

## **INDEPENDENT AUDITOR'S REPORT**

**To the members of Saleem Memorial Trust Hospital**

**Report on the Audit of the Financial Statements**

### **Opinion**

We have audited the annexed financial statements of Saleem Memorial Trust Hospital (the Company), which comprise the statement of financial position as at 30 June 2022, and the income and expenditure statement, the statement of comprehensive income, the statement of changes in fund balance, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the income and expenditure statement, the statement of comprehensive income, the statement of changes in fund balance and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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 2022 and of the surplus, other comprehensive income, the changes in fund balance and its cash flows for the year then ended.

### **Basis for 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 Company 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.

### **Information Other than the Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The other information comprises the information included in the Directors' report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

# Riaz Ahmad & Company

Chartered Accountants

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of Management and Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as 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, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

## **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, misrepresentations, or the override of internal control.

# Riaz Ahmad & Company

Chartered Accountants

- 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 Company'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 Company'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 Company 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 the board of directors 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.

## **Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the income and expenditure statement, the statement of comprehensive income, the statement of changes in fund balance and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

# Riaz Ahmad & Company

Chartered Accountants

## Other Matter

The financial statements for the year ended 30 June 2021 were audited by another firm of Chartered Accountants whose auditor's report dated 07 October 2021 expressed unmodified opinion.

The engagement partner on the audit resulting in this independent auditor's report is Mubashar Mehmood.



**RIAZ AHMAD & COMPANY**  
Chartered Accountants

Lahore

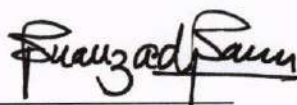
Date: 29 October 2022

UDIN: AR202210158GVD5kQJli

**SALEEM MEMORIAL TRUST HOSPITAL**  
(A Company set up under section 42 of the Companies Act, 2017)  
**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022**

	NOTE	2022 Rupees	2021 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	3	3,446,636,968	2,257,636,617
Intangible assets	4	6,199,555	7,065,056
		<u>3,452,836,523</u>	<u>2,264,701,673</u>
<b>CURRENT ASSETS</b>			
Inventories	5	4,936,958	-
Advances, deposits, prepayments and other receivables	6	44,832,715	130,129,536
Income tax recoverable		5,087,493	3,029,026
Cash and bank balances	7	212,792,300	533,087,796
		267,649,466	666,246,358
<b>TOTAL ASSETS</b>		<u><u>3,720,485,989</u></u>	<u><u>2,930,948,031</u></u>
<b>FUND AND LIABILITIES</b>			
<b>FUND BALANCE</b>			
		263,544,901	242,184,135
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Deferred grants	8	2,561,261,644	2,093,597,320
Long term finances	9	522,539,986	325,718,512
Deferred income - Government grants	10	64,083,959	111,229,116
		3,147,885,589	2,530,544,948
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	85,813,253	80,217,123
Accrued finance cost		1,194,666	3,412,000
Current portion of non-current liabilities	12	222,047,580	74,589,825
		309,055,499	158,218,948
<b>TOTAL LIABILITIES</b>		<u>3,456,941,088</u>	<u>2,688,763,896</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	13		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>3,720,485,989</u></u>	<u><u>2,930,948,031</u></u>

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



CHIEF EXECUTIVE



DIRECTOR

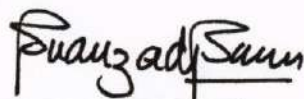
SALEEM MEMORIAL TRUST HOSPITAL

(A Company set up under section 42 of the Companies Act, 2017)

INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 Rupees	2021 Rupees
<b>INCOME</b>			
CLINICAL INCOME	14	720,941	-
AMORTIZATION OF GRANT INCOME	8.4	106,141,259	17,571,544
OTHER INCOME	15	59,270,752	34,483,090
		<u>166,132,952</u>	<u>52,054,634</u>
<b>EXPENDITURES</b>			
CLINICAL EXPENSES	16	(50,283,340)	-
ADMINISTRATIVE EXPENSES	17	(56,578,860)	(17,571,544)
FINANCE COST	18	(19,607,205)	(37,995,628)
OTHER EXPENSES	19	(18,302,781)	(852,018)
		<u>(144,772,186)</u>	<u>(56,419,190)</u>
SURPLUS / (DEFICIT) BEFORE TAXATION		21,360,766	(4,364,556)
TAXATION	20	-	-
SURPLUS / (DEFICIT) AFTER TAXATION		<u>21,360,766</u>	<u>(4,364,556)</u>

The annexed notes 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 Act, 2017)

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

	2022 Rupees	2021 Rupees
SURPLUS / (DEFICIT) AFTER TAXATION	21,360,766	(4,364,556)
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to income and expenditure statement	-	-
Items that may be reclassified subsequently to income and expenditure statement	-	-
Other comprehensive income for the year	-	-
<b>TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR</b>	<u>21,360,766</u>	<u>(4,364,556)</u>

