571,041	717,166,987
Capital work in progress	5	10,328,955,807	3,358,091,614
Intangible assets	6	5,250,901	287,665
Long term advances and deposit	7	45,456,025	5,085,180
		<u>12,308,233,774</u>	<u>4,080,631,446</u>
Current assets			
Inventories	8	53,763,733	-
Advances, prepayments and other receivables	9	35,031,070	9,323,815
Short term security deposits	10	13,282,000	-
Cash and bank balances	11	4,919,691,124	1,673,005,998
		<u>5,021,767,927</u>	<u>1,682,329,813</u>
TOTAL ASSETS		<u><u>17,330,001,701</u></u>	<u><u>5,762,961,259</u></u>
FUND AND LIABILITIES			
Fund and reserves			
Fund balance		262,082,731	150,187,818
Non-current liability			
Deferred grants	12	16,556,042,745	5,546,142,381
Current liabilities			
Creditors and other payables	13	511,876,225	66,631,060
TOTAL FUND AND LIABILITIES		<u><u>17,330,001,701</u></u>	<u><u>5,762,961,259</u></u>
CONTINGENCIES AND COMMITMENTS	14		

The annexed notes, from 1 to 24, form an integral part of these financial statements.

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MEMBER


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PAKISTAN KIDNEY AND LIVER INSTITUTE AND RESEARCH CENTER
 STATEMENT OF INCOME AND EXPENDITURE
 FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 Rupees	2016 Rupees
INCOME			
Clinical income	15	2,658,051	-
Return on deposit accounts	16	108,423,604	123,849,183
Amortization of deferred grants	12.3	757,662,136	79,036,278
Other Income		813,258	2,332,000
		<u>869,557,049</u>	<u>205,217,461</u>
EXPENDITURE			
Operating and other expenses	17	<u>757,662,136</u>	<u>79,049,686</u>
Surplus before taxation		111,894,913	126,167,775
Taxation	18	-	-
Excess of income over expenditure		<u><u>111,894,913</u></u>	<u><u>126,167,775</u></u>

The annexed notes, from 1 to 24, form an integral part of these financial statements.

Farva Qadir

 MEMBER

Fazal

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PAKISTAN KIDNEY AND LIVER INSTITUTE AND RESEARCH CENTER
 STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 Rupees	2016 Rupees
Excess of income over expenditure	111,894,913	126,167,775
Other comprehensive income:		
Items to be reclassified to profit or loss in subsequent periods:	-	-
Items not to be reclassified to profit or loss in subsequent periods:	-	-
Total other comprehensive income	-	-
Total comprehensive income for the year	111,894,913	126,167,775

The annexed notes, from 1 to 24, form an integral part of these financial statements.

Farhan Ahmad

 MEMBER

Jaz Gul

 DEAN

PAKISTAN KIDNEY AND LIVER INSTITUTE AND RESEARCH CENTER
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 Rupees	2016 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of income over expenditure		111,894,913	126,167,775
Adjustments for non cash and non operating Items:			
Depreciation on property and equipment	4.1	31,500,092	2,018,793
Amortization on intangible assets	6	977,387	8,135
Return on saving accounts	16	(108,423,604)	(88,949,811)
Amortization of deferred grants	12.3	(757,662,136)	(79,036,278)
		<u>(833,608,261)</u>	<u>(165,959,161)</u>
Cash flows before working capital changes		(721,713,348)	(39,791,386)
Effect on cash flows due to working capital changes:			
(Increase) / decrease in current assets:			
Inventories		(53,763,733)	-
Advances, prepayments and other receivables		(26,895,560)	1,079,947
Short term security deposits		(13,282,000)	-
Payment of long term advances and deposit		<u>(40,370,845)</u>	<u>(3,382,186)</u>
		(856,025,486)	(42,093,625)
Increase / (decrease) in trade and other payables:			
Trade and other payables		<u>445,245,165</u>	<u>(58,078,919)</u>
Cash flows used in operating activities		(410,780,321)	(100,172,544)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred on property and equipment		(975,341,646)	(13,802,289)
Capital expenditure incurred on capital work in progress		(6,970,864,193)	(2,729,160,696)
Capital expenditure incurred on intangible assets		(5,940,623)	(295,800)
Return on saving accounts		109,611,909	88,949,811
Cash flows used in investing activities		<u>(7,842,534,553)</u>	<u>(2,654,308,974)</u>
CASH FLOWS FROM FINANCING ACTIVITY			
Grants received during the year		<u>11,500,000,000</u>	<u>3,700,000,000</u>
Cash flows from financing activities		11,500,000,000	3,700,000,000
Net increase in cash and cash equivalents		3,246,685,126	945,518,482
Cash and cash equivalents at the beginning of year		<u>1,673,005,998</u>	<u>727,487,516</u>
Cash and cash equivalents at the end of year	11	<u><u>4,919,691,124</u></u>	<u><u>1,673,005,998</u></u>

The annexed notes, from 1 to 24, form an integral part of these financial statements.


