

**Pakistan Kidney and Liver Institute
and Research Centre
Audited Financial Statements
For the year ended June 30, 2023**

**INDEPENDENT AUDITORS' REPORT
TO THE BOARD OF GOVERNORS OF PAKISTAN KIDNEY
AND LIVER INSTITUTE AND RESEARCH CENTER
REPORT ON THE AUDIT OF FINANCIAL STATEMENTS****Opinion**

We have audited the accompanying financial statements of Pakistan Kidney and Liver Institute and Research Center (the Institute), which comprise the statement of financial position as at June 30, 2023 and the statement of income and expenditure and other comprehensive income, the statement of changes in funds and the statement of cash flows for the year then ended, and notes comprising material accounting policy information and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Institute as at June 30, 2023, 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 of 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 as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 operation, 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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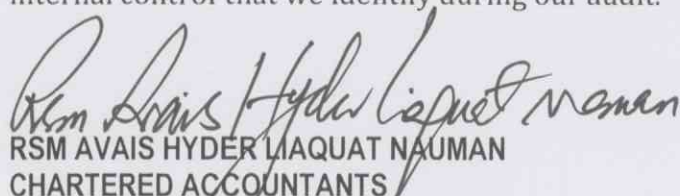
Auditor's Responsibilities for the Audit of the Financial Statements

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 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, misrepresentation, 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.


RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS

Date: 20.11.2023

Place: Lahore

Engagement Partner: Inam ul Haque

UDIN : AR202310226Nuvn7YMW





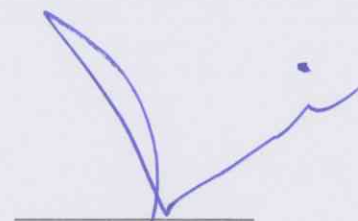
PAKISTAN KIDNEY AND LIVER INSTITUTE AND RESEARCH CENTER
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

			Restated*	Restated*
	Note	2023	2022	2021
		Rupees	Rupees	Rupees
ASSETS				
NON-CURRENT ASSETS				
Property and equipment	7	18,614,097,831	18,409,139,779	17,934,681,197
Intangible assets	8	425,984,420	338,691,310	366,733,033
Long term deposits against utilities		152,825,180	152,825,180	152,825,180
Long term prepayment	9	-	4,593,716	18,374,858
		19,192,907,431	18,905,249,985	18,472,614,268
CURRENT ASSETS				
Stores		72,960,105	31,919,459	44,352,746
Stock of medicine and supplies	10	541,926,912	359,111,781	342,541,781
Advances, deposits, prepayments and other receivables	11	661,537,218	255,763,077	98,456,466
Cash and bank balances	12	12,450,240,601	5,560,645,686	2,487,977,992
		13,726,664,836	6,207,440,003	2,973,328,985
TOTAL ASSETS		32,919,572,267	25,112,689,988	21,445,943,253
FUND AND LIABILITIES				
General fund		-	-	-
Endowment fund	13	5,000,000,000	-	-
		5,000,000,000	-	-
NON-CURRENT LIABILITIES				
Deferred grants	14	26,776,520,775	24,380,694,931	20,870,230,072
CURRENT LIABILITIES				
Trade and other payables	15	1,143,051,492	731,995,057	575,713,181
TOTAL FUND AND LIABILITIES		32,919,572,267	25,112,689,988	21,445,943,253
COMMITMENTS	16	-	-	-

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

* (Refer Note 6 for restatement)


CHAIRMAN


DEAN

PAKISTAN KIDNEY AND LIVER INSTITUTE AND RESEARCH CENTER
STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2023

			Restated*
	Note	for the year ended June 30, 2023	for the half year ended June 30, 2022
		Rupees	Rupees
INCOME			
Clinical income	17	1,471,071,264	765,744,531
Profit on saving accounts		985,105,427	193,234,697
Amortization of deferred grants	14.3	3,760,554,357	1,547,663,607
Other Income	18	13,123,544	42,912,088
		<u>6,229,854,592</u>	<u>2,549,554,923</u>
EXPENDITURE			
Clinical expenses	19	5,554,066,996	2,258,346,868
General and administrative expenses	20	646,928,378	280,751,684
Marketing expenses	21	26,207,703	9,479,625
Finance cost		2,651,515	976,746
		<u>6,229,854,592</u>	<u>2,549,554,923</u>
Surplus for the year before taxation		-	-
Provision for taxation	22	-	-
Surplus for the year		<u>-</u>	<u>-</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>-</u>	<u>-</u>

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

* (Refer Note 6 for restatement)



CHAIRMAN



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PAKISTAN KIDNEY AND LIVER INSTITUTE AND RESEARCH CENTER
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Endowment Fund	Total
Balance as at January 01, 2022			
as previously reported	2,077,783,482	-	2,077,783,482
Effect of correction of error (Refer Note 6.1)	(2,077,783,482)	-	(2,077,783,482)
Balance as at January 01, 2022 as restated	-	-	-
Total comprehensive income for the year			
Surplus for the year	-	-	-
Other comprehensive income	-	-	-
	-	-	-
Balance as at June 30, 2022	-	-	-
Total comprehensive income for the year			
Surplus for the year	-	-	-
Other comprehensive income	-	-	-
	-	-	-
Transactions with owners			
Received during the year		5,000,000,000	5,000,000,000
	-	5,000,000,000	5,000,000,000
Balance as at June 30, 2023	-	5,000,000,000	5,000,000,000

