

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Saleem Memorial Trust Hospital ('the Company')** as at **30 June 2017** and the related income and expenditure account, statement of comprehensive income, 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, statement of comprehensive income, 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 2017** and of the surplus, its comprehensive income, 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).


Chartered Accountants

Engagement Partner: Naseem Akbar

Lahore: 15 November 2017


SALEEM MEMORIAL TRUST HOSPITAL

(a Company set up under section 42 of the repealed Companies Ordinance, 1984)

BALANCE SHEET**AS AT 30 JUNE 2017**

ASSETS	Note	2017 Rupees	2016 Rupees
NON-CURRENT ASSET			
Property and equipment	5	529,026,365	230,399,905
CURRENT ASSETS			
Short term prepayments		49,038	-
Tax refunds due from the Government	6	1,503,100	114,040
Bank balances	7	91,543,342	64,714,487
		93,095,480	64,828,527
TOTAL ASSETS		<u>622,121,845</u>	<u>295,228,432</u>
FUND AND LIABILITY			
Fund balance		205,663,390	203,503,342
NON-CURRENT LIABILITY			
Deferred grant	8	408,887,732	90,938,750
CURRENT LIABILITY			
Trade and other payables	9	7,570,723	786,340
TOTAL FUND AND LIABILITY		<u>622,121,845</u>	<u>295,228,432</u>
CONTINGENCIES AND COMMITMENTS	10	-	-

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



CHIEF EXECUTIVE OFFICER




DIRECTOR

SALEEM MEMORIAL TRUST HOSPITAL
(a Company set up under section 42 of the repealed Companies Ordinance, 1984)
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 Rupees	2016 Rupees
Grant Income	11	1,343,215	3,000,000
Expenditures			
Administrative expenses	12	1,343,215	2,905,803
Bank charges		8,173	3,048
		1,351,388	2,908,851
Other income	13	2,168,221	56,979
Surplus before taxation		2,160,048	148,128
Taxation	14	-	-
Surplus for the year		<u>2,160,048</u>	<u>148,128</u>

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


 CHIEF EXECUTIVE OFFICER

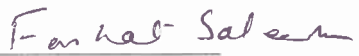

 DIRECTOR

SALEEM MEMORIAL TRUST HOSPITAL
(a Company set up under section 42 of the repealed Companies Ordinance, 1984)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	2017 Rupees	2016 Rupees
Surplus for the year	2,160,048	148,128
Other comprehensive income:		
<i>Items to be reclassified to profit or loss in subsequent periods</i>	-	-
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>	-	-
Total other comprehensive income	-	-
Total comprehensive income for the year	<u>2,160,048</u>	<u>148,128</u>

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


CHIEF EXECUTIVE OFFICER


DIRECTOR

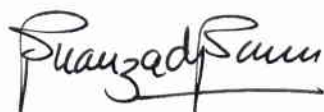
SALEEM MEMORIAL TRUST HOSPITAL

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

CASH FLOW STATEMENT**FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017 Rupees	2016 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		2,160,048	148,128
Adjustment for non-cash items:			
Depreciation		81,232	23,941
Profit on deposit accounts		(1,857,080)	(56,979)
		(1,775,848)	(33,038)
Cash flow before working capital changes		384,200	115,090
Changes in working capital			
Increase in short term prepayments		(49,038)	
Increase in trade and other payables		6,784,383	711,340
Cash generated from operations		7,119,545	826,430
Profit on deposit accounts received		1,857,080	56,979
Income tax paid		(1,389,060)	(65,744)
Net cash generated from operating activities		7,587,565	817,665
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(298,707,692)	(27,361,928)
Net cash used in investing activities		(298,707,692)	(27,361,928)
CASH FLOWS FROM FINANCING ACTIVITIES			
Grant received		317,948,982	90,938,750
Net increase in cash and cash equivalents		26,828,855	64,394,487
Cash and cash equivalents at the beginning of the year		64,714,487	320,000
Cash and cash equivalents at the end of the year	(7)	91,543,342	64,714,487