MEMBER

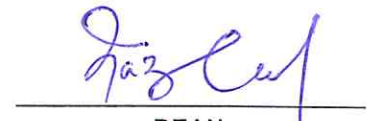

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PAKISTAN KIDNEY AND LIVER INSTITUTE AND RESEARCH CENTER
STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED 31 DECEMBER 2017

	General Fund Rupees
Balance as at 31 December 2015	24,020,043
Surplus for the year	126,167,775
Balance as at 31 December 2016	<u>150,187,818</u>
Excess of income over expenditure	111,894,913
Balance as at 31 December 2017	<u><u>262,082,731</u></u>

The annexed notes, from 1 to 24, form an integral part of these financial statements.


MEMBER


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PAKISTAN KIDNEY AND LIVER INSTITUTE AND RESEARCH CENTER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

1. STATUS AND ACTIVITIES

1.1 Pakistan Kidney and Liver Institute and Research Center ("the Institute") is a body corporate established as an Organization Not-for-Profit under 'Pakistan Kidney and Liver Institute and Research Center Ordinance 2014', subsequently passed as an Act ("the Act") on December 8, 2014. The Board of Governors (the Board) of the Institute was constituted on April 18, 2015. The principal aims of the Institute are to establish a center of excellence in medical and surgical care, teaching and research in the fields of urology, nephrology, hepatology and related transplants with the objective to provide free of cost or own cost basis diagnosis and treatments. The Institute also educates the people about prevention from kidney, liver, bladder, prostate and pancreas related diseases. The registered office of the Institute is situated at 1-PKLI Avenue, Opposite DHA Phase VI, Knowledge City, Lahore, Pakistan.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of International Financial Reporting Standards issued by the International Accounting Standard Board (IASB) and Guidelines for Non for Profit Organization issued by the Institute of Chartered Accountants of Pakistan (ICAP).

2.2 Basis of measurement

These financial statements have been prepared under historical cost convention except for recognition of Government and other grants related to donated assets carried at fair value.

2.3 Functional and presentation currency

The financial statements of the Institute have been presented in Pak Rupee, which is also the Institute's functional currency.

2.4 Critical accounting estimates and judgments

The Company's significant accounting policies are stated in note 3. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

2.4.1 Useful lives, residual values and depreciation method of property and equipment – (Note 3.3)

The Institute reviews the appropriateness of the rates of depreciation, useful lives and residual values used in the calculation of depreciation on items of property and equipment on a regular basis. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Institute uses the technical resources available inside/outside the Institute, as appropriate. Any change in these estimates in the future might affect the carrying amount of items of property and equipment, with a corresponding effect on the depreciation charge, impairment and amortization of deferred grants.

2.4.2 Impairment – (Note 3.5)

The carrying amounts of the institute's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated and impairment losses are recognized in statement of income and expenditure account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in statement of income and expenditure.

2.4.3 Provisions – (Note 3.11)

The Institute reviews the status of all pending litigations and claims against the Institute. Based on its judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the reporting date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of financial statements of the Institute are consistent with previous year except as described in Note 3.1.

3.1 New, amended standards and interpretations which became effective

The Institute has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

Standard or Interpretation

IAS 7 Statement of Cash Flows - Disclosure Initiative - (Amendment)

IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

IFRIC 22 - Foreign Currency Transactions and Advance Consideration

IFRS 12 - Disclosure of interest in other entities

The adoption of the above amendments, interpretations and improvements did not have any material effect on the financial statements.

3.2 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, demand deposits and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3.3 Property and equipment

Initial measurement

Property and equipment are stated at cost less accumulated depreciation and impairment losses except capital work in progress which is stated at cost. Expenditure directly attributable to acquisition of property and equipment for projects is capitalized till its commissioning to form part of the cost of the asset.

Subsequent measurement

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

Depreciation

Depreciation on operating fixed assets is charged on reducing balance method at the rates stated in note 4. Depreciation on additions to property and equipment is charged from the month in which the asset is available for use while no depreciation is charged for the month in which asset is disposed off.

De-recognition

An item of property and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in statement of income and expenditure account in the year in which the asset is de-recognized.

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3.4 Capital work in progress

Capital work in progress includes civil works and consultancy and deposit against works which is stated at cost less any identified impairment loss. These costs are transferred to fixed assets as and when assets are available for intended use.

3.5 Impairment of non-financial assets other than inventories

Assets that have an indefinite useful life, for example freehold-land, are not subject to depreciation and are tested for impairment if any such indication exists. Assets that are subject to depreciation are reviewed for impairment at each reporting date, or whenever events or changes in circumstances indicate, that the carrying amount may not be recoverable. An impairment loss is recognized, equal to the amount by which the asset's carrying amount exceeds its recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. Reversals of the impairment loss are restricted to the original cost of the asset. An impairment loss, or the reversal of an impairment loss, is recognized in statement of income and expenditure for the year.