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



CHAIRMAN



DEAN


PAKISTAN KIDNEY AND LIVER INSTITUTE AND RESEARCH CENTER
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

			Restated*
	Note	for the year ended June 30, 2023	for the half year ended June 30, 2022
		Rupees	Rupees
A) CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year before taxation		-	-
Adjustments for non cash and non operating Items:			
Depreciation on property and equipment	7.1	1,275,935,563	612,981,399
Amortization on intangible assets	8.1.1	52,603,591	28,041,723
Amortization of deferred grants	14.3	(3,760,554,357)	(1,547,663,607)
Loss on stock of medicine and supplies	19	-	3,359,829
Gain on disposal of property and equipment		(134,379)	-
Profit on saving accounts		(985,105,427)	(193,234,697)
		(3,417,255,009)	(1,096,515,353)
Cash flow before working capital changes		(3,417,255,009)	(1,096,515,353)
Working capital changes:			
(Increase) / decrease in current assets:			
Stores		(41,040,646)	12,433,287
Stock of medicine and supplies		(182,815,131)	(19,929,829)
Advances, prepayments and other receivables		(401,180,425)	(157,306,611)
Increase in current liabilities		411,056,435	156,281,876
Trade and other payable		(213,979,767)	(8,521,277)
Net cash flow from operating activities		(3,631,234,776)	(1,105,036,630)
B) CASH FLOWS FROM INVESTING ACTIVITIES			
Additions in property and equipment		(1,481,446,111)	(1,087,439,981)
Long term prepayment		-	13,781,142
Additions in Intangibles		(139,896,701)	-
Profit on saving accounts		985,105,427	193,234,697
Proceeds from disposal of property and equipment		686,875	-
Net cash flow from investing activities		(635,550,510)	(880,424,142)
C) CASH FLOWS FROM FINANCING ACTIVITIES			
Grants received during the year		6,148,000,000	5,052,000,000
Profit on HPTP grant funds		8,380,201	6,128,466
Funds received in endowment fund		5,000,000,000	-
Net cash flow from financing activities		11,156,380,201	5,058,128,466
Net increase in cash and cash equivalents (A+B+C)		6,889,594,915	3,072,667,694
Cash and cash equivalents at the beginning of year		5,560,645,686	2,487,977,992
Cash and cash equivalents at the end of year	12	12,450,240,601	5,560,645,686

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



CHAIRMAN



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**PAKISTAN KIDNEY AND LIVER INSTITUTE AND RESEARCH CENTER
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER
EXPLANATORY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023**

1 STATUS AND ACTIVITIES

- 1.1** Pakistan Kidney and Liver Institute and Research Center ("the Institute") is a body corporate established on 08 December 2014 as a Not-for-Profit Organization under the repealed Pakistan Kidney and Liver Institute and Research Center Act, 2014, repealed by the Pakistan Kidney and Liver Institute and Research Center Act, 2019 (the Act). The principal objectives of the Institute are to establish a center of excellence in medical and surgical care, teaching and research with respect to kidney, liver, bladder, prostate and pancreatic diseases with an objective to provide free of cost, shared cost or full cost basis diagnosis and treatment. The registered office of the Institute is situated at 1 - PKLI Avenue, Opposite DHA Phase VI, Knowledge City, Lahore, Pakistan.

The Institute is implementing a project comprising of 476 beds hospital, male and female nursing dormitories and Pakistan Kidney and Liver Institute (PKLI) bazar. 294 beds have been operational and services of Liver & Kidney transplant along with other surgeries & procedures like urology, hepatobiliary, lithotripsy, endoscopy, ERCP, Dialysis and diagnostic services of Radiology, Pathology test and Nuclear Medicine etc. are being provided to the indigent patients who are also provided financial support through financial screening process. The hospital is planned to be a state-of-the-art, integrated healthcare facility comprising a full service hospital dedicated to urology, nephrology, hepatology and transplantation; a modern research center to undertake research on related topics; and a center of academic excellence. Moreover, the hospital complex is expected to address the dual burden of poverty and diseases related to kidney and liver in Pakistan, with particular focus on Punjab. The value proposition is to provide high quality kidney and liver healthcare to all who need it, irrespective of their ability to pay.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as applicable in Pakistan.

The financial year of the Institute was changed to July to June during the prior period, therefore the financial statements for prior period were prepared for transitory period of six months ended June 30, 2022, hence, the financial information is not comparable with the current financial information which is in respect of a complete year.

3 BASIS OF MEASUREMENT

3.1 Basis of preparation

These financial statements have been prepared under the historical cost convention except for certain items as disclosed in the relevant accounting policies.

3.2 Functional and presentation currency

The financial statements of the Institute have been presented in Pakistani Rupee, which is also the Institute's functional currency. All financial information presented is rounded off to the nearest Rupees unless otherwise stated.

3.3 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision effects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The areas where various assumptions and estimates are significant to Institutes' financial statements or where judgments were exercised in application of accounting policies, other than those specifically discussed in the accounting policies, are as follows:

- i. Useful lives, residual values and depreciation method of property and equipment and intangible assets – (Note 5.1 & 5.2)
- ii. Impairment – (Note 5.5)
- iii. Deferred Grant – (Note 5.13)

4 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

4.1 Standards, amendments to standards and interpretations becoming effective in current year

The following standards, amendments to standards and interpretations have been effective and are mandatory for financial statements of the Company for the periods beginning on or after July 01, 2022 and therefore, have been applied in preparing these financial statements.

i. Annual Improvements to IFRS Standards 2018–2020 Cycle

The IASB has issued 'Annual Improvements to IFRS Standards 2018–2020'. The pronouncement contains amendments to the following Financial Reporting Standards (IFRSs).

- IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities. The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
- IAS 41 Agriculture - The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13.

