SALEEM MEMORIAL TRUST HOSPITAL

FINANCIAL STATEMENTS FOR THE PERIOD FROM OCTOBER 11, 2012 TO JUNE 30, 2013

HONORARY AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Saleem Memorial Trust Hospital (a company set up under section 42 of the Companies Ordinance, 1984) as at June 30, 2013 and the related income and expenditure account, statement of changes in accumulated funds and cash flow statement together with the notes forming part thereof, for the period from October 11, 2012 to June 30, 2013 and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;

(b) in our opinion:

(i) the balance sheet and income and expenditure account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

(ii) the expenditure incurred during the period was for the purpose of the company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the period were in accordance with the objects of the company;

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
23-C, Aziz Avenue, Canal Bank, Gulberg V, P.O.Box 39, Lahore-54660; Pakistan.
Tel: +92 (42) 3571 5864-71; Fax: +92 (42) 3571 5872

Karachi: State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan.
Tel: +92 (21) 3242 6682-6/3242 6711-5; Fax: +92 (21) 3241 5007/3242 7938; <www.pwc.com/pk>
Islamabad: PIA Building, 3rd Floor, 49 Blue Area, Fazl-ul-Haq Road, P.O.Box 3021, Islamabad-44000; Tel: +92 (51) 2273 457-60; Fax: +92 (51) 227 7924
Kabul: House No. 1916, Street No. 1, Behind Cinema Bariqot, Nahar-e-Darsan, Karte-4, Kabul, Afghanistan; Tel: +93 (779) 315 320

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, income and expenditure account, statement of changes in accumulated funds and cash flow statement together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2013 and of the surplus, its cash flows and changes in accumulated funds for the period from October 11, 2012 to June 30,2013;

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980); and

(e) we draw attention to note 1.1 to the annexed financial statements which describes the matter regarding a condition contained in the conditions for grant of license to the company. Our opinion is not qualified in respect of this matter.

Chartered Accountants

Lahore, October 4, 2013

Engagement partner: Muhammad Masood

SALEEM MEMORIAL TRUST HOSPITAL
(a company set up under section 42 of the Companies Ordinance, 1984)

BALANCE SHEET AS AT JUNE 30, 2013

	Note	2013 Rupees
GENERAL FUND		
Accumulated comprehensive surplus of income over expenditure		13,251
REPRESENTED BY:		
CURRENT ASSETS		
Advance income tax		54
Bank balance	5	13,197
		13,251
NET ASSETS		13,251

The annexed notes 1 to 10 form an integral part of these financial statements.

Chief Executive

Director

SALEEM MEMORIAL TRUST HOSPITAL
(a company set up under section 42 of the Companies Ordinance, 1984)

INCOME AND EXPENDITURE ACCOUNT FOR THE PERIOD FROM OCTOBER 11, 2012 TO JUNE 30, 2013

	Note	October 11,2012 to June 30, 2013 Rupees
Income		
Donation		125,000
Profit on bank deposit		541
		125,541
Less: Expenditure		
Preliminary expenses		111,940
Bank charges		350
		112,290
Surplus of income over expenditure		13,251
Taxation	6	-
Surplus of income over expenditure after tax		13,251
Other comprehensive income		-
Total comprehensive surplus of income over expenditure		13,251

AM

The annexed notes 1 to 10 form an integral part of these financial statements.

AM

Shahzad Saleem

Chief Executive

Director

SALEEM MEMORIAL TRUST HOSPITAL
(a company set up under section 42 of the Companies Ordinance, 1984)

STATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE PERIOD FROM OCTOBER 11, 2012 TO JUNE 30, 2013

	General Fund Accumulated comprehensive surplus of income over expenditure
	Rupees
Total comprehensive surplus of income over expenditure	
Surplus of income over expenditure for the period	13,251
Other comprehensive income for the period	-
	13,251
Balance as on June 30, 2013	13,251

The annexed notes 1 to 10 form an integral part of these financial statements.

AM

Shauzad Saim

Chief Executive

Yahya

Director

SALEEM MEMORIAL TRUST HOSPITAL
(a company set up under section 42 of the Companies Ordinance, 1984)

CASH FLOW STATEMENT
FOR THE PERIOD FROM OCTOBER 11, 2012 TO JUNE 30, 2013

	Note	October 11,2012 to June 30, 2013 Rupees
Cash flows from operating activities		
Surplus of income over expenditure before tax		13,251
Income tax paid		(54)
Net cash generated from operating activities		13,197
Cash flows from financing activities		-
Cash flows from investing activities		-
Net increase in cash and cash equivalents		13,197
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period	5	13,197

The annexed notes 1 to 10 form an integral part of these financial statements.