3.6 Inventories

Inventories are stated at lower of cost and net realizable value. Cost comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Materials in transit are stated at cost comprising invoice value plus directly attributable charges invoiced thereon. Net realizable value represents the estimated selling price in the ordinary course of the business less all estimated costs of completion and estimated costs necessary to be incurred in order to make the sale.

3.7 Deferred grants

3.7.1 Government grants

Government grants, including the non monetary grants at fair value are recognized when there is reasonable assurance that:

- a) the entity will comply with the conditions attaching to them, if any; and
- b) the grants will be received.

Government grants are recognized as income over the period necessary to match them with the related costs which they are intended to compensate on systematic basis. The grant receivable as compensation for expenses or loss already incurred or for the purpose of giving immediate financial support with no future related costs is recognized as income in the period in which it becomes receivable.

Government grants related to assets, including non monetary grants at fair value are presented in the statement of financial position by setting up the grants as deferred income which is recognized as income on systematic basis over the useful life of the asset.

3.7.2 Other grants

These comprise of donated assets, which are initially measured at the market value prevailing at the time of acquisition and recognized as a deferred grant when it is probable that economic benefit will flow to the Institute. The grant is recognized in statement of income and expenditure account based on the pattern of flow of economic benefits to the Institute.

3.8 Advances

Advances are carried at nominal amount less provision, if any, made for receivables considered doubtful for recovery.

3.9 Income recognition

Income is recognized when it is probable that the economic benefits will flow to the Institute and the income can be measured reliably. Clinical income is recognized in the time when services are rendered. Donations are recognized when received. Return on deposits and short term investments is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return. Unrestricted grants/contribution received are recognized as income in the year of receipt.

3.10 Trade and other payables

Liabilities for trade and other amounts payable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

3.11 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 reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Future operating losses are not provided for.

3.12 Financial instruments

Financial assets and liabilities are recognized when the Institute becomes a party to the contractual provisions of the instrument, the particular recognition methods adopted are disclosed in the individual policy statements associated with each item. The Institute derecognizes the financial assets and liability when it ceases to be a party to contractual provision of the instrument. The Institute recognizes the regular way purchase or sale of financial assets using settlement date accounting.

3.13 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet, if the Institute has a legally enforceable right to set off the recognized amounts and the Institute intends to settle either on a net basis or realize the asset and settle the liability simultaneously.

3.14 Impairment of financial assets

The Institute assesses at each reporting date whether a financial asset or group of financial assets is impaired.

If there is objective evidence that an impairment loss on receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss is recognized in statement of income and expenditure.

The Institute first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the income statement, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

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3.15 Standards, Interpretations and Amendments to Published Approved Accounting Standards that are not yet effective

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective Date (Annual periods beginning on or after) (Amendments)
IAS 1 & IAS 8 Presentation of Financial Statements & Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material, to clarify the definition of material and its alignment with the definition used in the Conceptual Framework (amendments)	01 January 2020
IFRS 2 Share-based Payments - Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	01 January 2018
IFRS 9 Financial Instruments	01 July 2018
IFRS 9 Prepayment Features with Negative Compensation - (Amendments)	01 January 2019
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 15 Revenue from Contracts with Customers	01 July 2018
IFRS 16 Leases	01 January 2019
IAS 19 Employee benefits (amendments) - Plan Amendment, Curtailment or Settlement	01 January 2019
IAS 28 Long-term Interests in Associates and Joint Ventures – (Amendments)	01 January 2020
IFRIC 23 Uncertainty over Income Tax Treatments	01 January 2019
IFRIC 22 Foreign Currency Translations and Advance Consideration - (Amendments)	01 January 2020

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 1 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016 and December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019 respectively. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

	IASB effective date (Annual periods beginning on or after)
IFRS 14 – Regulatory Deferral Accounts	01 January 2016
IFRS 16 – Leases	01 January 2019
IFRS 17 – Insurance Contracts	01 January 2021

The Company expects that above new standards will not have any material impact on the Company's financial statements.