The amendments are applicable for annual periods beginning on or after 1 January 2022. These amendments do not have any significant impact on the Company's financial statements.

ii. IAS 16 – Property, Plant and Equipment

The IASB has published 'Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)' from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management.

The standard prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss. An entity applies the amendments retrospectively only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

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The amendments are applicable for annual periods beginning on or after 1 January 2022. These amendments do not have any significant impact on the Company's financial statements.

iii. IAS 37 – Provisions, Contingent Liabilities and Contingent Assets

The IASB has published 'Onerous Contracts — Cost of Fulfilling a Contract' amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

The changes in Onerous Contracts — Cost of Fulfilling a Contract specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments published are effective for annual periods beginning on or after 1 January 2022. These amendments do not have any significant impact on the Company's financial statements.

iv. IAS 12 – Income Taxes

The IASB has issued amendments to provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes. The amendments introduce an exception to the requirements in the standard that an entity does not recognise and does not disclose information about deferred tax assets and liabilities related to the OECD pillar two income taxes.

An entity applies the exception and the requirement to disclose that it has applied the exception immediately upon issuance of the amendments. These amendments do not have any significant impact on the Company's financial statements.

4.2 Standards, amendments to standards and interpretations becoming effective in the current year but not relevant

There are certain new standards, amendments to standards and interpretations that became effective during the year and are mandatory for accounting periods of the Company beginning on or after July 01, 2022 but are considered not to be relevant to the Company's operations and are, therefore, not disclosed in these financial statements.

4.3 Standards, amendments to standards and interpretations becoming effective in future periods

The following standards, amendments to standards and interpretations have been published and are mandatory for the Company's accounting periods beginning on or after the effective dates specified therein.

i. IAS 1 – Presentation of Financial Statements

The IASB has issued 'Classification of Liabilities as Current or Non-current (Amendments to IAS 1)' providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments in Classification of Liabilities as Current or Non-current affect only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They:

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- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023.

The IASB has published 'Non-Current Liabilities with Covenants' to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments in Non-current Liabilities with Covenants modify the requirements introduced by Classification of Liabilities as Current or Non-current on how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances: Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2024.

The IASB has issued 'Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements in the following ways:

- an entity is now required to disclose its material accounting policy information instead of its significant accounting policies;
- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;
- the amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- the amendments clarify that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

In addition, IFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information in order to support the amendments to IAS 1. Once the entity applies the amendments to IAS 1, it is also permitted to apply the amendments to IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023.

The amendments are expected to affect disclosure of policies in the financial statements.

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ii. IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The IASB has published 'Definition of Accounting Estimates' to help entities to distinguish between accounting policies and accounting estimates. The definition of 'a change in accounting estimates' is replaced with a definition of 'accounting estimates'. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The IASB clarifies that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments are effective for annual periods beginning on or after 1 January 2023. Application of these amendments is not expected to have any significant impact on the Company's financial statements.

iii. IAS 12 – Income Taxes

The IASB has published 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)' that clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. Accordingly, the initial recognition exemption, provided in IAS 12.15(b) and IAS 12.24, does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

The IASB has issued amendments to provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes. The amendments introduce an exception to the requirements in the standard that an entity does not recognise and does not disclose information about deferred tax assets and liabilities related to the OECD pillar two income taxes.

An entity applies the exception and the requirement to disclose that it has applied the exception immediately upon issuance of the amendments; the remaining disclosure requirements are required for annual reporting periods beginning on or after 1 January 2023.

These amendments do not have any significant impact on the Company's financial statements.

iv. IAS 7 – Statement of Cash Flows and IFRS 7 – Financial Instruments: Disclosures

The IASB has published 'Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)' to add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. The amendments in Supplier Finance Arrangements:

- Do not define supplier finance arrangements. Instead, the amendments describe the characteristics of an arrangement for which an entity is required to provide the information. The amendments note that arrangements that are solely credit enhancements for the entity or instruments used by the entity to settle directly with a supplier the amounts owed are not supplier finance arrangements.

Add two disclosure objectives. Entities will have to disclose in the notes information that enables users of financial statements:

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- to assess how supplier finance arrangements affect an entity's liabilities and cash flows and
- to understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.
- Complement current requirements in IFRSs by adding to IAS 7 additional disclosure requirements about:
 - the terms and conditions of the supplier finance arrangements;
 - for the arrangements, as at the beginning and end of the reporting period:
 - the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of the arrangement

The IASB decided that, in most cases, aggregated information about an entity's supplier finance arrangements will satisfy the information needs of users of financial statements.

- Add supplier finance arrangements as an example within the liquidity risk disclosure requirements in IFRS 7.

An entity applies these amendments for annual reporting periods beginning on or after 1 January 2024. The Company is in process of evaluating the impact of application of these amendments on the Company's financial statements.

v. IFRS 16 – Leases

The IASB has issued amendments for 'Lease Liability in Sale and Leaseback' that clarify how a seller-lessee subsequently measure sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for sale.

'Lease Liability in a Sale and Leaseback Amendments' requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease. The amendments also include one amended and one new illustrative example.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. There are no leases hence the amendments are not relevant to the operations of the Company.

4.4 Standards, amendments to standards and interpretations becoming effective in future periods but not relevant

There are certain new standards, amendments to standards and interpretations that are effective from different future periods, but are considered not to be relevant to the Company's operations, therefore, not disclosed in these financial statements.

4.5 Standards issued by IASB but not applicable in Pakistan

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

IFRS 1 - First-time adoption of International Financial Reporting Standards

IFRS 17 - Insurance Contracts

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information

IFRS S2 Climate-related Disclosures

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NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER
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5 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Summary of significant accounting policies which have been adopted in the preparation of financial statements of the Institute are as follows:

5.1 PROPERTY AND EQUIPMENT

5.1.1 Operating fixed assets

Property and equipment, except freehold land, are stated at cost less accumulated depreciation and impairment losses, if any, whereas freehold land is stated at cost less accumulated impairment loss, if any.

