



**Building a better  
working world**

**SALEEM MEMORIAL TRUST HOSPITAL  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

EY Ford Rhodes  
Chartered Accountants  
96-B-I, 4th Floor, Pace Mall Building  
M. M. Alam Road, Gulberg-II  
P.O. Box 104, Lahore-54660

Tel: +9242 3577 8402-11  
Fax: +9242 3577 8412-13  
ey.lhr@pk.ey.com  
ey.com/pk

## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Saleem Memorial Trust Hospital ('the Company')** as at **30 June 2016** and the related income and expenditure account, cash flow statement and statement of changes in fund together with the notes forming part thereof, for the year then ended 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 further in accordance with accounting policies consistently applied;
  - ii) The expenditure incurred during the year was for the purpose of the Company's business; and
  - iii) The business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- 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, cash flow statement and statement of changes in fund 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 **30 June 2016** and of the surplus, its cash flows and changes in fund for the year then ended; and
- d) In our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

### Other matter

The financial statements of the Company for the year ended 30 June 2015 were audited by another firm of chartered accountants whose report dated 08 October 2015 expressed an unqualified opinion.



Chartered Accountants

Engagement Partner: Naseem Akbar

Lahore: 18 October 2016

**SALEEM MEMORIAL TRUST HOSPITAL**

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

**BALANCE SHEET****AS AT 30 JUNE 2016**

<b>ASSETS</b>	<b>Note</b>	<b>2016 Rupees</b>	<b>2015 Rupees</b>
<b>NON-CURRENT ASSET</b>			
Property and equipment	5	230,399,905	203,061,918
<b>CURRENT ASSETS</b>			
Tax refunds due from the Government	6	114,040	48,296
Bank balances	7	64,714,487	320,000
		64,828,527	368,296
<b>TOTAL ASSETS</b>		<b>295,228,432</b>	<b>203,430,214</b>
<b>FUND AND LIABILITY</b>			
Fund balance		203,503,342	203,355,214
<b>NON-CURRENT LIABILITY</b>			
Deferred grant	8	90,938,750	-
<b>CURRENT LIABILITY</b>			
Trade and other payables	9	786,340	75,000
<b>TOTAL FUND AND LIABILITY</b>		<b>295,228,432</b>	<b>203,430,214</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	10	-	-

The annexed notes from 1 to 19 form an integral part of these financial statements.

*Fauzad Sami*  
CHIEF EXECUTIVE OFFICER

*Sehan Adil*  
DIRECTOR

**SALEEM MEMORIAL TRUST HOSPITAL**  
(a Company set up under section 42 of the Companies Ordinance, 1984)  
**INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	Note	2016 Rupees	2015 Rupees
Grant Income	11	3,000,000	27,682,813
<b>Expenditures</b>			
Administrative expenses	12	2,905,803	514,819
Bank charges		3,048	1,044
		2,908,851	515,863
Other income	13	56,979	94,803
<b>Surplus before taxation</b>		148,128	27,261,753
Taxation	14	-	-
<b>Surplus for the year</b>		<u>148,128</u>	<u>27,261,753</u>

The annexed notes from 1 to 19 form an integral part of these financial statements.

*Prunazad Sami*  
CHIEF EXECUTIVE OFFICER

*Sehan Adil*  
DIRECTOR

*Eylw.*

**SALEEM MEMORIAL TRUST HOSPITAL**  
(a Company set up under section 42 of the Companies Ordinance, 1984)  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	Note	2016 Rupees	2015 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Surplus for the year		148,128	27,261,753
Adjustment for non-cash items:			
Depreciation		23,941	-
Interest Income		(56,979)	(94,803)
		(33,038)	(94,803)
Cash flows before working capital changes		115,090	27,166,950
Changes in working capital			
Increase in trade and other payable		711,340	75,000
Cash generated from operations		826,430	27,241,950
Interest Income received		56,979	94,803
Income tax paid		(65,744)	(9,480)
Net cash generated from operating activities		817,665	27,327,273
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions in property and equipment		(27,361,928)	(28,622,016)
Decrease in retention money		-	(442,575)
Net cash used in investing activities		(27,361,928)	(29,064,591)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Capital expenditure grant received		90,938,750	-
Net increase / (decrease) in cash and cash equivalents		64,394,487	(1,737,318)
Cash and cash equivalents at the beginning of the year		320,000	2,057,318
Cash and cash equivalents at the end of the year	(7)	64,714,487	320,000

The annexed notes from 1 to 19 form an integral part of these financial statements.