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

  
CHIEF EXECUTIVE

  
DIRECTOR

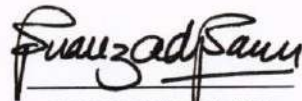
SALEEM MEMORIAL TRUST HOSPITAL

(A Company set up under section 42 of the Companies Act, 2017)

STATEMENT OF CHANGES IN FUND BALANCE FOR THE YEAR ENDED 30 JUNE 2022

	<b>FUND BALANCE</b>
	<b>Rupees</b>
<b>Balance as at 30 June 2020</b>	246,548,691
Deficit for the year ended 30 June 2021	(4,364,556)
Other comprehensive income for the year	-
Total comprehensive loss for the year ended 30 June 2021	(4,364,556)
<b>Balance as at 30 June 2021</b>	242,184,135
Surplus for the year ended 30 June 2022	21,360,766
Other comprehensive income for the year ended 30 June 2022	-
Total comprehensive income for the year ended 30 June 2022	21,360,766
<b>Balance as at 30 June 2022</b>	263,544,901

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

  
CHIEF EXECUTIVE

  
DIRECTOR



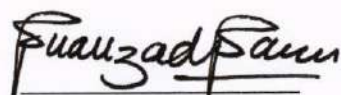
**SALEEM MEMORIAL TRUST HOSPITAL**

(A Company set up under section 42 of the Companies Act, 2017)

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022**

	NOTE	2022 Rupees	2021 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from / (used in) operations	21	7,466,797	(105,526,943)
Income tax paid		(2,058,467)	(659,769)
Finance cost paid		(21,824,539)	(4,359,257)
<b>Net cash from / (used in) operating activities</b>		<u>(16,416,209)</u>	<u>(110,545,969)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property and equipment		(1,194,674,150)	(365,258,664)
Profit received on bank deposits		26,059,925	29,786,056
<b>Net cash used in investing activities</b>		<u>(1,168,614,225)</u>	<u>(335,472,608)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Grants received		533,960,311	260,407,835
Proceeds from long term finances		485,880,000	114,511,090
Repayment of long term finances		(155,105,373)	(51,246,222)
<b>Net cash from financing activities</b>		<u>864,734,938</u>	<u>323,672,703</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<u>(320,295,496)</u>	<u>(122,345,874)</u>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		533,087,796	655,433,670
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<u><u>212,792,300</u></u>	<u><u>533,087,796</u></u>

The annexed notes 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 Act, 2017)**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**1. LEGAL STATUS AND NATURE OF BUSINESS**

Saleem Memorial Trust Hospital (the Company) is a public company limited by guarantee not having share capital and was incorporated in Pakistan under section 42 of the repealed Companies Ordinance, 1984 (now Companies Act, 2017 and hereinafter referred to as the 'Act') on 11 October 2012. The registered office of the Company is situated at 31-Q, Gulberg II, Lahore, Pakistan. 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 surplus and income towards the above objects and prohibits the payment of any dividend or surplus to its members. The Company is a Not-For-Profit organisation under section 2(36) of the Income Tax Ordinance, 2001 and its surplus, if any, is carried forward to the subsequent year, and is not available for appropriation. The Company is currently running a hospital at Mauza Chung Panjgrain, Lahore.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**2.1 Basis of preparation**

**a) Statement of compliance**

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for financial reporting. The accounting and reporting standards as applicable in Pakistan comprise of:

- International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
- Accounting Standard for Not-for-Profit Organizations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as notified under the companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the requirements of IFRS for SMEs or the Accounting Standard for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed, however, where the requirements of IFRS for SMEs differ from those of Accounting Standard for NPOs, the requirements of the IFRS for SMEs prevail.

**b) Accounting convention**

These financial statements have been prepared under the historical cost convention, except as otherwise stated in the respective accounting policies.

**c) Critical accounting estimates and judgments**

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies, however, there was no area that involved a higher degree of judgement or complexity.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

## **2.2 Property and equipment**

### **Operating fixed assets**

Operating fixed assets except freehold land, are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost less any identified impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation on operating fixed assets is charged to income and expenditure statement using the reducing balance method so as to write off the cost of an asset over its estimated useful life at annual rates mentioned in note 3.1 to these financial statements after taking into account their residual values. Depreciation is charged on additions from the month in which assets are available for use and on deletion up to the month in which the assets are deleted.

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.

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 statement 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.

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

Capital work-in-progress is stated at cost less any identified impairment loss, if any. 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.

## **2.3 Intangible assets**

Expenditure incurred to acquire computer software and license fee for the right of its use are capitalised as intangible assets and stated at cost less accumulated amortization and any identified impairment loss. Intangible assets are amortized using the reducing balance method so as to write off the cost of an asset over its estimated useful life the annual rate mentioned in note 4 to these financial statements.

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.

## **2.4 Impairment of non-financial assets**

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which assets carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Reversals of the impairment losses are restricted 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 impairment losses had not been recognized. An impairment loss or reversal of impairment loss is recognized in the income and expenditure statement.

