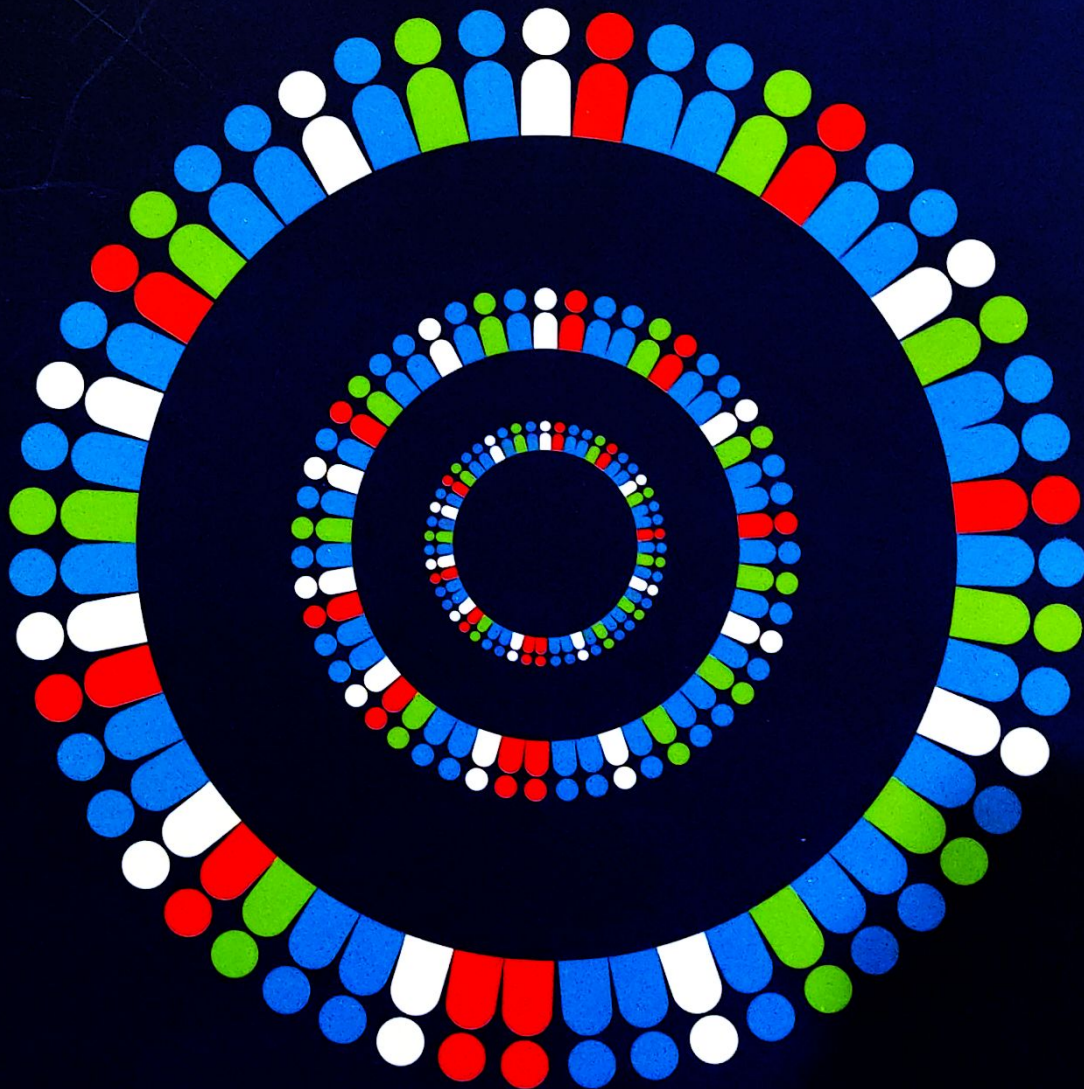


**ARTHRITIS CARE FOUNDATION (TRUST)**

**FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2020





## INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES

### Opinion

We have audited the financial statements of **Arthritis Care Foundation (the Trust)**, which comprise the statement of financial position as at **June 30, 2020**, and the income and expenditure account, statement of changes in fund, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the **Trust** as at **June 30, 2020** and its financial performance and its cash flows for the year then ended in accordance with Accounting Standard for Not for Profit Organisations (NPOs) issued by ICAP.