*Punzad Snu*  
CHIEF EXECUTIVE OFFICER

*Sehan Adil*  
DIRECTOR

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

**STATEMENT OF CHANGES IN FUND**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	<b>Total Rupees</b>
<b>Balance as on 01 July 2014</b>	176,093,461
Surplus for the year	27,261,753
Other comprehensive income	-
Total comprehensive income for the year	27,261,753
<b>Balance as on 30 June 2015</b>	203,355,214
Surplus for the year	148,128
Other comprehensive income	-
Total comprehensive income for the year	148,128
<b>Balance as on 30 June 2016</b>	203,503,342

The annexed notes from 1 to 19 form an integral part of these financial statements.

*Fuuzad Sam*  
\_\_\_\_\_  
CHIEF EXECUTIVE OFFICER

*Sehar Adil*  
\_\_\_\_\_  
DIRECTOR

**SALEEM MEMORIAL TRUST HOSPITAL**  
**(a Company set up under section 42 of the Companies Ordinance, 1984)**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	2016 Rupees	2015 Rupees
Surplus for the year	86,722,357	27,261,753
Other comprehensive income	-	-
Total comprehensive income for the year	<u>86,722,357</u>	<u>27,261,753</u>

The annexed notes from 1 to 18 form an integral part of these financial statements.

*3/6*

  
\_\_\_\_\_  
CHIEF EXECUTIVE OFFICER

  
\_\_\_\_\_  
DIRECTOR

## **SALEEM MEMORIAL TRUST HOSPITAL**

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

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

#### **1. LEGAL STATUS AND NATURE OF OPERATIONS**

**1.1** Saleem Memorial Trust Hospital (SMTH) (herein after referred to as 'the Company') is a public company limited by guarantee not having share capital and is incorporated in Pakistan 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 formed with the primary objective 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.

**1.2** 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. As of 30 June 2016, the subscribers have contributed Rs. 125,805,563 as referred to in note 8.2.1 to these financial statements against an aggregate requirement of Rs 300,000,000 under the aforesaid clause and the management is taking steps to resolve this. However, subsequent to the year end, Securities and Exchange Commission of Pakistan (SECP) has granted relaxation to the Company for further 2 years with respect to the aforementioned provision through letter dated 07 October 2016.

#### **2. STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of International Financial Reporting Standards for Small and Medium-sized entities (IFRSs for SMEs) issued by the International Accounting Standards Board as are notified under the provisions of the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

As per SRO 929(I)/ 2015 issued by Securities and Exchange Commission of Pakistan (SECP), the Company shall be categorized as a Medium Sized Company (MSC). Every MSC is required to follow International Financial Reporting Standards for Small and Medium-sized entities (IFRSs for SMEs) issued by International Accounting Standard Board as adopted by the Institute of Chartered Accountant of Pakistan for the preparation of annual financial statements for periods beginning on or after January 01, 2015.

As per the said notification, the Company has been classified as MSC for annual periods beginning on or after 01 January 2015. Therefore, the Company has adopted all applicable IFRS for SMEs for the first time for the year ended 30 June 2016. The application of revised accounting framework does not have a significant impact on these financial statements.

#### **3. BASIS OF MEASUREMENT**

##### **3.1 Basis of preparation**

These financial statements have been prepared under the historical cost convention except as otherwise stated in the respective policies and notes given hereunder. 36.



3.2 The financial statements are presented in Pak Rupees, which is also the functional currency of the Company.

### 3.3 Use of estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances, 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 estimates are revised if the revision affects 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 the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

	<u>Note</u>
Depreciation, residual value and useful life	(4.1)
Provision for taxation	(4.6)

## 4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

### 4.1 Property and equipment

#### 4.1.1 Operating fixed assets

Freehold land is stated at cost less any identified impairment loss.

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

Depreciation is charged to income applying reducing balance method to write off the cost over estimated useful life of the asset at the rates given in note 5.1 to the financial statements. Depreciation on additions to property and equipment is charged from the month in which the asset is acquired or capitalized, while no depreciation is charged for the month in which the asset is disposed off.