## **2.5 Trade and other payables**

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

## 2.6 Donations in kind

Assets received as donations are recognised in property and equipment or intangibles account at fair value at the date of acquisition.

## 2.7 Income recognition

Revenue is measured based on the consideration specified in a contract with a customer. Revenue from operations of the Company are recognized when the services are provided, and thereby the performance are satisfied.

Revenue consists of inpatient revenue, outpatient revenue, pharmacy, cafeteria, laboratory services and other services. Company's contract performance obligations are fulfilled at point in time when the services are provided to customer in case of inpatient, outpatient, laboratory and other services and goods are delivered to customer in case of pharmacy and cafeteria revenue. Revenue is recognized at that point in time, as the control has been transferred to the customers.

Receivable is recognized when the services are provided and goods are delivered to customers as this is the point in time that the consideration is unconditional because only passage of time is required before the payment is due. The Company recognizes contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as 'advances from customers' in the statement of financial position.

Return on bank deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

Scrap sales and miscellaneous receipts are recognized on realized amounts.

The Company follows deferral method of accounting for contributions and grants.

- Externally restricted contributions and grants are deferred as non-current liabilities and recognized as revenue when related expenses are incurred.
- Unrestricted contributions and grants are recognized as received or receivable if the amount to be received can be measured reliably and collection of the same is reasonably assured.
- Income from grants that are related to depreciable assets are recognized in income and expenditure statement over the periods and in the proportions in which depreciation expense on those assets is recognized.
- Income from grants that are related to non-depreciable assets are recognized as a direct increase in the fund balance (net assets).
- Grants that are received or become receivable as compensation for expenses incurred or for the purpose of giving immediate financial support to the Company, with no future related costs, are recognized as income in the period in which these are received or become receivable.
- Grants relating to costs are deferred and recognised in the income and expenditure statement over the period necessary to match with the costs that they are intended to compensate.

### 2.7.1 Restricted grants

Restricted grants 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 statement, until there is reasonable assurance that the grant will be received, and the conditions stipulated for its receipt have been complied with. Such grants are recognized only to the extent that the Company has provided the relevant services or performance. On receiving any restricted grant, the grant is credited to 'deferred grant' on the statement of financial position. Thereafter, on a systematic basis, an amount equivalent to that which has been spent on agreed restricted activities is transferred to the income account in the income and expenditure statement.

## **2.7.2 Unrestricted grants**

Unrestricted grants are directly credited to income and expenditure statement if the amount to be received can be measured reliably and collection of the same is reasonably assured.

## **2.8 Financial liabilities**

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the transaction price (including transaction costs except in case of initial measurement of financial liabilities that are subsequently measured at fair value through income or expenditure), unless the arrangement constitutes, in effect, a financing transaction. If the arrangement constitutes a financing transaction, the financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument as determined at initial recognition.

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 derecognition 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 statement.

## **2.9 Offsetting of financial assets and liabilities**

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

## **2.10 Taxation**

Income tax expense comprises current and deferred tax. Income tax is recognized in the income and expenditure statement except to the extent that it relates to items recognized directly in other comprehensive income or fund balance, in which case it is recognized in other comprehensive income or fund balance.

### **Current**

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the surplus for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

The Company is entitled to one hundred percent tax credit of the income tax payable, including minimum and final taxes payable, under section 100C of the Income Tax Ordinance, 2001. Therefore, no provision of income tax has been recorded in these financial statements.

### **Deferred**

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable income. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable income or deficit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on the tax rates that have been enacted or substantially enacted by the reporting date. Deferred tax is charged or credited in the income and expenditure statement, except in the case of items credited or charged directly to other comprehensive income or fund balance in which case it is included in other comprehensive income or fund balance.

Deferred tax has not been provided in these financial statements as the Company's management believes that the temporary differences will not reverse in the foreseeable future due to the fact that the Company is allowed a tax credit equal to one hundred per cent of the tax payable under section 100C of the Income Tax Ordinance, 2001 on its sources of income.

#### **2.11 Provisions**

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made.

#### **2.12 Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

#### **2.13 Foreign currency transactions and translation**

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to income and expenditure statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined.

#### **2.14 Inventories**

Inventories except for those in transit are valued principally at lower of cost based on First-In First-Out (FIFO) method and net realizable value. Materials in transit are stated at cost comprising invoice value plus other charges paid thereon. Net realizable value is arrived at by considering the technical obsolescence of stocks and replacement cost thereof in the ordinary course of business.

#### **2.15 Stores and spares**

Stores and spares are valued principally at cost based on First-In First-Out (FIFO) method except for items in transit which are stated at invoice plus other charges paid thereon till the reporting date while items considered obsolete are carried at nil value.

