

**Pakistan Kidney And Liver Institute
And Research Center
Audited Annual Financial Statements
For the Year Ended June 30, 2024**

**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, 2024 and the statement of income and expenditure and other comprehensive income, the statement of changes in fund 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, 2024, and its financial performance and its cash flows for the year then ended in accordance with the 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 the approved accounting and reporting standards as applicable in Pakistan, and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Institute or to cease 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.



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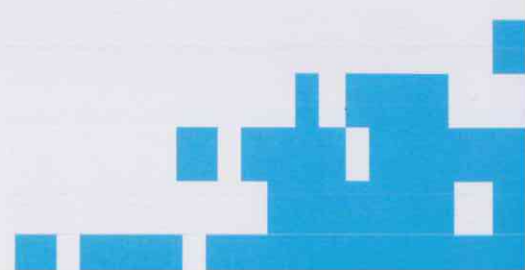
CHARTERED ACCOUNTANTS

Date: 12th JUN 2025

Place: Lahore

Engagement Partner: Syed Ali Adnan Tirmizey

UDIN : AR202410193VfX82MsBb

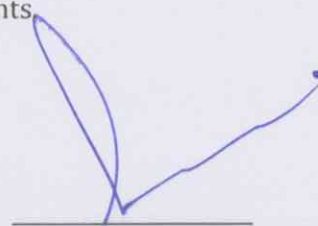


PAKISTAN KIDNEY AND LIVER INSTITUTE AND RESEARCH CENTER
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	6	18,980,316,677	18,614,097,831
Intangible assets	7	316,923,686	425,984,420
Long term deposits against utilities		152,825,180	152,825,180
		<u>19,450,065,543</u>	<u>19,192,907,431</u>
CURRENT ASSETS			
Stores		161,447,990	72,960,105
Stock of medicine and supplies	8	1,652,314,664	541,926,912
Advances, deposits, prepayments and other receivables	9	882,229,612	661,537,218
Short term investments	10	18,043,854,441	-
Cash and bank balances	11	11,077,824,145	12,450,240,601
		<u>31,817,670,852</u>	<u>13,726,664,836</u>
TOTAL ASSETS		<u><u>51,267,736,395</u></u>	<u><u>32,919,572,267</u></u>
FUND AND LIABILITIES			
Endowment fund	12	15,000,000,000	5,000,000,000
NON-CURRENT LIABILITIES			
Deferred grants	13	33,602,862,211	26,776,520,775
CURRENT LIABILITIES			
Trade and other payables	14	2,664,874,184	1,143,051,492
TOTAL FUND AND LIABILITIES		<u><u>51,267,736,395</u></u>	<u><u>32,919,572,267</u></u>
CONTINGENCIES AND COMMITMENTS	15	-	-

The annexed notes form an integral part of these financial statements


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, 2024

	Note	2024 Rupees	2023 Rupees
INCOME			
Clinical income	16	1,526,849,510	1,471,071,264
Profit on saving accounts / investments	17	5,021,326,364	985,105,427
Amortization of deferred grants	13.3	2,222,362,564	3,760,554,357
Other Income	18	79,001,859	13,123,544
		<u>8,849,540,297</u>	<u>6,229,854,592</u>
EXPENDITURE			
Clinical expenses	19	7,872,799,133	5,555,733,683
General and administrative expenses	20	903,428,418	645,261,691
Marketing expenses	21	69,307,222	26,207,703
Finance cost		4,005,524	2,651,515
		<u>8,849,540,297</u>	<u>6,229,854,592</u>
Surplus for the year before taxation		-	-
Provision for taxation	22	-	-
Surplus for the year		-	-
Other comprehensive income		-	-
Total comprehensive income for the year		<u>-</u>	<u>-</u>

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

CHAIRMAN

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PAKISTAN KIDNEY AND LIVER INSTITUTE AND RESEARCH CENTER
STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED JUNE 30, 2024

Endowment Fund

Rupees

Balance as at July 01, 2022	-
Transactions with owners	
Received during the year	5,000,000,000
Balance as at June 30, 2023	<u>5,000,000,000</u>
Transactions with owners	
Received during the year	10,000,000,000
Balance as at June 30, 2024	<u><u>15,000,000,000</u></u>