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4. PROPERTY AND EQUIPMENT

Operating fixed assets

4.1 Operating fixed assets

DESCRIPTION	2017					2016						
	COST					ACCUMULATED DEPRECIATION						
	As at 01 Jan 2017	Additions / Transfers*	Reclassification	Adjustments (Note 4.1.1)	As at 31 Dec 2017	As at 01 Jan 2017	For the year	Reclassification	Adjustments (Note 4.1.1)	As at 31 Dec 2017	Net book value as at 31 Dec 2017	Rate %
Land-freehold (Note 4.1.2)	700,000,000	267,562,500	-	-	967,562,500	-	-	-	-	-	967,562,500	
Building	-	689,126	-	-	90,257,723	3,740,558	-	-	-	3,740,558	86,517,165	5%
HVAC and electrical equipment	-	89,588,597	-	-	80,025,601	2,304,150	459,954	-	-	2,764,104	77,261,497	15%
Medical equipment	-	40,296,978	-	-	638,366,006	11,779,548	-	-	-	11,779,548	626,586,460	15%
Office equipment	3,037,466	5,740,909	(2,205,841)	(128,796)	6,443,738	722,860	530,888	(564,917)	(28,395)	660,436	5,783,302	15%
Computers	2,548,729	78,169,845	327,971	(96,850)	60,949,695	892,747	6,286,564	87,966	(39,471)	7,229,806	73,719,889	30%
Support services equipment	-	2,170,732	-	-	5,755,982	-	199,174	-	-	199,174	5,556,808	15%
Furniture and fixtures	2,030,212	47,767,330	75,560	(78,200)	49,794,902	382,096	2,426,669	16,997	(20,230)	2,805,532	46,989,370	15%
Vehicles	12,275,961	31,364,404	-	-	43,640,365	727,678	4,318,637	-	-	5,046,315	38,594,050	20%
	719,892,368	1,243,207,992	-	(303,846)	1,962,796,514	2,725,381	31,588,188	-	(88,096)	34,225,473	1,928,571,041	

DESCRIPTION	2017					2016						
	COST					ACCUMULATED DEPRECIATION						
	As at 01 Jan 2016	Additions	Reclassification	Adjustments (Note 4.1.1)	As at 31 Dec 2016	As at 01 Jan 2016	For the year	Reclassification	Adjustments (Note 4.1.1)	As at 31 Dec 2016	Net book value as at 31 Dec 2016	Rate %
Land-freehold (Note 4.1.2)	700,000,000	-	-	-	700,000,000	-	-	-	-	-	700,000,000	
Office equipment	2,618,868	418,596	-	-	3,037,466	341,055	381,805	-	-	722,860	2,314,606	15%
Computers	1,528,999	1,019,730	-	-	2,548,729	261,340	631,407	-	-	892,747	1,655,982	30%
Furniture and fixtures	1,942,212	88,000	-	-	2,030,212	104,193	277,903	-	-	362,096	1,648,116	15%
Vehicles	-	12,275,961	-	-	12,275,961	-	727,678	-	-	727,678	11,548,283	20%
	706,090,079	13,802,289	-	-	719,892,368	706,588	2,018,793	-	-	2,725,381	717,166,987	

4.1.1 Adjustments

During the year, certain low value assets have been expensed out and included in operating and other expenses in miscellaneous.

4.1.2 This represents the fair value of grant of land measuring 60.5 acres by the Government of the Punjab (GoPb) for establishment of various facilities of the Institute enabling it to perform its functions under the Act. Initially in 2015, the fair value of 50 acres land was determined to Rs. 700 million on average basis keeping in view surrounding of the area by an independent professional valuer Arch-e-Decon on the date of transfer of land. During the year, a further grant of land measuring 10.5 acres has been received by the Institute from the GoPb. The fair value of said land was determined to Rs. 267 million on average basis keeping in view surrounding of the area by an independent professional valuer Al-Wazzan Associates (Private) Limited on the date of transfer of land.

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		2017	2016
	Note	Rupees	Rupees
5. CAPITAL WORK IN PROGRESS			
Civil works and consultancy	5.1	6,545,519,207	525,246,549
Deposit against works	5.2	3,783,436,600	2,832,845,065
		<u>10,328,955,807</u>	<u>3,358,091,614</u>
5.1 Civil works and consultancy			
Opening balance		525,246,549	295,470,049
Additions during the year		191,169,412	67,910,696
Service charges of IDAP	13.1	106,251,246	48,250,000
Service charges of NESPAK		39,862,654	-
Transferred from deposit against works	5.2.1	6,440,417,463	113,615,804
Transferred to property and equipment		(757,428,117)	-
		<u>6,545,519,207</u>	<u>525,246,549</u>
5.2 Deposit against works			
The Infrastructure Development Authority of the Punjab (IDAP)	5.2.1	3,295,018,731	2,499,384,196
Lahore Electricity Supply Company Limited (LESCO)	5.2.3	387,342,285	291,225,285
Sui Northern Gas Pipelines Limited	5.2.4	101,075,584	42,235,584
		<u>3,783,436,600</u>	<u>2,832,845,065</u>
5.2.1 The Infrastructure Development Authority of the Punjab (IDAP)			
Opening balance		2,499,384,196	-
Paid during the year	5.2.2	7,300,000,000	2,613,000,000
Transferred to civil works and consultancy during the year		(6,440,417,463)	(113,615,804)
Transferred to gardening expenses		(63,948,002)	-
		<u>3,295,018,731</u>	<u>2,499,384,196</u>
5.2.2			
This represents amount paid to the Infrastructure Development Authority of the Punjab (IDAP) for engineering, procurement and construction works of Pakistan Kidney and Liver Institute and Research Center Hospital.			
5.2.3 Lahore Electricity Supply Company Limited	Note		
Opening balance		291,225,285	-
Paid during the year		96,117,000	291,225,285
		<u>387,342,285</u>	<u>291,225,285</u>
5.2.4 Sui Northern Gas Pipelines Limited			
Opening balance		42,235,584	-
Paid during the year		58,840,000	42,235,584
		<u>101,075,584</u>	<u>42,235,584</u>
6. INTANGIBLE ASSETS			
Cost as at 01 Jan		295,800	-
Additions - at cost		5,940,623	295,800
Cost as at 31 December		6,236,423	295,800
Accumulated amortization as at 01 Jan		(8,135)	-
Amortization charge for the year		(977,387)	(8,135)
Total accumulated amortization as at 31 December		(985,522)	(8,135)
Net book value as at 31 December		<u>5,250,901</u>	<u>287,665</u>
Rate of amortization		33%	33%
7. LONG TERM DEPOSIT AND ADVANCES			
Long term deposit	7.1	5,085,180	5,085,180
Advance against purchase of vehicles		40,370,845	-
		<u>45,456,025</u>	<u>5,085,180</u>
7.1			
This represents security deposit to Lahore Electric Supply Company Limited against electricity connection.			