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 is charged on reducing balance method at the rates stated in Note 7.1. Depreciation on additions is charged for the month in which the asset is available for use while no depreciation is charged for the month in which the asset is disposed off. The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis.

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 in the period in which the asset is de-recognized.

5.1.2 Capital work in progress

Capital work in progress includes civil works and consultancy which are measured at cost less impairment loss, if any, and consists of expenditure incurred up to financial year end. These are transferred to specific assets as and when the assets are available for use.

5.2 Intangible

These assets are initially recognized at cost. After initial recognition, these are measured at cost less accumulated amortization and accumulated impairment losses, if any.

Costs associated with routine maintenance of intangible assets are recognized as an expense when incurred. However, costs that are directly attributable to identifiable intangible assets and which enhance or extend the performance of intangible assets beyond the original specification and useful life are recognized as capital improvement and added to the original cost of the software.

Amortization is charged so as to allocate the cost of assets over their estimated useful lives, using the reducing balance method at the rates specified in note to the financial statements.

The useful lives, residual values and amortization method are reviewed on a regular basis. The effect of any changes in estimate accounted for on a prospective basis.

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An item of intangible assets 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 in the period in which the asset is de-recognized.

5.3 Stock of medicine and supplies

Stock of medicine and supplies are stated at lower of cost and net realizable value. Cost is determined on annual weighted average cost and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated price in the ordinary course of business less the estimated costs necessary to deliver the medicine and supplies.

A review is made on each reporting date for excess stock, obsolescence and declines in net realizable value and an allowance is recorded for any such declines.

5.4 Stores

These are valued at moving average cost except stores in transit which are stated at cost comprising invoice value plus other charges paid thereon up to the statement of financial position date. Adequate provision is made against items considered obsolete/ slow moving.

5.5 Impairment of non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the assets' recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised, as an expense in the statement of income and expenditure. The recoverable amount is the higher of an asset's fair value less cost to disposal and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a pre tax discount rate that reflects current market assessments of the time value of money and the risk specific to the assets for which the estimate of future cash flows have not been adjusted. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised previously. Reversal of an impairment loss is recognised immediately in the statement of income and expenditure.

5.6 Financial Instruments

Financial assets and financial liabilities are recognised at cost, using the trade date accounting, when the Institute becomes a party to the contractual provisions of the instruments and derecognised when the Institute loses control of the contractual rights that comprise the financial assets and in case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired.

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

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5.7 Offsetting of Financial Asset and Financial Liability

A financial asset and a financial liability is offset and the net amount reported in the statement of financial position, if the Institute has a legal enforceable right to offset the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

5.8 Advances and other receivables

Advances and other receivables are recognised at nominal amount which is fair value of the consideration to be received in future less an estimate made for doubtful balances based on review of outstanding amounts at the reporting date. Balances considered bad are written off when identified.

5.9 Cash and cash equivalents

Cash and cash equivalents are carried 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.

5.10 Payables

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

5.11 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 reporting date, taking into account the risks and uncertainties surrounding the obligation. Future operating losses are not provided for.

5.12 Impairment of financial assets

The carrying amounts of financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the assets' recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised, as an expense in the statement of income and expenditure. The recoverable amount is the higher of an asset's fair value less cost to disposal and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a pre tax discount rate that reflects current market assessments of the time value of money and the risk specific to the assets for which the estimate of future cash flows have not been adjusted. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised previously. Reversal of an impairment loss is recognised immediately in the statement of income and expenditure.

5.13 Deferred grants

5.13.1 Government grants

Grants from the government are recognised 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.

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Government grants relating to costs are deferred and recognised in the statement of income and expenditure over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to the statement of income and expenditure over the expected lives of the related assets based on the pattern of flow of economic benefits to the Institute.

5.13.2 Other grants

These comprise of donated assets, which are initially measured at 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 credited to the statement of income and expenditure over the expected lives of the related assets based on the pattern of flow of economic benefits to the Institute.

5.14 Employee benefits

5.14.1 Earned leaves policy

As per the Institute's policy, each employee is eligible for 24 annual leaves. The Institute accounts for compensated absences on the basis of 50% of unveiled leave balance of each employee at the end of the reporting period.

5.14.2 Voluntary pension scheme

The Institute has arranged for voluntary pension scheme for its employees that requires contributions to be made to separate fund operated by a third party, Al Meezan Investment Management Limited. Equal contributions are made monthly both by the Institute and the employees in accordance with the rules of the scheme at 10% of basic salary.

5.15 Revenue recognition

Revenue 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 at the time when services are rendered. Donations are recognized at fair value when received. Return on saving accounts 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.

5.16 Related party transactions

Transactions with related parties are carried at arm's length on price determined using the comparable uncontrolled price method except for those transactions which, in exceptional circumstances, are specifically approved by the Board.