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



CHAIRMAN



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PAKISTAN KIDNEY AND LIVER INSTITUTE AND RESEARCH CENTER
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	2023 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	6.1	1,327,233,927	1,275,935,563
Amortization on intangible assets	7.1.1	122,179,072	52,603,591
Amortization of deferred grants	13.3	(2,222,362,564)	(3,760,554,357)
Gain on disposal of property and equipment		(311,969)	(134,379)
Balances written back		(9,359,481)	-
Provision for doubtful balances		3,210,042	-
Profit on saving accounts / investments	17	(5,021,326,364)	(985,105,427)
		<u>(5,800,737,337)</u>	<u>(3,417,255,009)</u>
Cash flows before working capital changes		(5,800,737,337)	(3,417,255,009)
Working capital changes:			
(Increase) in current assets:			
Stores		(88,487,885)	(41,040,646)
Stock of medicine and supplies		(1,110,387,752)	(182,815,131)
Advances, prepayments and other receivables		(220,692,394)	(401,180,425)
Increase in current liabilities			
Trade and other payables:		1,527,972,131	411,056,435
		<u>108,404,100</u>	<u>(213,979,767)</u>
Net cash flows from operating activities		<u>(5,692,333,237)</u>	<u>(3,631,234,776)</u>
B) CASH FLOWS FROM INVESTING ACTIVITIES			
Additions in property and equipment		(1,694,373,208)	(1,481,446,111)
Additions in intangible assets		(13,118,338)	(139,896,701)
Profit on saving accounts / investments		5,021,326,364	985,105,427
Proceeds from disposal of property and equipment		1,232,404	686,875
Net cash flows from investing activities		<u>3,315,067,222</u>	<u>(635,550,510)</u>
C) CASH FLOWS FROM FINANCING ACTIVITY			
Grants received during the year	13.1.1	9,048,704,000	6,148,000,000
Profit on HPTP grant funds		-	8,380,201
Funds Received in Endowment Fund		10,000,000,000	5,000,000,000
Net cash flow from financing activity		<u>19,048,704,000</u>	<u>11,156,380,201</u>
Net increase in cash and cash equivalents		16,671,437,985	6,889,594,915
Cash and cash equivalents at the beginning of year		<u>12,450,240,601</u>	<u>5,560,645,686</u>
Cash and cash equivalents at the end of year	23	<u>29,121,678,586</u>	<u>12,450,240,601</u>

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


CHAIRMAN


DEAN

PAKISTAN KIDNEY AND LIVER INSTITUTE AND RESEARCH CENTER
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER
EXPLANATORY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024

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.
- 1.2** The project of the Institute comprise 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.
- 1.3** The Government of Punjab vide its notification dated February 2, 2024 has transferred the administrative control of Rawalpindi Institute of Urology and Transplantation (RIUT), Rawalpindi to the management of the institute effective from April 24, 2024. It is expected that subsequently all the funds and assets of RIUT may be transferred to the Institute. No such formalities, however commenced subsequently.

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.

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.

PAKISTAN KIDNEY AND LIVER INSTITUTE AND RESEARCH CENTER
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER
EXPLANATORY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024

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.

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 5.12)

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 Institute for the periods beginning on or after January 01, 2023 and therefore, have been applied in preparing these financial statements.

i. IAS 1 – Presentation of Financial Statements

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.

Application of these amendments do not have any significant impact on disclosures in the Institute's financial statements.

PAKISTAN KIDNEY AND LIVER INSTITUTE AND RESEARCH CENTER
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER
EXPLANATORY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024

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.

Application of these amendments do not have any significant impact on the Institute'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 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 Organisation for Economic Co-operation and Development (OECD) pillar two income taxes.

Application of these amendments do not have any significant impact on the Institute'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 Institute beginning on or after January 01, 2023 but are considered not to be relevant to the Institute'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 Institute'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 (Amendments to IAS 1) 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:

PAKISTAN KIDNEY AND LIVER INSTITUTE AND RESEARCH CENTER
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER
EXPLANATORY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024

- 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 IASB has further modified 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 amendments are to be applied retrospectively in accordance with IAS 8. Application of these amendments is not expected to have any significant impact on the Institute's financial statements.

ii. 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:
 - 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.

PAKISTAN KIDNEY AND LIVER INSTITUTE AND RESEARCH CENTER
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER
EXPLANATORY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024

An entity applies these amendments for annual reporting periods beginning on or after 1 January 2024. Application of these amendments is not expected to have any significant impact on the Institute's financial statements.

iii. IFRS 16 Leases

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

As these amendments require 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 income and expenditure 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. Application of these amendments is not expected to have any significant impact on the Institute's financial statements.