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8. INVENTORIES	Note	2017 Rupees	2016 Rupees
Stock medicines		44,874,222	-
Medical and surgical supplies		9,130	-
Pathology supplies		8,478,731	-
		<u>53,362,083</u>	-
Store and spares		401,650	-
		<u>53,763,733</u>	-
9. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Advances to:			
Suppliers		454,137	5,218,314
Employees		776,502	50,420
	9.1	<u>1,230,639</u>	5,268,734
Accrued return on saving account / investment		574	1,188,879
		<u>1,231,213</u>	6,457,613
Receivable from:			
Pakistan Kidney and Liver Institute and Research Center - Trust		1,000,000	1,000,000
IDAP		1,825,000	1,825,000
		<u>2,825,000</u>	2,825,000
		4,056,213	9,282,613
Prepayments		30,974,407	41,202
Other receivables		450	-
		<u>35,031,070</u>	<u>9,323,815</u>
9.1	These are un-secured but considered good by the management of the Institute.		
10. SHORT TERM SECURITY DEPOSITS		<u>13,282,000</u>	-
	These deposits include amounts given as advance rentals as per rental agreements of different premises. These premises availed on rent for HPTP clinics, nursing hostels and guest houses.		
11. CASH AND BANK BALANCES	Note	2017 Rupees	2016 Rupees
Balances with banks in:			
Current account		1,125,975	48,315
Saving accounts	11.1	4,917,911,901	1,672,900,786
		<u>4,919,037,876</u>	1,672,949,101
Cash in hand		653,248	56,897
		<u>4,919,691,124</u>	<u>1,673,005,998</u>
11.1	These carry markup at the rate ranging from 2.3% to 5.6% (2016: 3.75% to 6.5%) per annum.		
12. DEFERRED GRANTS			
Government grants	12.1	16,555,007,613	5,544,923,844
Other grants	12.2	1,035,132	1,218,537
		<u>16,556,042,745</u>	<u>5,546,142,381</u>
12.1 Government grants			
As at 1 January		5,544,923,844	1,923,744,036
Grant received during the year :			
In cash		11,500,000,000	3,700,000,000
In kind in form of assets	4.1.2	267,562,500	-
	12.1.1	<u>17,312,486,344</u>	5,623,744,036
Grant amortized during the year	12.3	(757,478,731)	(78,820,192)
As at 31 December		<u>16,555,007,613</u>	<u>5,544,923,844</u>