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



CHIEF EXECUTIVE OFFICER



DIRECTOR


SALEEM MEMORIAL TRUST HOSPITAL
(a Company set up under section 42 of the repealed Companies Ordinance, 1984)
STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED 30 JUNE 2017

	Total Rupees
Balance as on 01 July 2015	203,355,214
Surplus for the year	148,128
Other comprehensive income	-
Total comprehensive income for the year	148,128
Balance as on 30 June 2016	203,503,342
Surplus for the year	2,160,048
Other comprehensive income	-
Total comprehensive income for the year	2,160,048
Balance as on 30 June 2017	205,663,390

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

SALEEM MEMORIAL TRUST HOSPITAL

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

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 repealed Companies Ordinance, 1984 on October 11, 2012. The registered office of the repealed 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 repealed 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 2017, the subscribers have contributed Rs. Rs. 160,555,563 (2016: 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, during the year end, Securities and Exchange Commission of Pakistan (SECP) has granted relaxation to the Company for further two years with respect to the aforementioned provision through letter dated 07 October 2016.

2. STATEMENT OF COMPLIANCE

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan vide its circular no. 17 of 2017 dated 20 July 2017 communicated that the companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

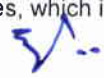
Hence, these financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of repealed Companies Ordinance, 1984. Approved accounting standards comprise of International Financial Reporting Standards for Small and Medium-sized entities (IFRSs for SMEs) issued by the International Accounting Standards Board as are notified under the repealed Companies Ordinance, 1984. Wherever, the requirements of the repealed Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of repealed Companies Ordinance, 1984 or the requirements of the said directives shall prevail.

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.

- 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)
Provisions	(4.8)

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.

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:

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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.

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.

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.

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SALEEM MEMORIAL TRUST HOSPITAL

5. PROPERTY AND EQUIPMENT

	2017	2016
	Rupees	Rupees
Operating fixed assets	195,414,936	194,678,754
Capital work-in-progress	333,611,429	35,721,151
	<u>529,026,365</u>	<u>230,399,905</u>

Note
(5.1)
(5.2)

5.1 OPERATING FIXED ASSETS

PARTICULARS	2017						BOOK VALUE AS ON 30 JUNE 2017	RATE %
	COST			ACCUMULATED DEPRECIATION				
	As on 01 July 2016	Additions	Deletions	As on 30 June 2017	As on 01 July 2016	For the year		
Owned:								
Land - freehold	194,623,550	-	-	194,623,550	-	-	194,623,550	-
Electric Installation	-	97,026	-	97,026	-	5,660	91,366	10
Furniture and fixtures	-	293,854	-	293,854	-	22,037	271,817	10
Office equipment	-	177,000	-	177,000	-	3,933	173,067	10
Computers	79,145	249,534	-	328,679	23,941	49,602	255,136	33
	<u>194,702,695</u>	<u>817,414</u>	<u>-</u>	<u>195,520,109</u>	<u>23,941</u>	<u>81,232</u>	<u>195,414,936</u>	

Rupees

PARTICULARS	2016						BOOK VALUE AS ON 30 JUNE 2016	RATE %
	COST			ACCUMULATED DEPRECIATION				
	As on 01 July 2015	Additions	Deletions	As on 30 June 2016	As on 01 July 2015	For the year		
Owned:								
Land - freehold	192,506,750	2,116,800	-	194,623,550	-	-	194,623,550	-
Computers	-	79,145	-	79,145	-	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>194,678,754</u>	

Rupees

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

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SALEEM MEMORIAL TRUST HOSPITAL