#### **2.16 Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## **2.17 Employee benefits**

### **a) Short term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

### **b) Post-employment benefits - Provident Fund**

There is a defined contributory provident fund for all permanent employees. Equal monthly contributions were made by the Company and the employees to the fund at the rate of 7.5 percent of basic salary. The Company has no future payment obligations once the contributions to defined contribution plan have been paid. Obligations for contributions to defined contribution plan is recognised as an expense in the income and expenditure statement as and when incurred.

## **2.18 Contingent liabilities**

Contingent liability is disclosed when the Company has a possible obligation as a result of past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liabilities are not recognized, only disclosed, unless the possibility of a future outflow of resources is considered remote. In the event that the outflow of resources associated with a contingent liability is assessed as probable, and if the size of the outflow can be reliably estimated, a provision is recognized in the financial statements.

## **2.19 Government grants**

Government grants are recognised by the Company as follows:

- A grant that does not impose specified future performance conditions on the Company is recognised in income when the grant proceeds are receivable;
- A grant that imposes specified future performance conditions on the Company is recognised in income only when the performance conditions are met; and
- A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

## **2.20 Borrowings**

Borrowings are recognised initially at the transaction price (that is, the present value of cash payable to the lender, including transaction costs). Borrowings are subsequently stated at amortised cost. Interest expense is recognised on the basis of the effective interest method and is included in finance costs in the income and expenditure statement.

## **2.21 Borrowing costs**

All borrowing costs are recognised in income and expenditure statement in the period in which they are incurred.

2022  
Rupees

2021  
Rupees

3 PROPERTY AND EQUIPMENT

Operating fixed assets (Note 3.1)  
Capital work-in-progress (Note 3.2)

2,132,883,098      217,076,631  
1,313,753,870      2,040,559,986  
3,446,636,968      2,257,636,617

3.1 Operating fixed assets

	Freehold land	Building	Heating, Ventilation and Air Conditioning (HVAC)	Biomedical equipment	Electrical installations	Furniture and fixtures	Office and other equipment	Computers	Vehicles	Total
Rupees										
<b>As at 30 June 2020</b>										
Cost	194,623,550	-	-	-	510,021	896,057	478,453	2,159,776	-	198,667,857
Accumulated depreciation	-	-	-	-	(64,221)	(149,199)	(89,414)	(964,944)	-	(1,267,778)
Net book value	<u>194,623,550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>445,800</u>	<u>746,858</u>	<u>389,039</u>	<u>1,194,832</u>	<u>-</u>	<u>197,400,079</u>
<b>Year ended 30 June 2021</b>										
Opening net book value	194,623,550	-	-	-	445,800	746,858	389,039	1,194,832	-	197,400,079
Additions	-	-	-	-	20,442,535	51,100	283,900	554,455	87,900	21,419,890
Depreciation charge	-	-	-	-	(1,065,955)	(74,967)	(64,526)	(532,030)	(5,860)	(1,743,338)
Closing net book value	<u>194,623,550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,822,380</u>	<u>722,991</u>	<u>608,413</u>	<u>1,217,257</u>	<u>82,040</u>	<u>217,076,631</u>
<b>As at 30 June 2021</b>										
Cost	194,623,550	-	-	-	20,952,556	947,157	762,353	2,714,231	87,900	220,087,747
Accumulated depreciation	-	-	-	-	(1,130,176)	(224,166)	(153,940)	(1,496,974)	(5,860)	(3,011,116)
Net book value	<u>194,623,550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,822,380</u>	<u>722,991</u>	<u>608,413</u>	<u>1,217,257</u>	<u>82,040</u>	<u>217,076,631</u>
<b>Year ended 30 June 2022</b>										
Opening net book value	194,623,550	-	-	-	19,822,380	722,991	608,413	1,217,257	82,040	217,076,631
Additions	-	1,688,280,510	96,439,474	54,323,191	45,274,300	48,706,406	2,820,606	22,068,051	3,413,000	1,961,325,538
Depreciation charge	-	(28,138,009)	(3,214,649)	(1,498,175)	(5,927,528)	(1,697,425)	(161,253)	(4,467,441)	(414,591)	(45,519,071)
Closing net book value	<u>194,623,550</u>	<u>1,660,142,501</u>	<u>93,224,825</u>	<u>52,825,016</u>	<u>59,169,152</u>	<u>47,731,972</u>	<u>3,267,766</u>	<u>18,817,867</u>	<u>3,080,449</u>	<u>2,132,883,098</u>
<b>As at 30 June 2022</b>										
Cost	194,623,550	1,688,280,510	96,439,474	54,323,191	66,226,856	49,653,563	3,582,959	24,782,282	3,500,900	2,181,413,285
Accumulated depreciation	-	(28,138,009)	(3,214,649)	(1,498,175)	(7,057,704)	(1,921,591)	(315,193)	(5,964,415)	(420,451)	(48,530,187)
Net book value	<u>194,623,550</u>	<u>1,660,142,501</u>	<u>93,224,825</u>	<u>52,825,016</u>	<u>59,169,152</u>	<u>47,731,972</u>	<u>3,267,766</u>	<u>18,817,867</u>	<u>3,080,449</u>	<u>2,132,883,098</u>
<b>Depreciation rate % per annum</b>		<u>5</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>33</u>	<u>20</u>	

3.1.1 Freehold land represents land situated at Mauza Chung Panjgrain, Lahore. The land has an area of 39 Kanals on which the hospital is constructed.