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 as specified therein, but are considered not to be relevant to the Institute'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 18 - Presentation and Disclosures in Financial Statements

IFRS 19 - Subsidiaries without Public Accountability: Disclosures

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

IFRS S2 Climate-related Disclosures

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.

PAKISTAN KIDNEY AND LIVER INSTITUTE AND RESEARCH CENTER
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER
EXPLANATORY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024

Depreciation is charged on reducing balance method at the rates stated in Note 6.1. 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.

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

5.6.1 Measurement of financial asset

Initial measurement

The Institute classifies its financial assets into following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through income and expenditure (FVTPL); and
- measured at amortized cost.

A financial asset is initially measured at fair value plus transaction costs that are directly attributable to its acquisition, except FVTPL which is measured at fair value.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification, as follows:

Debt Investments at FVOCI

These assets are subsequently measured at fair value. Changes in fair value are recognized in other comprehensive income. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of income and expenditure. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of income and expenditure.

Equity Investments at FVOCI

These assets are subsequently measured at fair value. Changes in fair value are recognized in other comprehensive income and are never reclassified to the statement of income and expenditure. Dividends are recognized as income in the statement of income and expenditure unless the dividend clearly represents a recovery of part of the cost of the investment.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest markup or dividend income, are recognized in the statement of income and expenditure.

PAKISTAN KIDNEY AND LIVER INSTITUTE AND RESEARCH CENTER
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER
EXPLANATORY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024

Financial assets measured at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the statement of income and expenditure.

Non-derivative financial assets

All non-derivative financial assets are initially recognized on trade date i.e. date on which the Institute becomes party to the respective contractual provisions. Non-derivative financial assets comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets and includes trade debts, advances, other receivables and cash and cash equivalents.

Derecognition

The Institute derecognizes the financial assets when the contractual rights to the cash flows from the assets expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial assets are transferred or it neither transfers nor retain substantially all of the risks and rewards of ownership and does not retain control over the transferred assets.

Financial liabilities

Initial recognition

Financial liabilities are classified in the following categories:

- fair value through income and expenditure; and
- other financial liabilities.

The Institute determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in case of other financial liabilities also include directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification, as follows:

Fair value through income and expenditure

Financial liabilities at fair value through income and expenditure include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as being at fair value through income and expenditure. The Institute has not designated any financial liability upon recognition as being at fair value through income and expenditure.

Other financial liabilities

After initial recognition, other financial liabilities which are interest bearing are subsequently measured at amortized cost using the effective interest rate method. Gain and losses are recognized in statement of income and expenditure, when the liabilities are derecognized as well as through effective interest rate amortization process.

Derecognition

The Institute derecognizes financial liabilities when and only when the Institute's obligations are discharged, cancelled or expire.

PAKISTAN KIDNEY AND LIVER INSTITUTE AND RESEARCH CENTER
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER
EXPLANATORY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024

Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when the Institute has currently legally enforceable right to set-off the recognized amounts and the Institute intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or winding up of the Institute or the counter parties.

Impairment of financial assets

The Institute recognizes loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortized cost. The Institute measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for receivables are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Institute considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Institute's historical experience and informed credit assessment and including forward-looking information.

The Institute assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Institute is exposed to credit risk. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Institute has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Institute individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Institute expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Institute's procedures for recovery of amounts due.

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.

PAKISTAN KIDNEY AND LIVER INSTITUTE AND RESEARCH CENTER
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER
EXPLANATORY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024

5.7 Foreign currency transactions and translation

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the statement of financial position date. Foreign exchange gains and losses on translation are recognized in statement of income and expenditure. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

5.8 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.

5.9 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.

5.10 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.

5.11 Contingent liabilities

Contingent liability is disclosed when there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Institute or when there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

5.12 Deferred grants

5.12.1 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.

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.

PAKISTAN KIDNEY AND LIVER INSTITUTE AND RESEARCH CENTER
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER
EXPLANATORY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024

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.

5.12.2 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.

5.13 Employee benefits

5.13.1 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.

5.13.2 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.