6 Correction of error

The institute has amortized government grant for gross expenses instead of net expenses in prior periods owing to some misinterpretation/misunderstanding. The error has been corrected retrospectively and comparative information has been restated in accordance with the requirements of IAS 8 'Accounting Policies, Change in Accounting Estimates and Errors. The impact of correction of error is as under:

	2022 Rupees	2021 Rupees
Statement of financial position		
Decrease in general funds and increase in deferred grants	1,001,891,316	2,077,783,482
Statement of income and expenditure		
Decrease in amortization of grant income and surplus of the year	1,001,891,316	938,156,941

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7 PROPERTY AND EQUIPMENT

	Note	2023	2022
		Rupees	Rupees
Operating fixed assets	7.1	16,911,974,221	16,532,787,543
Capital work in progress	7.2	1,544,100,219	1,729,573,275
Medical equipment held for capitalization		158,023,391	146,778,961
		18,614,097,831	18,409,139,779

7.1 Operating fixed assets

Particulars	Free hold land	Building on freehold land	Electrical equipment	Medical equipment	Office equipment	Library books	Computers and Equipment	Furniture and fixtures	Vehicles	Total
Rupees										
As at January 01, 2022										
Cost	967,562,500	14,180,188,420	1,154,322,311	2,812,469,829	140,479,337	1,779,291	702,431,817	297,527,770	88,001,266	20,344,762,541
Accumulated depreciation	-	(1,996,219,105)	(253,014,007)	(864,927,241)	(33,691,047)	(1,073,531)	(346,852,463)	(92,907,607)	(50,584,448)	(3,639,269,449)
Net book value	967,562,500	12,183,969,315	901,308,304	1,947,542,588	106,788,290	705,760	355,579,354	204,620,163	37,416,818	16,705,493,092
Year ended June 30, 2022										
Opening net book value	967,562,500	12,183,969,315	901,308,304	1,947,542,588	106,788,290	705,760	355,579,354	204,620,163	37,416,818	16,705,493,092
Additions	-	214,139,842	-	84,261,172	12,945,230	-	2,287,350	127,297,089	-	440,930,683
Disposals										
Cost	-	-	-	-	-	-	(2,666,938)	-	-	(2,666,938)
Accumulated depreciation	-	-	-	-	-	-	2,012,105	-	-	2,012,105
	-	-	-	-	-	-	(654,833)	-	-	(654,833)
Depreciation charged	-	(308,590,716)	(67,598,123)	(148,804,347)	(8,818,199)	(105,864)	(53,611,101)	(21,711,367)	(3,741,682)	(612,981,399)
Closing net book value	967,562,500	12,089,518,441	833,710,181	1,882,999,413	110,915,321	599,896	303,600,770	310,205,885	33,675,136	16,532,787,543
As at June 30, 2022										
Cost	967,562,500	14,394,328,262	1,154,322,311	2,896,731,001	153,424,567	1,779,291	702,052,229	424,824,859	88,001,266	20,783,026,286
Accumulated depreciation	-	(2,304,809,821)	(320,612,130)	(1,013,731,588)	(42,509,246)	(1,179,395)	(398,451,459)	(114,618,974)	(54,326,130)	(4,250,238,743)
Net book value	967,562,500	12,089,518,441	833,710,181	1,882,999,413	110,915,321	599,896	303,600,770	310,205,885	33,675,136	16,532,787,543
Year ended June 30, 2023										
Opening net book value	967,562,500	12,089,518,441	833,710,181	1,882,999,413	110,915,321	599,896	303,600,770	310,205,885	33,675,136	16,532,787,543
Additions	-	23,535,424	478,213,876	999,246,644	4,745,230	-	96,995,725	18,621,956	34,315,882	1,655,674,737
Disposals										
Cost	-	-	-	-	-	-	(2,805,692)	-	-	(2,805,692)
Accumulated depreciation	-	-	-	-	-	-	2,253,196	-	-	2,253,196
	-	-	-	-	-	-	(552,496)	-	-	(552,496)
Depreciation charged	-	(604,881,313)	(194,184,478)	(299,159,819)	(16,880,123)	(179,968)	(103,178,095)	(48,864,274)	(8,607,493)	(1,275,935,563)
Closing net book value	967,562,500	11,508,172,552	1,117,739,579	2,583,086,238	98,780,428	419,928	296,865,904	279,963,567	59,383,525	16,911,974,221
As at June 30, 2023										
Cost	967,562,500	14,417,863,686	1,632,536,187	3,895,977,645	158,169,797	1,779,291	796,242,262	443,446,815	122,317,148	22,435,895,331
Accumulated depreciation	-	(2,909,691,134)	(514,796,608)	(1,312,891,407)	(59,389,369)	(1,359,363)	(499,376,358)	(163,483,248)	(62,933,623)	(5,523,921,110)
Net book value	967,562,500	11,508,172,552	1,117,739,579	2,583,086,238	98,780,428	419,928	296,865,904	279,963,567	59,383,525	16,911,974,221
Annual rate of depreciation	-	5%	15%	15%	15%	30%	30%	15%	20%	
Note	7.1.1	7.1.2								

7.1.1 This represents 60.70 acres of land received from Government of the Punjab (the Government). The land was recorded at fair value, determined by an independent valuer under fair value hierarchy - level 2. Value was determined based on the market comparable approach that reflects recent transaction prices for similar properties. As per section 27 of the Act, the land transferred to the Institute by the Government remains property of the Government. The Institute is not allowed to transfer or permanently alienate its immovable property except through exchange of land for obtaining right of way with the prior approval of the Government.

7.1.2 The cost of construction of building and other assets installed in the buildings such as heating, ventilation and air conditioning system (HVAC), elevators etc. are included under this head, which will be segregated on receipt of relevant cost break up from IDAP.