	2022 Rupees	2021 Rupees
<b>3.1.2 Depreciation charge for the year has been allocated as follows:</b>		
Clinical expenses (Note 16)	34,139,303	-
Administrative expenses (Note 17)	11,379,768	1,743,338
	<u>45,519,071</u>	<u>1,743,338</u>

	2022 Rupees	2021 Rupees
<b>3.2 Capital work-in-progress</b>		
Machinery and other equipment	1,169,432,777	457,418,924
Stores held for capital expenditures	26,993,104	8,379,602
Civil works	103,674,185	1,554,566,298
Advances to suppliers	13,653,804	20,195,162
	<u>1,313,753,870</u>	<u>2,040,559,986</u>

	2022 Rupees	2021 Rupees
<b>3.2.1 Movement in capital work-in-progress is as follows:</b>		
Opening balance	2,040,559,986	1,662,388,301
Add: Additions during the year	1,236,687,114	399,165,534
Less: Transferred to operating fixed assets during the year	(1,961,266,888)	(20,581,535)
Less: Charged to income and expenditure during the year	(2,226,342)	(412,314)
Closing balance	<u>1,313,753,870</u>	<u>2,040,559,986</u>

	2022 Rupees	2021 Rupees
<b>4 INTANGIBLE ASSETS</b>		
Computer software (Note 4.1)	2,019,505	2,885,006
Intangible assets under development	4,180,050	4,180,050
	<u>6,199,555</u>	<u>7,065,056</u>

	2022 Rupees	2021 Rupees
<b>4.1 Intangible assets</b>		
<b>Computer software</b>		
Opening net book value	2,885,006	-
Add: Addition during the year	-	3,394,125
Less: Amortization charged during the year	(865,501)	(509,119)
Closing net book value	<u>2,019,505</u>	<u>2,885,006</u>
<b>At 30 June</b>		
Cost	3,394,125	3,394,125
Less: Accumulated amortization	(1,374,620)	(509,119)
Net book value	<u>2,019,505</u>	<u>2,885,006</u>
Annual amortisation rate	<u>30%</u>	<u>30%</u>
<b>4.1.1</b> Amortisation for the year has been charged to administrative expenses.		
<b>5 INVENTORIES</b>		
Hospital supplies	2,175,431	-
Medicines	1,071,944	-
Nursing and surgical supplies	1,689,583	-
	<u>4,936,958</u>	<u>-</u>
<b>6 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>		
Advances to employees	29,763	115,000
Advances to suppliers	12,813,813	-
Prepayments	311,064	1,157,084
Receivable from contractors	-	73,843
Accrued profit on bank deposits	736,887	1,620,270
Security deposits	550,000	899,495
Margin against letters of credit	29,426,494	125,303,508
Other receivables	964,694	960,336
	<u>44,832,715</u>	<u>130,129,536</u>
<b>7 CASH AND BANK BALANCES</b>		
At banks - saving accounts (Note 7.1 and Note 7.2)	212,763,342	533,071,296
Cash in hand	28,958	16,500
	<u>212,792,300</u>	<u>533,087,796</u>
<b>7.1</b> Rates of profit on bank deposits range from 5.75% to 13.75% (2021: 5.50% to 6.50%) per annum.		
<b>7.2</b> This includes balances with the following related parties:		
MCB Bank Limited - associated company	953,377	8,523,229
MCB Islamic Bank Limited - associated company	844,915	23,023,141
	<u>1,798,292</u>	<u>31,546,370</u>

7.3 This includes an amount of Rupees 14,740,000 (2021: Rupees 13,400,000) under lien of the bank against guarantees issued on behalf of the Company as referred to in note 13.1.

	2022 Rupees	2021 Rupees
<b>8 DEFERRED GRANTS</b>		
Opening balance - net of accumulated amortisation	2,093,597,320	1,816,015,804
Received during the year (Note 8.1 and Note 8.3)	573,805,583	295,153,060
Amortised during the year (Note 8.4)	(106,141,259)	(17,571,544)
Closing balance - net of accumulated amortisation	<u>2,561,261,644</u>	<u>2,093,597,320</u>