5.14 Revenue recognition

Revenue is recognized at an amount that reflects the consideration to which the Institute is expected to be entitled in exchange for transferring goods or services to a customer. For this purpose, the Institute:

- identifies the contract with a customer;
- identifies the performance obligations in the contract;
- determines the transaction price which takes into account estimates of variable consideration, if any, and the time value of money;
- allocates the transaction price to the separate performance obligations, if applicable, on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and
- recognizes revenue when or as each performance obligation is satisfied in a manner that depicts the transfer of control of the goods or services promised to the customer.

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.

5.15 Taxation

Current:

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions, if any. Minimum taxes in excess over the amount designated as income tax is then recognized as levy falling under the scope of IAS 37.

Deferred:

Deferred tax is recognized using the liability method, on all temporary differences arising at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carry forwarded unused tax losses and tax credits, if any, to the extent that it is probable that the future taxable profits will be available against which the asset may be utilized.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be realized. Unrecognized deferred tax asset are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow deferred tax asset to be realized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset is expected to be utilized or the liability is expected to be settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax is charged or credited to income and expenditure, except in case of items credited or charged to equity in which case it is included in equity.

Change in accounting policy of taxation

During the year, the Institute of Chartered Accountants of Pakistan (ICAP) has withdrawn the Technical Release 27 regarding treatment of final taxes and issued guidance - "IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes". The said guidance requires certain amounts of minimum tax and final tax to be classified separately as a levy instead of current tax expense. However, this change in accounting policy has no impact on the financial statements of the Institute.

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.



PAKISTAN KIDNEY AND LIVER INSTITUTE AND RESEARCH CENTER
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER
EXPLANATORY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024

6 PROPERTY AND EQUIPMENT

	Note	2024 Rupees	2023 Rupees
Operating fixed assets	6.1	16,256,673,548	16,911,974,221
Capital work in progress	6.2	2,600,058,762	1,544,100,219
Medical equipment held for capitalization		123,584,367	158,023,391
		<u>18,980,316,677</u>	<u>18,614,097,831</u>

6.1 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 July 01, 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	<u>967,562,500</u>	<u>12,089,518,441</u>	<u>833,710,181</u>	<u>1,882,999,413</u>	<u>110,915,321</u>	<u>599,896</u>	<u>303,600,770</u>	<u>310,205,885</u>	<u>33,675,136</u>	<u>16,532,787,543</u>
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	<u>967,562,500</u>	<u>11,508,172,552</u>	<u>1,117,739,579</u>	<u>2,583,086,238</u>	<u>98,780,428</u>	<u>419,928</u>	<u>296,865,904</u>	<u>279,963,567</u>	<u>59,383,525</u>	<u>16,911,974,221</u>
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	<u>967,562,500</u>	<u>11,508,172,552</u>	<u>1,117,739,579</u>	<u>2,583,086,238</u>	<u>98,780,428</u>	<u>419,928</u>	<u>296,865,904</u>	<u>279,963,567</u>	<u>59,383,525</u>	<u>16,911,974,221</u>
Year ended June 30, 2024										
Opening 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
Additions	-	103,080,202	4,153,620	525,258,602	32,243,426	-	6,486,083	1,191,701	440,055	672,853,689
Disposals										
Cost	-	-	-	-	-	-	(5,177,239)	-	-	(5,177,239)
Accumulated depreciation	-	-	-	-	-	-	4,256,804	-	-	4,256,804
	-	-	-	-	-	-	(920,435)	-	-	(920,435)
Depreciation charged	-	(577,637,967)	(168,135,946)	(420,646,799)	(17,429,759)	(125,979)	(89,219,167)	(42,051,451)	(11,986,859)	(1,327,233,927)
Closing net book value	<u>967,562,500</u>	<u>11,033,614,787</u>	<u>953,757,253</u>	<u>2,687,698,041</u>	<u>113,594,095</u>	<u>293,949</u>	<u>213,212,385</u>	<u>239,103,817</u>	<u>47,836,721</u>	<u>16,256,673,548</u>
As at June 30, 2024										
Cost	967,562,500	14,520,943,888	1,636,689,807	4,421,236,247	190,413,223	1,779,291	797,551,106	444,638,516	122,757,203	23,103,571,781
Accumulated depreciation	-	(3,487,329,101)	(682,932,554)	(1,733,538,206)	(76,819,128)	(1,485,342)	(584,338,721)	(205,534,699)	(74,920,482)	(6,846,898,233)
Net book value	<u>967,562,500</u>	<u>11,033,614,787</u>	<u>953,757,253</u>	<u>2,687,698,041</u>	<u>113,594,095</u>	<u>293,949</u>	<u>213,212,385</u>	<u>239,103,817</u>	<u>47,836,721</u>	<u>16,256,673,548</u>
Annual rate of depreciation	-	5%	15%	15%	15%	30%	30%	15%	20%	
Note	6.1.1	6.1.2								

6.1.1 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.