			2017	2016
	Note		Rupees	Rupees
5.2 Capital work-in-progress				
Opening balance			35,721,151	10,555,168
Additions during the year			297,890,278	25,165,983
Closing balance	(5.2.1)		333,611,429	35,721,151
5.2.1 This comprises of:				
Advances to suppliers			6,686,944	2,360,000
Civil works			326,924,485	33,361,151
			333,611,429	35,721,151
6. TAX REFUNDS DUE FROM THE GOVERNMENT				
This represents income tax withheld by the banks from profits on deposit accounts.				
7. BANK BALANCES				
Balances in deposit accounts	(7.1) & (7.2)		91,543,342	64,714,487
7.1	These bear mark up at the rates ranging from 3.5% to 5.15% (2016: 2.4% to 4.5%) per annum.			
7.2	This includes deposit with MCB bank (Associated company) amounting to Rs 84,873,160 (2016: Rs 64,663,487).			
8. DEFERRED GRANT				
Balance at beginning of year			90,938,750	-
Received during the year	(8.1) & (8.2)		319,292,197	93,938,750
Amortized during the year	(11)		(1,343,215)	(3,000,000)
Balance at year end			408,887,732	90,938,750
8.1	This includes grant amounting to Rs 1,343,215 (2016: Rs 3,000,000) relating to operating expenditures and grant amounting to 408,887,732 (2016: Rs. 90,938,750) 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)		34,750,000	10,723,750
Associated company	(8.2.2)		80,000,000	81,140,000
Others			204,542,197	2,075,000
			319,292,197	93,938,750
8.2.1 Directors				
Shahzad Saleem - Chief Executive			24,750,000	10,400,000
Sehar Adil			10,000,000	323,750
			34,750,000	10,723,750

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, 2017 are Rs. 160,555,563 (2016: Rs 125,805,563).

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SALEEM MEMORIAL TRUST HOSPITAL

			2017	2016
8.2.2 Associated Company	Note		Rupees	Rupees
Nishat Chunian Power Limited			80,000,000	81,140,000
9. TRADE AND OTHER PAYABLES				
Payable to contractor			6,689,893	125,000
Payable to employees			96,294	34,476
Sales tax payable			-	318,834
Provident fund contribution			574,536	208,030
Accrued liabilities			210,000	100,000
			7,570,723	786,340
10. CONTINGENCIES AND COMMITMENTS				
10.1	Contingencies as on balance sheet date were Rs. Nil (2016: Rs. Nil).			
10.2	Commitments in respect of capital expenditure aggregate to Rs. 27,643,000 (2016: Rs.38,500,000) at the balance sheet date.			
11. GRANT INCOME				
	This represents grant received with respect to operating expenditures.			
12. ADMINISTRATIVE EXPENSES				
Fee and subscription			12,527	13,315
Auditor's remuneration			110,000	100,000
Advertisement and inauguration			191,079	2,708,100
Insurance			890,418	-
Depreciation	(5.1)		81,232	23,941
Entertainment			57,959	60,447
			1,343,215	2,905,803
13. OTHER INCOME				
Profit on deposit accounts			1,857,080	56,979
Foreign exchange gain			311,141	-
	13.1		2,168,221	56,979
13.1	This represents gain from financial assets.			
14. TAXATION				
Current			-	-
Deferred			-	-
			-	-

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SALEEM MEMORIAL TRUST HOSPITAL

14.1 No provision for taxation has been charged as the Company is exempt from tax under section 100C of Income Tax Ordinance, 2001.

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.

	2017	2016
	-----Number-----	
16. Number of employees		
Number of employees at year end	<u>7</u>	<u>2</u>

17. Date of authorization for issue

The Board of Directors of the Company authorized the financial statements for issuance on 07 NOV 2017.

18. CORRESPONDING FIGURES

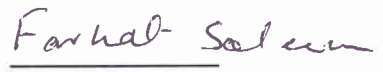
Corresponding figures have been rearranged, wherever necessary for the purposes of comparison. However, no significant rearrangements / reclassifications have been made to these financial statements.

19. GENERAL

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

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