8.1 This includes the grants received from the following related parties:

Mr. Shahzad Saleem - Chief Executive of the Company	20,000,000	125,000,000
Mrs. Farhat Saleem - Director of the Company	-	50,000,000
Ms. Sehar Adil - Director of the Company	-	1,830,000
Mr. Zain Shahzad - Director of the Company	-	1,250,000
Mr. Yahya Saleem - Director of the Company	-	32,335
Ms. Shermeen Yahya - close family member of Director of the Company	-	2,500,000
Ms. Ayesha Shahzad - close family member of Chief Executive of the Company	-	35,000,000
Ms. Mehak Adil - close family member of Director of the Company	450,000	550,000
Friends of SMTH USA (Note 8.1.1)	38,328,272	34,745,225
MCB Islamic Bank Limited - associated company	3,000,000	6,500,000
Nishat (Chunian) Limited - associated company	300,000,000	-
Nishat Chunian Power Limited - associated company	127,500,000	-
A & S Foods (Private) Limited - associated company	5,000,000	-
	<u>494,278,272</u>	<u>257,407,560</u>

8.1.1 The Company's director is member of this entity. The registered office of Friends of SMTH (USA) is situated at Cooke Street Providence, Rhode Island. It is incorporated in Rhode Island, United States of America.

8.2 This includes donations in kind amounting to Rupees 39,845,272 (2021: Rupees 34,745,225) that represent medical equipment, furniture and construction materials (2021: Medical equipment and construction materials). These have been received from foreign countries and local sources.

	2022 Rupees	2021 Rupees
<b>8.3 Donations by major sources</b>		
Corporate entities	522,595,272	68,545,225
Individuals	51,210,311	226,607,835
	<u>573,805,583</u>	<u>295,153,060</u>

8.4 Accumulated amortisation on deferred grants

Opening balance	245,887,150	228,315,606
Amortized during the year	106,141,259	17,571,544
Closing balance	<u>352,028,409</u>	<u>245,887,150</u>

	2022 Rupees	2021 Rupees
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**9 LONG TERM FINANCES**

**From banking companies - secured**

Long term loans (Note 9.1)	691,194,687	400,308,337
Less: Current portion shown under current liabilities (Note 12)	(168,654,701)	(74,589,825)
	<u>522,539,986</u>	<u>325,718,512</u>

LENDER	2022	2021	RATE OF PROFIT / INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	PROFIT / INTEREST REPRICING	PROFIT / INTEREST PAYABLE	SECURITY
	Rupees	Rupees					
<b>9.1 Long term loans</b>							
Habib Bank Limited (Note 9.2)	116,922,460	152,680,804	SBP rate for Refinance Facility for Combating COVID-19 plus 1.50%	Ten installments commenced on 30 June 2021 and ending on 30 June 2025.	-	Quarterly	First charge of Rupees 834 million over the fixed assets of the Company with 25% margin and personal guarantee of the Chief Executive of the Company.
Habib Bank Limited	9,776,000	9,776,000	3 months KIBOR + 1.25%	Sixteen installments commenced on 06 August 2020 and ending on 16 December 2029.	Quarterly	Quarterly	
Meezan Bank Limited (Note 9.3)	115,392,805	146,706,284	SBP rate for Islamic Refinance Facility for Combating COVID-19 plus 0%	Eighteen equal quarterly installments commenced on 01 February 2021 and ending on 02 May 2025.	-	-	2nd ranking charge of Rupees 267 million over all present and future fixed assets of the Company with 25% margin.
Askari Bank Limited (Note 9.2)	449,103,422	91,145,249	SBP rate for Refinance Facility for Combating COVID-19 plus 1.75%	Nine equal semi-annual installments commenced on 12 March 2022 and ending on 12 March 2026.	-	Quarterly	First pari passu charge of Rupees 800 million on all present and future fixed assets of the Company.
	<u>691,194,687</u>	<u>400,308,337</u>					

9.2 These loans obtained by the Company under SBP Refinance Facility for Combating COVID-19. Fair value adjustment is recognized at discount rates ranging from 9.22% to 12.29% per annum.

9.3 This loan obtained by the Company under SBP Islamic Refinance Facility for Combating COVID-19. Fair value adjustment is recognized at discount rate of 10.12% per annum.

	2022	2021
	Rupees	Rupees
<b>10 DEFERRED INCOME - GOVERNMENT GRANTS</b>		
Opening balance	111,229,116	89,548,103
Add: Recognized during the year	84,465,064	22,253,554
Less: Amortized during the year	(78,217,342)	(572,541)
	<u>117,476,838</u>	<u>111,229,116</u>
Current portion shown under current liabilities (Note 12)	(53,392,879)	-
	<u>64,083,959</u>	<u>111,229,116</u>

**10.1** The State Bank of Pakistan (SBP), through its Circular No. 04 of 2020 dated 07 March 2020 introduced refinance scheme to help combat the impact the of COVID-19 by introducing emergency support for hospitals and medical centers by providing refinance facility to develop capacity for treatment of infected patients of COVID-19. The refinance scheme was funded by SBP. One of the key feature of the refinance scheme was that borrowers can obtain loan at mark-up rates that are below normal lending rates. The benefit of a Government loan at a below-market rate of interest is treated as a Government Grant. The Company obtained this loan as disclosed in note 9 to the financial statements. Loan obtained under the refinance scheme was initially recognized at its fair value which is the present value of loan proceeds received, discounted using prevailing market rates of interest for a similar instrument. Hence, the benefit of the below-market rate of interest has been measured as the difference between the initial carrying value of the loan determined and the proceeds received. This benefit is accounted for and presented as deferred grant . The grant is being amortized in the income and expenditure statement, in line with the recognition of interest expense the grant is compensating.