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 Company and the cost of the item can be measured reliably. All other repair and maintenance costs are included in the income and expenditure account during the period in which they are incurred.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

ΣW

#### **4.1.2 Capital work-in-progress**

Capital work-in-progress is stated at cost less any identified impairment loss. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

#### **4.2 Trade and other payables**

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

#### **4.3 Income recognition**

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

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

##### **4.3.1 Restricted revenue**

Restricted contributions are based on agreements, contracts, or other understanding, where the conditions for receipt of the funds are linked to a performance, of a service or other process. Revenue is, therefore, not recognized in the income and expenditure account, until there is reasonable assurance that the contribution will be received, and the conditions stipulated for its receipt have been complied with. Such contributions are recognized only to the extent that the company has provided the relevant services or performance. On receiving any restricted contribution, the contribution is credited to the restricted fund account in the balance sheet. Thereafter, on a systematic basis, an amount equivalent to that which has been spent on agreed restricted activities is transferred to the restricted income account in the income and expenditure account.

##### **4.3.2 Unrestricted revenue**

Revenue that arises from general unrestricted resources is treated as general revenue and is directly credited to income and expenditure account when received.

#### **4.4 Financial liabilities**

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

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.

*EW.*

#### **4.5 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.

#### **4.6 Provision for taxation**

Company is non profit organization under section 2(36) of income tax ordinance 2001 and its surplus is exempt from tax under section 100C of the Income Tax Ordinance, 2001. However, Company has applied for the exemption with FBR but has not been granted with the same.

#### **4.7 Deferred grants**

Grants utilized for acquiring fixed assets are taken to deferred grant related to capital expenditures and amortized over the useful life of the assets.

Grants for operating expenditures that remain unutilized are taken to deferred grant related to operating expenditure.

#### **4.8 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.

#### **4.9 Cash and cash equivalents**

Cash and cash equivalents includes cash in hand and bank balances.

3/4

SALEEM MEMORIAL TRUST HOSPITAL

5. PROPERTY AND EQUIPMENT

Operating fixed assets  
Capital work-in-progress

	2016	2015
Note	Rupees	Rupees
(5.1)	194,678,754	192,506,750
(5.2)	35,721,151	10,555,168
	<u>230,399,905</u>	<u>203,061,918</u>

5.1 OPERATING FIXED ASSETS

PARTICULARS	2016				2015				BOOK VALUE AS ON 30 JUNE 2016	RATE %
	As on 01 July 2015	Additions	Deletions	As on 30 June 2016	As on 01 July 2015	For the year	Adjustment	As on 30 June 2016		
	----- Rupees -----									
Land - freehold	192,506,750	2,116,800	-	194,623,550	-	-	-	194,623,550	-	
Computers	-	79,145	-	79,145	-	23,941	-	23,941	55,204	33
	<u>192,506,750</u>	<u>2,195,945</u>	<u>-</u>	<u>194,702,695</u>	<u>-</u>	<u>23,941</u>	<u>-</u>	<u>194,678,754</u>		

PARTICULARS	2015				2015				BOOK VALUE AS ON 30 JUNE 2014	RATE %
	As on 01 July 2014	Additions	Deletions	As on 30 June 2015	As on 01 July 2014	For the year	Adjustment	As on 30 June 2015		
	----- Rupees -----									
Land - freehold	170,014,150	22,492,600	-	192,506,750	-	-	-	192,506,750	-	

5.1.1 Freehold land represents land situated at Mauza Chung Panjrain, Lahore. The land has been purchased for the purpose of construction of a hospital.