6.1.2 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.

PAKISTAN KIDNEY AND LIVER INSTITUTE AND RESEARCH CENTER
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION
AND OTHER EXPLANATORY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
6.1.3	Allocation of depreciation for the year is as under ;		
Clinical expenses	19	1,293,463,152	1,239,007,435
General and administrative Expenses	20	32,162,643	35,808,556
Marketing expenses	21	1,608,132	1,119,572
		<u>1,327,233,927</u>	<u>1,275,935,563</u>

6.1.4 Operating fixed assets include different assets purchased out of grants (Refer Note 13.1.2 & 13.2).

6.2 Capital work in progress

Civil works	6.2.1	735,334,037	615,085,766
Advance with IDAP - Net	6.2.2	<u>1,864,724,725</u>	<u>929,014,453</u>
		<u>2,600,058,762</u>	<u>1,544,100,219</u>

6.2.1 Civil works

Opening balance		615,085,766	388,166,920
Incurred during the year		120,248,271	802,582,303
Transferred to property and equipment		-	(575,663,457)
	6.1.2	<u>735,334,037</u>	<u>615,085,766</u>

6.2.2 Advance with IDAP - Net

Advance with IDAP			
Opening balance		1,010,170,167	1,422,562,069
Paid during the year		1,100,000,000	500,000,000
Adjusted during the year		<u>(164,289,728)</u>	<u>(912,391,902)</u>
Closing balance		1,945,880,439	1,010,170,167
Add: Other receivable from IDAP		<u>3,860,000</u>	<u>3,860,000</u>
		1,949,740,439	1,014,030,167
Less: payable to IDAP			
Against computer equipment received		<u>(73,182,960)</u>	<u>(73,182,960)</u>
Against HPTP Sites		<u>(5,298,286)</u>	<u>(5,298,286)</u>
Against service charges		<u>(6,534,468)</u>	<u>(6,534,468)</u>
		<u>(85,015,714)</u>	<u>(85,015,714)</u>
Advance with IDAP - net		<u>1,864,724,725</u>	<u>929,014,453</u>

7 INTANGIBLE ASSETS

Data Centre, Software and license	7.1	248,052,414	124,262,656
Software under development			
Advance to vendor		<u>68,871,272</u>	<u>301,721,764</u>
		<u>316,923,686</u>	<u>425,984,420</u>

PAKISTAN KIDNEY AND LIVER INSTITUTE AND RESEARCH CENTER
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION
AND OTHER EXPLANATORY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
7.1 Data Centre, Software and license			
Cost		571,751,628	325,782,798
Accumulated amortization		(323,699,214)	(201,520,142)
Written down value		248,052,414	124,262,656
7.1.1 Movement in written down value			
Opening Balance		124,262,656	141,916,247
Additions during the year		245,968,830	34,950,000
Amortization for the year charged to			
Clinical expenses	19	(122,023,458)	(52,146,303)
General and administrative expenses	20	(155,614)	(457,288)
		(122,179,072)	(52,603,591)
Closing book value		248,052,414	124,262,656
Rate of amortization: 33%			
8 STOCK OF MEDICINE AND SUPPLIES			
Medicines		444,053,441	172,053,800
Medical and surgical supplies		1,054,727,287	320,751,357
Pathology supplies		153,533,936	49,121,755
		1,652,314,664	541,926,912
9 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Considered good			
Advance to:			
Suppliers		582,143,872	530,981,549
Employees		3,287,187	4,411,676
Short term Prepayments		204,020	3,339,055
Current portion of long term prepayment		-	4,593,716
Receivable against clinical income	9.1	99,581,404	113,500,107
Accrued markup on short term investments		187,056,882	-
Other receivables	9.2	9,956,247	1,501,073
		882,229,612	658,327,176
Considered doubtful			
Security deposits against rented premises		3,210,042	3,210,042
Provision against doubtful balances		(3,210,042)	-
		-	3,210,042
		882,229,612	661,537,218
9.1	This includes receivable from Insurance companies for treatment provided to patients against insurance coverage and Government of Pakistan and Government of Punjab against treatment made on their approval.		
9.2	It includes receiveable of Nil (2023 : Rs. 1.37 million) from certain vendors against medicines near expiry.		