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	Note	2017 Rupees	2016 Rupees
12.1.1 Breakup of government grants			
Grant related to assets		15,619,922,592	4,757,790,113
Grant related to donated assets	4.1.2	967,562,500	700,000,000
Grant related to income		<u>725,001,252</u>	<u>165,953,923</u>
		<u><u>17,312,486,344</u></u>	<u><u>5,623,744,036</u></u>
12.2 Other grants			
As at 1 January		1,218,537	1,434,623
Amortization for the year	12.3	<u>(183,405)</u>	<u>(216,086)</u>
As at 31 December		<u><u>1,035,132</u></u>	<u><u>1,218,537</u></u>
12.3 Amortization for the year			
Government grants:			
- Grant related to assets		32,477,479	1,810,842
- Grant related to income		<u>725,001,252</u>	<u>77,009,350</u>
		<u>757,478,731</u>	<u>78,820,192</u>
Other grants - related to donated assets		<u>183,405</u>	<u>216,086</u>
		<u><u>757,662,136</u></u>	<u><u>79,036,278</u></u>
13. CREDITORS AND OTHER PAYABLES			
Creditors		184,876,881	-
Payable to IDAP against HPTP project		201,963,011	-
Service charges payable to IDAP	13.1	33,876,246	48,250,000
Income tax payable		7,729,669	1,272,603
Sales tax payable		4,260	2,012
Retention money payable		11,584,337	12,282,920
Payable to voluntary provident scheme	13.2	23,449,246	-
Accrued liabilities		33,429,615	4,781,667
Other payables	13.3	<u>14,962,960</u>	<u>41,858</u>
		<u><u>511,876,225</u></u>	<u><u>66,631,060</u></u>
13.1 Service charges payable to IDAP			
Opening balance		48,250,000	-
Accrued during the year		106,251,246	48,250,000
Paid during the year		<u>(120,625,000)</u>	<u>-</u>
Closing balance		<u><u>33,876,246</u></u>	<u><u>48,250,000</u></u>

13.2 This represents deductions made from employees' salaries on account of Provident Fund.

13.3 This includes advance received from Primary and Secondary Health Care Department for making payments on their behalf for trainings of medical officers and nurses.

14. CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

14.1.1 Honorable Supreme Court of Pakistan took Suo Moto action against the Institute on 24 March 2018 and issued the directions to carry out the forensic audit of the Institute. The Honorable Court later on suspended the management and appointed Adhoc Committee to run the affairs of the Institute. The Supreme Court bench in its final order, dropped notice of Suo Moto action on 28 February 2019 and restored the Institute's management and Board of Governors. Thereafter, the Provincial Assembly of the Punjab passed Pakistan Kidney and Liver Institute and Research Center Bill 2019, and appointed the Board of Governors to administer the Institute. The management believe that the above facts do not have any effects on financial statements of the Institute and hence no provision has been made in this regard.

14.2 Commitments

Aggregate commitments amount to Rs. 9,627.2 million (2016: Rs. 8,309.75 million) which include Rs. 40.2 million (2016: 144.75 million) relating to service charges to the IDAP and construction contracts amounting to Rs. 9,587 million (2016: 8,165 million) awarded by IDAP to various contractors on behalf of the Institute.

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	Note	2017 Rupees	2016 Rupees
15. CLINICAL INCOME			
Outpatients	15.1	498,793,491	-
Pharmacy		110,736,907	-
		<u>609,530,398</u>	<u>-</u>
Less: waived as financial support to indigent patients	15.2	(606,872,347)	-
		<u>2,658,051</u>	<u>-</u>
15.1 Outpatients			
Consultancy		122,282,922	-
Lab tests and other procedures		376,510,569	-
		<u>498,793,491</u>	<u>-</u>
15.2 Financial support to indigent patients			
Consultancy		121,642,244	-
Lab tests and other procedures		374,627,825	-
Pharmacy		110,602,278	-
		<u>606,872,347</u>	<u>-</u>
16. RETURN ON INVESTMENTS			
Profit on saving accounts		108,423,604	88,949,811
Profit on term deposit receipts		-	34,899,372
		<u>108,423,604</u>	<u>123,849,183</u>
17. OPERATING AND OTHER EXPENSES			
Salaries, wages and other benefits		406,331,423	53,309,553
Gardening expenses		64,237,310	107,210
Pathology, nursing and other supplies consumed		57,627,020	-
Medicines and drugs		46,583,131	-
Advertisement expenses		36,841,110	5,282,803
Depreciation	4.1	31,500,092	2,018,793
Rent, rates and taxes		30,574,015	39,099
Repair and maintenance		8,735,940	558,895
Office supplies		8,727,732	687,079
Travelling and conveyance		8,643,392	2,051,692
Insurance		7,797,638	48,845
Utilities		6,777,714	979,443
Security charges		6,688,442	636,099
Outsourced medical services		4,888,912	-
Printing, stationary and postage		4,681,177	607,432
Repair and maintenance		4,586,091	280,476
Fee and subscription		4,294,580	475,493
Telephone and postage charges		3,078,170	433,032
Recruitment and training		2,695,586	-
Hepatitis day expenditure		2,064,877	-
Legal and professional charges		1,665,000	6,147,711
Uniforms		1,629,672	-
Office renovation		1,514,659	1,986,437
Auditor's remuneration		1,045,000	950,000
Amortization	6	977,387	8,135
Entertainment		962,591	1,053,350
Cleaning and washing		544,934	-
Social security		544,803	80,550
Bank charges		76,256	13,408
Miscellaneous		1,347,482	128,145
Income tax deducted at source written off		-	1,166,006
		<u>757,662,136</u>	<u>79,049,686</u>
18. TAXATION			

Under section 100C of Income Tax Ordinance, 2001 (the Ordinance), income of the Institute is subject to zero rate of tax, being tax credit equal to 100% of tax payable including minimum tax and final taxes payable under any of the provisions of the above said Ordinance.