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	Note	2023 Rupees	2022 Rupees
7.1.3	Allocation of depreciation for the year is as under ;		
Clinical expenses	19	1,239,007,435	594,099,090
General and administrative expenses	20	35,808,556	18,345,580
Marketing expenses	21	1,119,572	536,729
		<u>1,275,935,563</u>	<u>612,981,399</u>

7.1.4 Operating fixed assets include different assets purchased out of grants (Refer Note 14.1.3.2 & 14.2).

7.2	Capital work in progress	Note	2023 Rupees	2022 Rupees
	Civil works	7.2.1	615,085,766	388,166,920
	Advance with IDAP - net	7.2.3	929,014,453	1,341,406,355
			<u>1,544,100,219</u>	<u>1,729,573,275</u>

7.2.1	Civil works			
	Opening balance		388,166,920	251,569,914
	Incurred during the year		802,582,303	488,628,789
	Service charges of IDAP		-	464,086
	Transferred to property and equipment		(575,663,457)	(352,495,869)
		7.1.2	<u>615,085,766</u>	<u>388,166,920</u>

7.2.3	Advance with IDAP - net			
	Advance with IDAP			
	Opening balance		1,422,562,069	1,169,579,646
	Paid during the year		500,000,000	1,000,000,000
	Adjusted during the year		(912,391,902)	(747,017,577)
	Closing balance		<u>1,010,170,167</u>	<u>1,422,562,069</u>
	Add: Other receivable from IDAP		3,860,000	3,860,000
			<u>1,014,030,167</u>	<u>1,426,422,069</u>
	Less: payable to IDAP			
	Against computer equipment received		(73,182,960)	(73,182,960)
	Against HPTP sites		(5,298,286)	(5,298,286)
	Against service charges		(6,534,468)	(6,534,468)
			<u>(85,015,714)</u>	<u>(85,015,714)</u>
	Advance with IDAP - net		<u>929,014,453</u>	<u>1,341,406,355</u>

8	INTANGIBLE ASSETS			
	Data Centre, Softwares and licenses	8.1	124,262,656	141,916,247
	Software under development			
	Advance to vendor		301,721,764	196,775,063
			<u>425,984,420</u>	<u>338,691,310</u>

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	Note	2023 Rupees	2022 Rupees
8.1 Data Centre, Softwares and licenses			
Cost		325,782,798	290,832,798
Accumulated amortization		(201,520,142)	(148,916,551)
Written down value		124,262,656	141,916,247
8.1.1 Movement in written down value			
Opening book value		141,916,247	169,957,970
Additions during the year		34,950,000	-
Amortization for the year charged to			
Clinical expenses	19	(52,146,303)	(27,772,188)
General and administrative expenses	20	(457,288)	(269,535)
		(52,603,591)	(28,041,723)
Closing book value		124,262,656	141,916,247
Rate of amortization : 33%			
9 LONG TERM PREPAYMENT			
For software maintenance		4,593,716	32,156,000
Less: Current portion	11	(4,593,716)	(27,562,284)
		-	4,593,716
10 STOCK OF MEDICINE AND SUPPLIES			
Medicines		172,053,800	97,977,947
Medical and surgical supplies		320,751,357	233,098,634
Pathology supplies		49,121,755	28,035,200
		541,926,912	359,111,781
11 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Considered good			
Advances to:			
Suppliers		530,981,549	14,049,331
Employees		4,411,676	2,527,156
Short term prepayments		3,339,055	17,795,307
Current portion of long term prepayment	9	4,593,716	27,562,284
Security deposits against rented premises		3,210,042	3,210,042
Receivable against clinical income	11.1	113,500,107	96,062,961
Profit on saving accounts		-	54,104,504
Other receivables	11.2	1,501,073	40,451,492
Considered doubtful			
Receivable against stolen laptops	11.3	-	8,150,581
Less: Provision for doubtful receivable		-	(8,150,581)
		-	-
		661,537,218	255,763,077

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11.1 This includes receivable from Insurance companies for treatment provided to patients against insurance coverage and Government of Pakistan and Punjab against treatment made on approval of Government of Pakistan and Punjab.

11.2 It includes receiveable of Rs. 1.37 million (2022 : Rs. 34.46 million) from certain vendors against medicines near expiry.

11.3 It represents the net amount receivable from an ex employee against theft of computers.

12	CASH AND BANK BALANCES	Note	2023 Rupees	2022 Rupees
	Cash in hand		350,000	250,000
	Balances with banks in:			
	Current accounts		282,750	282,750
	Saving accounts	12.1	12,449,607,851	5,560,112,936
			12,449,890,601	5,560,395,686
			12,450,240,601	5,560,645,686

12.1 These carry markup at the rates ranging from 12.75% to 19.75% per annum (June30, 2022: 8.25% to 12.75% per annum).

13 The funds are provided by the Government of Punjab for the purpose of investment and to utilize earnings on these funds in the operation of the Institute, in order to reduce its reliance on government grants.

14	DEFERRED GRANTS	Note	2023 Rupees	2022 Rupees
	Government grants	14.1	26,776,097,328	24,380,195,928
	Other grants	14.2	423,447	499,003
			26,776,520,775	24,380,694,931

14.1	Government grants			
	For the Institute			
	In Cash	14.1.1	25,732,462,298	23,101,212,735
	In Kind - Land	7.1	967,562,500	967,562,500
	For Hepatitis Prevention Treatment Program (HPTP) - In Cash	14.1.2	-	59,362,564
	Covid-19 Grant	14.1.3	76,072,530	252,058,129
			26,776,097,328	24,380,195,928

14.1.1	Government grant for the Institute - In Cash			
	Balance at the beginning of the year		23,101,212,735	19,532,823,225
	Received during the year		6,148,000,000	5,052,000,000
	Amortization for the year on utilization	14.3	(3,516,750,437)	(1,483,610,490)
	Balance at the end of the year		25,732,462,298	23,101,212,735