PAKISTAN KIDNEY AND LIVER INSTITUTE AND RESEARCH CENTER
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION
AND OTHER EXPLANATORY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024

10	SHORT TERM INVESTMENTS	Note	2024	2023
			Rupees	Rupees
	Treasury bills	10.1	18,043,854,441	-
			<u>18,043,854,441</u>	<u>-</u>

10.1 The term of maturity of these instruments is three months. They carry markup at the rate ranging from 19.99% to 24.20% per annum.

11	CASH AND BANK BALANCES	Note	2024	2023
			Rupees	Rupees
	Cash in hand		350,000	350,000
	Balances with banks in:			
	Current account		282,750	282,750
	Saving accounts	11.1	11,077,191,395	12,449,607,851
			<u>11,077,474,145</u>	<u>12,449,890,601</u>
			<u>11,077,824,145</u>	<u>12,450,240,601</u>

11.1 These carry markup at the rate ranging from 20.50 % to 20.80% (2023: 12.75% to 19.75%) per annum.

12 The funds were 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.

13	DEFERRED GRANTS	Note	2024	2023
			Rupees	Rupees
	Government grants	13.1	33,602,502,956	26,776,097,328
	Other grants	13.2	359,255	423,447
			<u>33,602,862,211</u>	<u>26,776,520,775</u>

13.1 Government Grants				
	For the institute			
	In Cash	13.1.1	32,570,278,806	25,732,462,298
	In Kind - Land	6.1.1	967,562,500	967,562,500
	Covid-19 Grant	13.1.2	64,661,650	76,072,530
			<u>33,602,502,956</u>	<u>26,776,097,328</u>

13.1.1 Government Grant for the Institute - In Cash				
	Balance at the beginning of the year		25,732,462,298	23,101,212,735
	Received during the year		9,048,704,000	6,148,000,000
	Amortization for the year on utilization	13.3	(2,210,887,492)	(3,516,750,437)
	Balance at the end of the year		<u>32,570,278,806</u>	<u>25,732,462,298</u>

13.1.2 Grant utilized for assets				
	Opening balance		76,072,530	89,497,094
	Amortization for the year	13.3	(11,410,880)	(13,424,564)
			<u>64,661,650</u>	<u>76,072,530</u>

PAKISTAN KIDNEY AND LIVER INSTITUTE AND RESEARCH CENTER
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION
AND OTHER EXPLANATORY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024

13.2	Other grants	Note	2024	2023
			Rupees	Rupees
	Opening balance		423,447	499,003
	Amortization for the year	13.3	(64,192)	(75,556)
	Closing Balance		359,255	423,447

13.3	Amortization for the year			
	Government grants for the Institute - In Cash	13.1.1	2,210,887,492	3,516,750,437
	Government grants for HPTP - In Cash		-	67,742,765
	Government grant for Covid-19			
	In cash		-	162,561,035
	Utilized for assets	13.1.2	11,410,880	13,424,564
	Other grants	13.2	64,192	75,556
			2,222,362,564	3,760,554,357

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

14	TRADE AND OTHER PAYABLES	Note	2024	2023
			Rupees	Rupees
	Creditors		2,044,671,723	716,186,901
	Advance from patients		127,169,210	73,816,819
	Accrued liabilities		341,804,169	234,511,443
	Other payables		151,229,082	118,536,329
			2,664,874,184	1,143,051,492

15 CONTINGENCIES AND COMMITMENTS

15.1	Contingencies			
	Bank guarantees issued on behalf of the Company in favor of a supplier against supply of fuel		10,000,000	-
15.2	Commitments			
	Capital expenditure on construction work and intangibles		4,847,185,727	5,947,185,727
	Commitments under irrevocable letters of credit		577,789,525	684,300,226

16 CLINICAL INCOME

	Outpatient department (OPD)	16.1	1,974,446,941	1,296,672,564
	Inpatient department (IPD)	16.2	3,902,649,720	2,709,717,034
	Waived as financial support to indigent patients		(4,350,247,151)	(2,535,318,334)
	Net income		1,526,849,510	1,471,071,264