*[Signature]*

**SALEEM MEMORIAL TRUST HOSPITAL**

			2016		2015
5.2	Capital work-in-progress	Note	Rupees		Rupees
	Opening balance		10,555,168		4,425,752
	Additions during the year		25,165,983		6,759,435
	Adjustments during the year		-		(630,019)
	Closing balance	(5.2.1)	35,721,151		10,555,168
5.2.1	This comprised of:				
	Advances to creditors		2,360,000		2,408,333
	Civil works		33,361,151		8,146,835
			35,721,151		10,555,168
6.	<b>TAX REFUNDS DUE FROM THE GOVERNMENT</b>				
	This represents income tax withheld by the banks from profits on deposit accounts.				
7.	<b>BANK BALANCES</b>				
	Balances in deposit accounts	(7.1) & (7.2)	64,714,487		320,000
7.1	These bear mark up at the rates ranging from 2.4% to 4.5% (2015: 6.0% to 7.0%) per annum.				
7.2	This includes deposit with MCB bank (Associated company) amounting to Rs 64,663,487 (2015: Rs 320,000).				
8.	<b>DEFERRED GRANT</b>				
	Balance at beginning of year		-		-
	Received during the year	(8.1) & (8.2)	93,938,750		-
	Amortized during the year	(11)	(3,000,000)		-
	Balance at year end		90,938,750		-
8.1	This includes grant amounting to Rs 3,000,000 (2015: Nil) relating to operating expenditures and grant amounting to 90,938,750 (2015: Rs. Nil) for capital expenditures to be incurred for the purpose of construction of Hospital.				
8.2	The detail of donations received is as follows :				
	Directors	(8.2.1)	10,723,750		982,813
	Associated companies	(8.2.2)	81,140,000		26,700,000
	Others		2,075,000		-
			93,938,750		27,682,813
8.2.1	<b>Directors</b>				
	Shahzad Saleem - Chief Executive		10,400,000		416,250
	Sehar Adil		323,750		566,563
			10,723,750		982,813

This represents start up donations by the subscribers to the Memorandum and Articles of Association of the Company (subscribers). The aggregate contributions by the subscribers upto June 30,2016 are Rs. 125,805,563 (2015: Rs 115,081,813). Egh

**SALEEM MEMORIAL TRUST HOSPITAL**

8.2.2 Associated Companies	Note	2016 Rupees	2015 Rupees
Nishat Chunian Power Limited		81,140,000	26,700,000

**9. TRADE AND OTHER PAYABLES**

Creditors		125,000	-
Payable to employees		34,476	-
Sales tax payable		318,834	-
Provident fund contribution		208,030	-
Accrued liabilities		100,000	75,000
		786,340	75,000

**10. CONTINGENCIES AND COMMITMENTS**

10.1 Contingencies as on balance sheet date were Rs. Nil (2015: Rs. Nil).

10.2 Commitments in respect of capital expenditure aggregating Rs. 38,500,000 (2015: Rs.30,760,000) at the balance sheet date.

**11. GRANT INCOME**

This represents grant received with respect to operating expenditures.

**12. ADMINISTRATIVE EXPENSES**

Fee and subscription		13,315	4,540
Auditor's remuneration		100,000	75,000
Advertisement and inauguration		2,708,100	385,389
Depreciation	(5.1)	23,941	-
Entertainment		60,447	49,890
		2,905,803	514,819

**13. OTHER INCOME**

This represents profit on deposit accounts.

**14. TAXATION**

Current		-	-
Deferred		-	-
		-	-

14.1 The Company has filed an application for grant of approval in terms of section 2(36) of the Income Tax Ordinance, 2001 ("Ordinance") in order to be designated as "Non Profit Organization" to avail exemption from income tax which is pending with the relevant tax authorities. No provision for taxation has been made in these financial statements in current year as while a tax credit equivalent to the amount of tax payable in respect of donation is available to the company under section 100C(2)(f) of the Ordinance, the remaining income subject to tax is less than expenditure, thus not attracting charge of tax.

*Flw.*

15. **Related party transactions**

The related parties comprise the associated companies and undertakings, directors and key management personnel. Significant related party transactions have been disclosed in respective notes to these financial statements.

16. **Number of employees**

The Company has two employees as on 30 June 2016 (2015: Nil).

17. **Date of authorization for issue**

The Board of Directors of the Company authorized the financial statements for issuance on 1.8 OCT 2016.

18. **CORRESPONDING FIGURES**


Corresponding figures have been rearranged, wherever necessary for the purposes of comparison. However, no significant rearrangements / reclassifications have been made to these financial statements.

19. **GENERAL**

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

3/2

  
\_\_\_\_\_  
CHIEF EXECUTIVE OFFICER

  
\_\_\_\_\_  
DIRECTOR