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14.1.2 Government grant for HPTP - In Cash		2023	2022
		Rupees	Rupees
Balance at the beginning of the year		59,362,564	107,271,642
Profit on grant funds		8,380,201	6,128,466
Amortization for the year on utilization	14.3	(67,742,765)	(54,037,544)
Balance at the end of the year		-	59,362,564

14.1.3 Government grant for Covid-19			
Grant in cash	14.1.3.1	-	162,561,035
Grant utilized on assets	14.1.3.2	76,072,530	89,497,094
		76,072,530	252,058,129

14.1.3.1 Grant in cash			
Balance at the beginning of the year		162,561,035	170,269,486
Received during the year		-	-
		162,561,035	170,269,486
Amortization for the year on utilization			
Operating expenses	14.3	162,561,035	2,868,921
Operating fixed assets	14.1.3.2	-	4,839,530
		(162,561,035)	(7,708,451)
Balance at the end of the year		-	162,561,035

14.1.3.2 Grant utilized on assets			
Opening balance		89,497,094	91,763,699
Purchase of operating fixed assets		-	4,839,530
		89,497,094	96,603,229
Amortization for the year	14.3	(13,424,564)	(7,106,135)
		76,072,530	89,497,094

14.2 Other grants			
Opening balance		499,003	539,520
Amortization for the year	14.3	(75,556)	(40,517)
Closing balance		423,447	499,003

14.3 Amortization for the year			
Government grants for the Institute - In Cash	14.1.1	3,516,750,437	1,483,610,490
Government grants for HPTP - In Cash	14.1.2	67,742,765	54,037,544
Government grant for Covid-19			
In cash	14.1.3.1	162,561,035	2,868,921
Utilized for assets	14.1.3.2	13,424,564	7,106,135
Other grants	14.2	75,556	40,517
		3,760,554,357	1,547,663,607

14.3.1 Utilization of grant related to HPTP is included in income as related equal expenses are included in different heads of expenses.

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15	TRADE AND OTHER PAYABLES	2023	2022
		Rupees	Rupees
	Creditors	716,186,901	509,080,500
	Advance from patients	73,816,819	81,989,286
	Accrued liabilities	234,511,443	126,019,795
	Other payables	118,536,329	14,905,476
		<u>1,143,051,492</u>	<u>731,995,057</u>

16	COMMITMENTS		
	Capital expenditure on construction work and intangibles	5,947,185,727	2,418,185,727
	Commitments under irrevocable letters of credit	684,300,226	-

17	CLINICAL INCOME	Note	For the year ended June 30, 2023	For the half year ended June 30, 2022
			Rupees	Rupees
	Outpatient department (OPD)	17.1	1,296,672,564	495,453,012
	Inpatient department (IPD)	17.2	2,709,717,034	1,023,128,611
	Waived as financial support to indigent patients		(2,535,318,334)	(752,837,092)
	Net income		<u>1,471,071,264</u>	<u>765,744,531</u>

17.1	Outpatient department (OPD)		
	Consultancy fee	162,775,224	65,785,737
	Diagnostic	813,209,686	269,454,546
	Medical procedures	205,119,669	61,061,745
	Medicine and supplies	105,413,955	87,559,541
	Miscellaneous	10,154,030	11,591,443
		<u>1,296,672,564</u>	<u>495,453,012</u>

17.2	Inpatient department (IPD)		
	Consultancy fee	102,110,607	29,442,811
	Diagnostic	530,926,439	190,409,365
	Surgery and other medical procedures	861,328,077	311,090,353
	Medicine and supplies	691,311,875	283,068,235
	Room charges	472,356,519	199,374,155
	Others	51,683,517	9,743,692
		<u>2,709,717,034</u>	<u>1,023,128,611</u>

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18	OTHER INCOME	Note	For the year ended June 30, 2023	For the half year ended June 30, 2022
			Rupees	Rupees
	Donations			
	In cash		5,027,355	1,830,963
	In kind - Medicines		6,148,333	36,975,477
	Others		1,947,856	4,105,648
			<u>13,123,544</u>	<u>42,912,088</u>

19	CLINICAL EXPENSES			
	Medicines and supplies		305,075,286	136,111,202
	Pathology, nursing and other supplies consumed		892,528,107	368,842,186
	Outsourced medical services		155,954	258,668
	Travelling and conveyance		11,689,667	657,893
	Cleaning and washing		273,255	1,247,345
	Utilities		629,220,589	176,878,753
	Recruitment and training		1,244,072	13,788
	Fee and subscription		134,334,828	24,777,244
	Repairs and maintenance		91,393,420	42,036,301
	Insurance		48,833,669	17,780,036
	Salaries, wages and benefits	19.1	2,148,164,411	864,512,345
	Depreciation	7.1.3	1,239,007,435	594,099,090
	Amortization	8.1.1	52,146,303	27,772,188
	Expired medicine and supplies		-	3,359,829
			<u>5,554,066,996</u>	<u>2,258,346,868</u>

19.1 Salaries, wages and other benefits include Rs. 92.4 million/- (2022: Rs. 38.15 million) in respect of voluntary pension scheme and Rs. 97.68 million (2022: Rs. 40.09 million) in respect of leave encashment.