	2022 Rupees	2021 Rupees
<b>11 TRADE AND OTHER PAYABLES</b>		
Payable to contractors and suppliers	58,532,354	52,620,576
Payable to Employees' Provident Fund	800,820	222,746
Withholding tax payable	483,964	2,340,371
Accrued liabilities	25,996,115	25,033,430
	<u>85,813,253</u>	<u>80,217,123</u>
<b>12 CURRENT PORTION OF NON-CURRENT LIABILITIES</b>		
Long term finances (Note 9)	168,654,701	74,589,825
Deferred income - Government grant (Note 10)	53,392,879	-
	<u>222,047,580</u>	<u>74,589,825</u>
<b>13 CONTINGENCIES AND COMMITMENTS</b>		
<b>13.1 Contingencies</b>		
Banks have issued the following guarantees on behalf of the Company in favour of:		
- Director Excise and Taxation, Karachi amounting to Rupees 5,000,000 (2021: Rupees 5,000,000).		
- Collector of Customs, Karachi amounting to Rupees 8,400,000 (2021: Rupees 8,400,000).		
<b>13.2 Commitments</b>		
Letters of credit for capital expenditure of Rupees 427,154,102 (2021: Rupees 510,370,716).		
	2022 Rupees	2021 Rupees
<b>14 CLINICAL INCOME</b>		
Outpatient revenue	514,348	-
Laboratory services	161,820	-
Pharmacy	33,173	-
Other services	11,600	-
	<u>720,941</u>	<u>-</u>
	2022 Rupees	2021 Rupees
<b>15 OTHER INCOME</b>		
Profit on bank deposits	25,176,542	31,130,593
Profit on short term investments	-	2,911,227
Exchange gain	-	113,407
Scrap sales	393,915	327,863
Adjustment on long term loans	33,640,555	-
Cafeteria income	59,740	-
	<u>59,270,752</u>	<u>34,483,090</u>

	2022 Rupees	2021 Rupees
<b>16 CLINICAL EXPENSE</b>		
Salaries and other benefits (Note 16.1)	11,996,933	-
Medicines consumed	23,848	-
Laboratory supplies consumed	679,644	-
Consultants' share payment	2,297,246	-
Rent, rates and taxes	992,395	-
Depreciation on operating fixed assets (Note 3.1.2)	34,139,303	-
Others	153,971	-
	<u>50,283,340</u>	<u>-</u>
<b>16.1</b> Salaries and other benefits include Rupees 393,503 (2020: Rupees Nil) in respect of provident fund contribution by the Company.		
	2022 Rupees	2021 Rupees
<b>17 ADMINISTRATIVE EXPENSES</b>		
Salaries and other benefits (Note 17.1)	23,624,532	6,520,249
Legal and professional charges	1,350,909	537,017
Fee and subscription	603,841	614,648
Travelling and conveyance	800,417	698,469
Insurance	3,593,266	2,572,748
Repair and maintenance	4,452,113	-
Communication	10,100	-
Printing and stationery	101,677	-
Advertisement	2,296,491	416,269
Auditor's remuneration (Note 17.2)	774,315	724,116
Depreciation on operating fixed assets (Note 3.1.2)	11,379,768	1,743,338
Amortisation on intangible assets (Note 4.1)	865,501	509,119
Entertainment	310,997	232,897
Information technology related cost	82,674	727,635
Miscellaneous	6,332,259	2,275,039
	<u>56,578,860</u>	<u>17,571,544</u>
<b>17.1</b> Salaries and other benefits include Rupees 803,042 (2020: Rupees 217,999) in respect of provident fund contribution by the Company.		
	2022 Rupees	2021 Rupees
<b>17.2 Auditor's remuneration</b>		
Audit fee	700,000	660,000
Reimbursable expenses	74,315	64,116
	<u>774,315</u>	<u>724,116</u>
<b>18 FINANCE COST</b>		
Interest on long term finances	19,373,462	37,827,016
Bank charges and commission	233,743	168,612
	<u>19,607,205</u>	<u>37,995,628</u>
<b>19 OTHER EXPENSES</b>		
Advances written off	-	412,314
Exchange loss	18,302,781	-
Modification of long term loan	-	439,704
	<u>18,302,781</u>	<u>852,018</u>

20 The Company is allowed a tax credit equal to one hundred percent of the tax payable, including minimum tax and final taxes, under section 100C of the Income Tax Ordinance, 2001, subject to the fulfilment of certain conditions as stated under the said section. Consequently, no provision for taxation has been made in these financial statements as referred to in note 2.10 to these financial statements.