Chief Executive **Director**

SALEEM MEMORIAL TRUST HOSPITAL

(a company set up under section 42 of the Companies Ordinance, 1984)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM OCTOBER 11, 2012 TO JUNE 30, 2013

1. Legal status and nature of business

1.1 Constitution and ownership

Saleem Memorial Trust Hospital (the 'Company') was incorporated as an association not having share capital without addition of the words "(Guarantee) Limited" to its name under section 42 of the Companies Ordinance, 1984 on October 11, 2012. The registered office of the Company is situated at 31-Q, Gulberg II, Lahore.

The Company was granted a License dated September 25, 2012 under section 42 of the Companies Ordinance, 1984. Clause 5 of the Conditions of Grant of License to the Company requires that each subscriber to the Memorandum and Articles of Association of the Company shall contribute a reasonable amount but not less than Rs 75,000,000 as a start up donation and the same shall be deposited in the Company's account within a period of six months of the date of its incorporation which will be used for the attainment of the object and shall not be reverted back to the subscribers, directly or indirectly through any means. However, due to difficulties faced by the Company in obtaining suitable land for establishment of hospital, the subscribers have not deposited the requisite amount and the management is taking steps to resolve this.

1.2 Activities

The Company has been formed with the primary object to promote health by establishing, owning, operating, maintaining, funding, supporting and providing health care facilities, establishments, units and products including hospitals and other like facilities or services etc. The Company intends to apply its profits and income towards the above objects and prohibits the payment of any dividend or profit to its members.

2. Basis of preparation

2.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of IFRS or IFAS, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives prevail.

2.2 Initial application of standards, amendments or an interpretation to existing standards

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

2.2.1 Standards, amendments and interpretations to approved accounting standards that are effective in current year

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on or after July 01, 2012 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

AM

2.2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 01, 2013 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

3. Basis of measurement

The financial statements have been prepared under the historical cost convention.

3.1 General Fund

This is an unrestricted fund. Grants and donations not restricted for a specific purpose or fund are credited to this fund.

4. Significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are set out below.

4.1 Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to the entity and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable on the following basis:

Donations are recognized when received. Profit on bank deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

4.2 Financial assets

4.2.1 Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within twelve months, otherwise, they are classified as non current.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise advances, deposits and other receivables and cash and cash equivalents in the balance sheet.

M

c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date.

d) Held to maturity

Financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity are classified as held to maturity and are stated at amortized cost.

4.2.2 Recognition and measurement

All financial assets are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognised on trade-date – the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income and expenditure account. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income and expenditure account in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income and expenditure account as part of other income when the Company's right to receive payments is established.

Changes in the fair value of securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income and expenditure account as gains and losses from investment securities. Interest on available-for-sale securities calculated using the effective interest method is recognised in the income and expenditure account. Dividends on available-for-sale equity instruments are recognised in the income and expenditure account when the Company's right to receive payments is established.

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from the fund and recognised in the income and expenditure account. Impairment losses recognised in the income and expenditure account on equity instruments are not reversed through the income and expenditure account.

4.3 Financial liabilities

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

M

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

4.4 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.5 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.6 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

5. This represents the balance in savings account with MCB Bank Limited, a related party. It bears mark up at the rates ranging from 5.0% to 5.5% per annum.

6. Taxation

The Company has filed an application for grant of approval in terms of section 2(36) of the Income Tax Ordinance, 2001 in order to be designated as "Non Profit Organization" to avail exemption from income tax. The Company's application is pending with the relevant tax authorities, no provision for taxation has been made in these financial statements there being an excess of expenditure over income chargeable to tax.

7. Related party transactions

The related parties comprise of associated companies, directors of the Company and companies where directors also hold directorship. Significant transaction with related party is a donation of Rs 125,000 from the Chief Executive of the Company.

8. Financial risk management

8.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board has provided 'Risk Management Policy' covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of this policy.

AM

(a) Market risk

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

(i) Currency risk

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

The Company is not exposed to any currency risk.

(ii) Other price risk

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

Since the Company has no investment in equity securities it is not exposed to any equity price risk.

(iii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is not exposed to any significant interest rate risk.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Company's credit risk is primarily attributable to its balance at bank. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was of the bank balance of Rs 13,197.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating		Rating	2013
	Short term	**Long term**	**Agency**	**(Rupees)**
Bank balance				
MCB Bank Limited	A1+	AA+	PACRA	13,197

After giving due consideration to the counter party's strong financial standing, management does not expect non-performance of its obligations to the Company. Accordingly, the credit risk is minimal.

AM

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash. The Company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements.

The Company is not exposed to any liquidity risk.

8.2 Fair values of financial assets and liabilities

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

8.3 Financial instruments by categories

Financial assets as per balance sheet

	Loans and receivables
	2013
	Rupees
Bank balance	13,197

9. Number of employees

There was no employee of the Company during the period.

10. Date of authorization

These financial statements were authorized for issue on October 4, 2013 by the Board of Directors of the Company.

Chief Executive **Director**