20	GENERAL AND ADMINISTRATIVE EXPENSES	Note	For the year ended June 30, 2023	For the half year ended June 30, 2022
			Rupees	Rupees
	Salaries, wages and benefits	20.1	546,436,996	229,535,087
	Insurance		12,422,012	4,720,745
	Vehicles running and maintenance		25,314,579	9,682,339
	Security charges		5,570,237	2,815,685
	Rent, rates and taxes		322,753	148,700
	Gardening expenses		112,340	27,800
	Printing and stationary		11,405,275	3,190,739
	Telephone and courier charges		1,865,683	1,072,343
	Legal and professional charges		2,175,840	1,449,998
	Entertainment		1,849,495	6,967,932
	Auditor's remuneration		880,000	770,000
	Depreciation	7.1.3	35,808,556	18,345,580
	Amortization	8.1.1	457,288	269,535
	Others		2,307,324	1,755,201
			<u>646,928,378</u>	<u>280,751,684</u>

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- 20.1** Salaries, wages and other benefits include Rs. 29 million (2022: Rs. 12.88 million) in respect of voluntary pension scheme and Rs. 30.37 million (2022: Rs. 13.94 million) in respect of leave encashment.

21	MARKETING EXPENSES	Note	For the year ended June 30, 2023	For the half year ended June 30, 2022
			Rupees	Rupees
	Salaries, wages and benefits	21.1	17,184,487	6,723,250
	Advertisement		7,512,992	2,081,372
	Insurance		390,652	138,274
	Depreciation	7.1.3	1,119,572	536,729
			<u>26,207,703</u>	<u>9,479,625</u>

- 21.1** Salaries, wages and other benefits include Rs. 1.07 million (2022: Rs. 388,498/-) in respect of voluntary pension scheme and Rs. 1.07 million (2022: Rs. 4.1 million) in respect of leave encashment.

22 **PROVISION FOR TAXATION**

The institute is approved as a non profit organisation under Section 2(36) of the Income Tax Ordinance, 2001 and therefore income of the Institute is subject to 100% tax credit under section 100C. Accordingly, no provision for taxation is made in these financial statements.

23 **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

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.

23.1	Financial instruments by categories	2023	2022
		Rupees	Rupees
	Financial assets at amortized cost:		
	Long term deposits against utilities	152,825,180	152,825,180
	Advances, deposits and other receivables	122,622,898	142,251,651
	Cash and bank balances	12,450,240,601	5,560,645,686
		<u>12,725,688,679</u>	<u>5,855,722,517</u>
	Financial liabilities at amortized cost:		
	Trade and other payables	<u>1,069,234,673</u>	<u>650,005,771</u>

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23.2 Financial instruments and related disclosures

The Institute's activities expose it to a variety of financial risks (credit risk, liquidity risk and market risk). Risk measured and managed by the Institute are explained below:

23.2.1 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.

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 is as follows:

	2023	2022
	Rupees	Rupees
Long term deposits against utilities	152,825,180	152,825,180
Advances, deposits and other receivables	122,622,898	142,251,651
Bank balances	12,449,890,601	5,560,395,686
	<u>12,725,338,679</u>	<u>5,855,472,517</u>

23.2.2 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. The Institute is not exposed to any significant liquidity risk.

23.2.3 Market risk

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

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

Equity Price Risk

Equity price risk is the risk of unfavorable changes in the fair value of the equity securities as a result of changes in the levels of Stock Exchange indexes and the value of individual share (including the units of mutual funds). The equity price risk exposure arises from the Company's investments in equity securities for which prices in the future are uncertain. At reporting date, the Institute is not exposed to any equity price risk.

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.

Sensitivity to interest rate risk arises from mismatches of financial assets and financial liabilities that mature or reprice in a given period. The Institute manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

The Institute's interest rate risk arises from balances maintained with banks. The interest rate profile of the Institute's interest bearing financial instruments is presented in relevant notes to the financial statements. The Institute does not account for any other variable or fixed rate financial assets and liabilities at fair value through income and expenditure.

If interest rates on saving accounts with banks, at the reporting date, fluctuate by 1% with all other variables held constant, surplus for the year would have been higher / lower by Rs. 124.50 million (June 30, 2022: Rs. 55.6 million).

23.3 Fair values of financial assets and liabilities

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

24 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 continue to provide services for its the general public. The Institute manage its fund with Government Grant. The Institute is not exposed to any such risk.

25 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.

26 RELATED PARTY BALANCES AND TRANSACTIONS

The Institute in the normal course of business carries out transactions with various related parties which comprise of Government of Punjab, Director / President and key management personnel. Balances outstanding at the year end have been disclosed in the respective notes to the financial statements. Significant transactions, other than those disclosed in relevant notes, are as follows:

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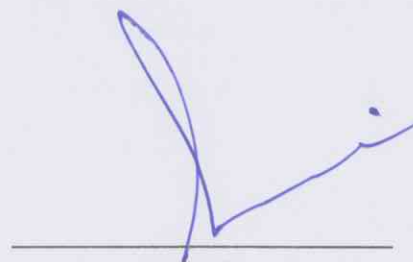
Name of Party	Nature of transactions	Relationship	for the year ended June 30, 2023	for the half year ended June 30, 2022
			Rupees	Rupees
Government of Punjab	Grant received	Associated Undertakings	6,148,000,000	5,052,000,000
	Funds received in general funds		5,000,000,000	-
Directorate of General Public Relations	Advertisement expense	Associated Undertakings	6,594,605	2,062,952
Director / President	Salaries and other employee benefits		24,870,000	10,836,000
	Leave encashment-paid		415,386	307,692
	Voluntary pension scheme -contribution		1,656,000	720,000
Key management personnel	Salaries and other employee benefits		59,495,472	24,980,559
	Leave encashment-paid		1,663,465	526,923
	Voluntary pension scheme -contribution		3,584,801	1,396,181

A number of entities owned directly/indirectly by the Government of Punjab (GOP) are the related parties of the Company due to significant influence of the GOP over the Institute. The transactions with other such entities, are considered insignificant, hence are not specifically disclosed.

27 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on **12 0 JUN 2025** by the Board of Governors of the Institute.


CHAIRMAN


DEAN