	2022 Rupees	2021 Rupees
<b>21 CASH GENERATED FROM / (USED IN) OPERATIONS</b>		
<b>Surplus / (deficit) before taxation for the year</b>	21,360,766	(4,364,556)
<b>Adjustment for non-cash charges and other items:</b>		
Amortisation of deferred grant	(106,141,259)	(17,571,544)
Exchange loss / (gain)	18,302,781	(113,407)
Depreciation on operating fixed assets	45,519,071	1,743,338
Amortization on intangible assets	865,501	509,119
Finance cost	19,607,205	37,995,628
Adjustment on long term loans	(33,640,555)	-
Modification of long term loan	-	439,704
Advances written off	-	412,314
Profit on bank deposits	(25,176,542)	(31,130,593)
Deficit before working capital changes	(59,303,032)	(12,079,997)
Effect on cash flow due to working capital changes:		
<b>Decrease / (increase) in current assets:</b>		
- Inventories	(4,936,958)	-
- Advances, deposits, prepayments and other receivables	84,413,438	(126,920,917)
	79,476,480	(126,920,917)
<b>(Decrease) / increase in trade and other payables</b>	(12,706,651)	33,473,971
	7,466,797	(105,526,943)
	<b>2022</b>	<b>2021</b>
	<b>Rupees</b>	<b>Rupees</b>

**21.1 NON-CASH FINANCING ACTIVITIES**

Deferred income - Government grant	6,247,722	21,681,013
Medical equipment, furniture and construction materials received as donation	39,845,272	34,745,225

**22 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

The aggregate amount charged in the financial statements for remuneration, allowances including all benefits to the Chief Executive, Directors and Executives of the Company is as follows:

	Executives	
	2022 Rupees	2021 Rupees
<b>Managerial remuneration</b>	34,545,848	17,713,521
<b>Allowances:</b>		
Car allowance	300,000	725,000
Fuel reimbursement	766,260	841,031
Mobile allowance	69,555	69,107
<b>Leave encashment</b>	449,280	278,783
<b>Contribution to provident fund trust</b>	1,331,838	449,226
	37,462,781	20,076,668
Number of persons	16	13

22.1 No remuneration was paid to Chief Executive and directors of the Company.

## 23 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise directors, key management personnel and entities having common directorship with the Company. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	2022 Rupees	2021 Rupees
Remuneration of key management personnel (Note 23.1)	13,696,824	5,676,029

23.1 This represents remuneration of the Chief Financial Officer and Chief Medical Officer that is included in the remuneration disclosed in note 22 to these financial statements.

23.2 Following are the related parties with whom the Company had entered into transactions or have arrangements / agreements in place:

Name of the related parties	Basis of relationship	Transactions entered or agreements and / or arrangements in place during the financial year		Percentage of Shareholding
		2022	2021	
Nishat (Chunian) Limited	Common Directorship	Yes	No	None
Nishat Chunian Power Limited	Common Directorship	Yes	No	None
MCB Islamic Bank Limited	Common Directorship	Yes	Yes	None
A & S Foods (Private) Limited	Common Directorship	Yes	No	None
Friends of SMTH USA	Director of the Company is member of SMTH USA	Yes	Yes	None
Mr. Shahzad Saleem	Chief Executive of the Company	Yes	Yes	None
Mrs. Farhat Saleem	Director of the Company	Yes	Yes	None
Ms. Sehar Adil	Director of the Company	No	Yes	None
Mr. Zain Shahzad	Director of the Company	No	Yes	None
Mr. Yahya Saleem	Director of the Company	No	Yes	None
Ms. Shermeen Yahya	Close family member of Director of the Company	No	Yes	None
Ms. Ayesha Shahzad	Close family member of Chief Executive of the Company	No	Yes	None
Ms. Mehak Adil	Close family member of Director of the Company	Yes	Yes	None

## 24 NUMBER OF EMPLOYEES

	2022	2021
Total number of employees as at 30 June	<u>146</u>	<u>53</u>
Average number of employees during the year	<u>100</u>	<u>42</u>



**25 DISCLOSURE RELATING TO PROVIDENT FUND**

As of 30 June 2022, there are no investments of the provident fund and the only assets of the provident fund represent the bank balance in a special account in a scheduled bank and the amount receivable from the Company as referred to in note 11 to these financial statements. Therefore, it is in compliance with section 218 of the Companies Act, 2017 and the conditions specified thereunder.

**26 DATE OF AUTHORIZATION FOR ISSUE OF FINANCIAL STATEMENTS**

These financial statements were authorized for issue on 04 OCT 2022 by the Board of Directors of the Company.

**27 CORRESPONDING FIGURES**

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant rearrangements have been made.

**28 GENERAL**

Figures have been rounded off to nearest of Rupee.

  
Chief Executive

  
Director