PAKISTAN KIDNEY AND LIVER INSTITUTE AND RESEARCH CENTER
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION
AND OTHER EXPLANATORY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024

16.1	Outpatient department (OPD)	Note	2024	2023
			Rupees	Rupees
	Consultancy fee		240,844,613	162,775,224
	Diagnostic		1,197,945,404	813,209,686
	Medical procedures		355,406,865	205,119,669
	Medicine and supplies		150,166,271	105,413,955
	Miscellaneous		30,083,788	10,154,030
			<u>1,974,446,941</u>	<u>1,296,672,564</u>
16.2 Inpatient department (IPD)				
	Consultancy fee		157,883,673	102,110,607
	Diagnostic		796,569,389	530,926,439
	Surgery and other medical procedures		947,139,688	861,328,077
	Medicine and supplies		1,274,241,851	691,311,875
	Room charges		656,779,934	472,356,519
	Others		70,035,185	51,683,517
			<u>3,902,649,720</u>	<u>2,709,717,034</u>
17 Profit on saving accounts / investments				
	Profit on saving accounts		2,203,239,351	985,105,427
	Profit on short term investments		2,818,087,013	-
			<u>5,021,326,364</u>	<u>985,105,427</u>
18 OTHER INCOME				
	Donations			
	In Cash		21,559,854	5,027,355
	In Kind - Medicines		14,246,698	6,148,333
	Balances written back		9,359,481	-
	Others		33,835,826	1,947,856
			<u>79,001,859</u>	<u>13,123,544</u>
19 CLINICAL EXPENSES				
	Salaries, wages and benefits	19.1	3,014,298,783	2,148,164,411
	Medicines and supplies		659,667,135	305,075,286
	Pathology, nursing and other supplies consumed		1,512,286,391	892,528,107
	Outsourced medical services		2,774,880	155,954
	Travelling and conveyance		19,127,013	11,689,667
	Cleaning and washing		-	273,255
	Utilities		922,207,848	629,220,589
	Recruitment and training		1,212,558	1,244,072
	Fee and subscription		168,471,056	134,334,828
	Repair and maintenance		110,456,137	91,393,420
	Insurance		39,850,008	48,833,669
	Depreciation	6.1.3	1,293,463,152	1,239,007,435
	Amortization	7.1.1	122,023,458	52,146,303
	Waste management		6,960,714	1,666,687
			<u>7,872,799,133</u>	<u>5,555,733,683</u>

PAKISTAN KIDNEY AND LIVER INSTITUTE AND RESEARCH CENTER
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION
AND OTHER EXPLANATORY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024

19.1 Salaries, wages and other benefits include Rs. 126.84 million (2023: Rs. 92.4 million) in respect of voluntary pension scheme and Rs. 148.00 million (2023: Rs. 97.68 million) in respect of leave encashment.

20	GENERAL AND ADMINISTRATIVE EXPENSES	Note	2024	2023
			Rupees	Rupees
	Salaries, wages and Benefits	20.1	773,753,128	546,436,996
	Insurance		10,229,267	12,422,012
	Vehicles running and maintenance		22,805,192	23,647,892
	Security charges		11,550,161	5,570,237
	Rent, rates and taxes		1,182,337	322,753
	Gardening expenses		50,000	112,340
	Printing and stationary		25,089,779	11,405,275
	Telephone and courier charges		9,441,321	1,865,683
	Legal and professional charges		2,273,995	2,175,840
	Entertainment		7,250,889	1,849,495
	Auditor's remuneration		935,000	880,000
	Depreciation	6.1.3	32,162,643	35,808,556
	Amortization	7.1.1	155,614	457,288
	Provision for doubtful balances		3,210,042	-
	Other		3,339,050	2,307,324
			<u>903,428,418</u>	<u>645,261,691</u>

20.1 Salaries, wages and other benefits include Rs. 42.05 million (2023: Rs. 29 million) in respect of voluntary pension scheme and Rs. 49.73 million (2023: Rs. 30.37 million) in respect of leave encashment.