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19. RELATED PARTY BALANCES AND TRANSACTIONS

The related parties comprise of Pakistan Kidney and Liver Institute and Research Center - Trust, departments, companies and autonomous bodies under the common control of the Government of the Punjab and key management personnel. The Institute in the normal course of business carries out transactions with various related parties and the balance outstanding at the year end have been disclosed in the respective notes to the financial statements. Transactions with key management personnel are disclosed in the note 20. Other significant transactions entered during the year with the related parties and associated undertakings are as follows:

Relationship with <u>the Institute</u>	<u>Nature of transactions</u>	Note	2017 Rupees	2016 Rupees
Associated undertakings	Grant received	12	11,500,000,000	3,700,000,000
	Assets received as donation	12	267,562,500	-
	Advance given to IDAP	5.2.1	7,300,000,000	2,613,000,000
	Service charges of IDAP	5.1	106,251,246	48,250,000
	Service charges of NESPAK	5.1	39,862,654	-
	Directorate of General Public Relations for advertisement expense			6,874,821

All transactions with the Government of Punjab and its owned entities are not disclosed as the management is of the view that it is impracticable to disclose such transactions due to the nature of the Institute's operations.

Balances with related parties

Amounts due from and to other related parties are shown under respective notes to the financial statements.

Transactions and contracts with the related parties are based on the policy that all transactions between the Institute and related parties are carried out at an arm's length.

20. REMUNERATION OF THE KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Institute, directly or indirectly. The aggregate amount charged in the income and expense for the year in respect of remuneration to key management personnel are as follows:

	2017		2016	
	Chief Executive Officer	Executives	Chief Executive Officer	Executives
	----- Rupees -----		----- Rupees -----	
Managerial remuneration	-	52,488,158	-	9,031,667
No. of persons	1	14	1	4

As per the Act, President is also the Chief Executive of the Institute, and is entitled to the reimbursement of official traveling expenses as per the Board's decision.

Managerial remuneration includes remuneration of five (5) directors who left the Institute during the year.

21. FINANCIAL RISK MANAGEMENT

Financial instruments comprise long term deposits, other receivables, short term security deposits, cash and bank balances and creditors and other payables.

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

- Market risk
- Credit risk
- Liquidity risk

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

The Institute's risk management policies are established to identify and analyze the risks faced by the Institute, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to respond to changes in market conditions and the Institute's activities.

21.1 Market risk

a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

Monetary items, including financial assets and financial liabilities, denominated in currency other than functional currency of the Institute are periodically restated to Pak rupee equivalent and the associated gain or loss is taken to the statement of income and expenditure account.

At reporting date, the Institute is not exposed to any currency risk.

b) Other price risk

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

As at 31 December 2017, the Institute is not exposed to any significant price risk.

c) Interest rate risk

The interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. Sensitivity to interest rate risk arises from mismatches of financial assets and liabilities that mature in a given period.

The Institute has no long-term interest-bearing assets. The Institute 's interest rate risk arises from saving accounts.

At the reporting date, the interest rate profile of the Institute's interest bearing financial instruments was:

	2017	2016	2017	2016
	Percentage		Amount (Rupees)	
Floating rate instruments				
Financial assets				
Bank balances in saving accounts	2.3% to 5.6%	3.75% to 6.5%	4,917,911,901	1,672,900,786

Fair value sensitivity analysis for fixed rate instruments

The Institute does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect surplus or deficit of the Institute.

Fair value sensitivity analysis for floating rate instruments

If interest rates on saving accounts with banks, at the year end date, fluctuate by 1% higher / lower with all other variables, in particularly foreign exchange rates held constant, surplus before taxation for the year would have been affected as follows:

		2017	2016
	Changes in interest rate	Effect on surplus before tax	Effect on surplus before tax
	%	Rupees	Rupees
Financial assets:			
Bank balances - saving accounts	+1%	23,392,650	8,798,388
	-1%	(23,392,650)	(8,798,388)

21.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter-parties failed completely to perform as contracted. The Institute does not have significant exposure to any individual counter-party. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

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The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements.

The maximum exposure to credit risk at the reporting date was as follows:	2017 Rupees	2016 Rupees
Long term deposits	45,456,025	5,085,180
Advances and other receivables	1,001,024	2,188,879
Short term security deposit	13,282,000	-
Bank balances	4,919,037,876	1,672,949,101
	<u>4,978,776,925</u>	<u>1,680,223,160</u>

Banks	Rating			2017	2016
	Short term	Long term	Agency	Rupees	Rupees
The Bank of Punjab	A1+	AA	PACRA	4,917,635,012	1,672,558,670
MCB Bank Limited	A1+	AAA	PACRA	1,077,660	-
Meezan Bank Limited	A-1+	AA+	JCR-VIS	54,753	385,434
Faysal Bank Limited	A1+	AA	PACRA	270,451	4,997
				<u>4,919,037,876</u>	<u>1,672,949,101</u>

21.3 Liquidity risk

Liquidity risk is the risk that the Institute will not be able to meet its financial obligations as they fall due. The Institute'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. For this purpose, the Institute has obtained funding from the Government of the Punjab.