21.	MARKETING EXPENSES	Note	2024	2023
			Rupees	Rupees
	Salaries, wages and Benefits	21.1	38,666,009	17,184,487
	Advertisement		28,521,904	7,512,992
	Insurance		511,177	390,652
	Depreciation	6.1.3	1,608,132	1,119,572
			<u>69,307,222</u>	<u>26,207,703</u>

21.1 Salaries, wages and other benefits include Rs. 2.20 million (2023: Rs. 1.07 million) in respect of voluntary pension scheme and Rs. 2.88 million (2023: Rs. 1.07 million) in respect of leave encashment.

22 PROVISION FOR TAXATION

The Institute is approved as a non-profit organization under section 2(36). As per Section 100C of the Income Tax Ordinance, 2001 (the Ordinance), Income of the Institute is subject to 100% tax credit against any tax liability, including minimum tax and final taxes payable under any of the provisions of the Ordinance. Accordingly, no provision for taxation is made in these financial statements.

PAKISTAN KIDNEY AND LIVER INSTITUTE AND RESEARCH CENTER
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION
AND OTHER EXPLANATORY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024

23	CASH AND CASH EQUIVALENTS	Note	2024	2023
			Rupees	Rupees
	Short term investments	10	18,043,854,441	-
	Cash and bank balances	11	11,077,824,145	12,450,240,601
			<u>29,121,678,586</u>	<u>12,450,240,601</u>

24 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.

24.1	Financial Instruments by Categories	2024	2023
		Rupees	Rupees
	Financial assets at amortized		
	Long term deposits against utilities	152,825,180	152,825,180
	Advances, deposits and other receivables	299,804,575	122,622,898
	Short term investments	18,043,854,441	-
	Cash and bank balances	11,077,474,145	12,449,890,601
		<u>29,573,958,341</u>	<u>12,725,338,679</u>
	Financial liabilities at amortized cost:		
	Trade and other payables	<u>2,537,704,974</u>	<u>1,069,234,673</u>

24.2 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:

24.2.1 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:

	2024	2023
	Rupees	Rupees
Long term deposits against Utilities	152,825,180	152,825,180
Advances, deposits and other receivables	299,804,575	122,622,898
Short term investments	18,043,854,441	-
Bank balances	11,077,474,145	12,450,240,601
	<u>29,573,958,341</u>	<u>12,725,688,679</u>

PAKISTAN KIDNEY AND LIVER INSTITUTE AND RESEARCH CENTER
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION
AND OTHER EXPLANATORY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024

24.2.2 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.

24.2.3 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 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. 110.77 million (2023: Rs. 124.50 million).

24.3 Fair values of financial assets and liabilities

The carrying values of other financial assets and financial liabilities reflected in 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.

PAKISTAN KIDNEY AND LIVER INSTITUTE AND RESEARCH CENTER
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION
AND OTHER EXPLANATORY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024

25 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.

26 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.

27 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:

Name of Party	Nature of transactions	Relationship	2024	2023
			Rupees	Rupees
Government of Punjab	Grant received	Associated Undertakings	9,048,704,000	6,148,000,000
	Funds Received in General Fund		10,000,000,000	5,000,000,000
Directorate of General Public Relations	Directorate of General Public Relations for advertisement expense	Associated Undertakings	10,198,506	6,594,605
Director / President	Salaries and other employee benefits		32,292,000	24,870,000
	Leave Encashment-Paid		978,544	415,386
	Voluntary Pension Scheme - contribution		2,152,800	1,656,000
Key management personnel	Salaries and other employee benefits		70,047,911	59,495,472
	Leave Encashment-Paid		3,373,695	1,663,465
	Voluntary Pension Scheme-Paid		4,604,439	3,584,801

PAKISTAN KIDNEY AND LIVER INSTITUTE AND RESEARCH CENTER
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION
AND OTHER EXPLANATORY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024

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 significantly disclosed.

28 | DATE OF AUTHORIZATION FOR ISSUE

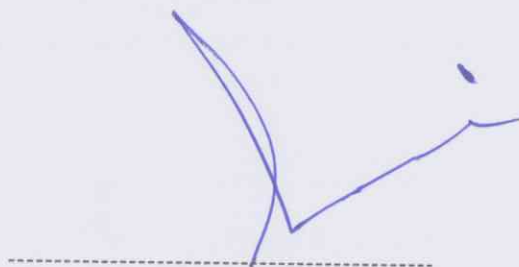
These financial statements were authorized for issue on 12 0 JUN 2025 by the Board of Governors of the Institute.

29 | GENERAL

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



CHAIRMAN



DEAN

(CHARTERED
ACCOUNTANTS)