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

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years	Above 5 years
-----Rupees-----					
31 December 2017					
Creditors and other payables	511,876,225	511,876,225	511,876,225	-	-
-----Rupees-----					
31 December 2016					
Creditors and other payables	66,631,060	66,631,060	66,631,060	-	-

21.4 Fair values of financial assets and liabilities

Fair value of available-for-sale financial assets is derived from quoted market prices in active markets, if available.

The carrying values of other financial assets and financial liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

21.5 Offsetting financial assets and financial liabilities

As on reporting date, recognized financial instruments are not subject to offsetting as there are no enforceable master netting arrangements and similar agreements.

21.6 Fund risk management

The Institute's objectives when managing fund are to safeguard the Institute's ability to continue as a going concern in order to provide services for the general public. The Institute manages its fund structure and makes adjustments to it, in the light of changes in economic conditions. There were no changes to Institute's approach to fund management during the year.

21.7 Fair value hierarchy of financial assets

The Institute uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable either, directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at reporting date, the Institute did not hold any financial instruments carried at fair value. There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further there was no transfer in and out of level 3 measurements.

21.8 Fair value of non-financial assets

Judgements and estimates are made in determining the fair values of the non-financial assets that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Institute has classified its non-financial assets into the following three levels:

	Level 1	Level 2	Level 3	Total
-----Rupees-----				
As at 31 December 2017				
Freehold land	-	967,562,500	-	967,562,500
Total non-financial assets	-	967,562,500	-	967,562,500
-----Rupees-----				
As at 31 December 2016				
Freehold land	-	700,000,000	-	700,000,000
Total non-financial assets	-	700,000,000	-	700,000,000

The Institute's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further, there was no transfer in and out of level 3 measurements.

Valuation techniques used to determine level 2 fair values

Whenever grant of land has been received by the Institute, the management updates the assessment of the fair value of land, taking into account the most recent independent valuation. The best evidence of fair value is current prices in an active market for similar properties.

The level 2 fair value of land has been derived using the market value approach. The key inputs under this approach are the market price per kanal determined by using independent market inquires and comparing prices of similar land in the area (location and size).

Valuation processes

The Institute engages external, independent and qualified valuer to determine the fair value of the freehold land transferred by the Government of Punjab during the year. The fair value of land transferred during the year is determined by Al-Wazzan Associates (Private) Limited, whereas fair value of previously held freehold land was determined by Arch-e-Decon.

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21.9 Financial instruments by categories

Assets as per statement of financial position

Long term deposits	-	45,456,025	45,456,025
Advances and other receivables	-	1,001,024	1,001,024
Short term security deposit	-	13,282,000	13,282,000
Cash and bank balances	4,919,691,124	-	4,919,691,124
	<u>4,919,691,124</u>	<u>59,739,049</u>	<u>4,979,430,173</u>

2017		
Cash and cash equivalents	Loans and Receivable	Total
----- (Rupees) -----		
-	45,456,025	45,456,025
-	1,001,024	1,001,024
-	13,282,000	13,282,000
4,919,691,124	-	4,919,691,124
<u>4,919,691,124</u>	<u>59,739,049</u>	<u>4,979,430,173</u>

Liabilities as per statement of financial position

Creditors and other payables

2017
Financial liabilities at amortized cost
(Rupees)
<u>446,816,804</u>

Assets as per statement of financial position

Long term deposits	-	5,085,180	5,085,180
Advances and other receivables	-	2,188,879	2,188,879
Short term security deposit	-	-	-
Cash and bank balances	1,673,005,998	-	1,673,005,998
	<u>1,673,005,998</u>	<u>7,274,059</u>	<u>1,680,280,057</u>

2016		
Cash and cash equivalents	Loans and Receivable	Total
----- (Rupees) -----		
-	5,085,180	5,085,180
-	2,188,879	2,188,879
-	-	-
1,673,005,998	-	1,673,005,998
<u>1,673,005,998</u>	<u>7,274,059</u>	<u>1,680,280,057</u>

Liabilities as per statement of financial position

Creditors and other payables

2016
Financial liabilities at amortized cost
(Rupees)
<u>17,106,445</u>

22. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 30 DEC 2019 by the Board of Governors of the Institute.

23. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary. However, no significant rearrangement and reclassification has been made.

24. GENERAL

Figures have been rounded off to the nearest rupee, unless otherwise stated.

P

Faruk Iqbal
MEMBER

Faruk Iqbal
DEAN