### Basis for Opinion

We conducted our audit in accordance with the 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 Trust in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional accountant as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those charged with Governance for the Financial Statements

The Trustees are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by Institute of Chartered Accountants of Pakistan, and for such internal control as the Board of Trustees 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, Trustees are responsible for assessing the Trust'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 Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust'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.
- 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 Trust'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 the events or conditions that may cast significant doubt on the Trust'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 Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

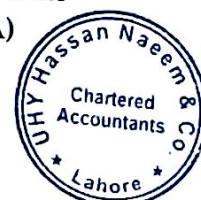
Date: 29 January 2021

Place: Lahore

  
UHY Hassan Naeem & Co.

Chartered Accountants

Ibne Hassan (FCA)



Arthritis Care Foundation  
Statement of Financial Position  
As at June 30, 2020

FUNDS AND LIABILITIES	Note	2020 Rupees	2019 Rupees	ASSETS	Note	2020 Rupees	2019 Rupees
<b>Funds</b>				<b>Non-current assets</b>			
Accumulated surplus - unrestricted		27,381,718	21,522,198	Equipment	7	332,535	280,674
Reserve fund		640,882	640,882	Intangible	8	21,000	31,500
Deferred grant - income based		99,754	99,754				
		<u>28,122,354</u>	<u>22,262,834</u>			<u>353,535</u>	<u>312,174</u>
<b>Current liabilities</b>				<b>Current assets</b>			
Accrued and other liabilities	5	30,948	15,378	Short term investments	9	6,543,162	6,543,162
				Advance, deposit and other receivables	10	394,875	194,483
				Stocks	11	1,682,630	846,062
				Cash and bank balance	12	19,179,100	14,382,331
						<u>27,799,767</u>	<u>21,966,038</u>
<b>Contingencies and commitments</b>	6						
						<u>28,153,302</u>	<u>22,278,212</u>

The annexed notes 1 to 23 form an integral part of these financial statements.



Finance Secretary



Chairperson

Arthritis Care Foundation  
Income and Expenditure Account  
For the year ended June 30, 2020

	Note	Restricted fund	Un-restricted fund	2020 Total	2019 Total
----- (Rupees) -----					
<b>INCOME</b>					
Donations	13	6,000,000	33,618,257	39,618,257	31,255,054
Interest income	14	-	1,147,767	1,147,767	422,974
		<b>6,000,000</b>	<b>34,766,024</b>	<b>40,766,024</b>	<b>31,678,028</b>
<b>EXPENDITURE</b>					
Expenses on health projects	15	6,000,000	16,507,842	22,507,842	18,756,447
Expenses on scholarships	16	-	2,507,545	2,507,545	6,047,689
Administrative expenses	17	-	4,620,736	4,620,736	3,258,547
Procurement of PPEs			3,799,220	3,799,220	-
Education and Research			1,463,340	1,463,340	-
Finance cost		-	7,821	7,821	7,124
		<b>6,000,000</b>	<b>28,906,504</b>	<b>34,906,504</b>	<b>28,069,807</b>
<b>Surplus of income over expenditure before taxation</b>		<b>-</b>	<b>5,859,520</b>	<b>5,859,520</b>	<b>3,608,221</b>
Taxation	18	-	-	-	-
<b>Surplus of income over expenditure after taxation</b>		<b>-</b>	<b>5,859,520</b>	<b>5,859,520</b>	<b>3,608,221</b>

The annexed notes 1 to 23 form an integral part of these financial statements.

  
Finance Secretary

  
Chairperson



Arthritis Care Foundation  
Statement of Changes in Accumulated Funds  
For the year ended June 30, 2020

Particulars	Unrestricted fund	Reserve fund	Deferred grant income based	Total
-----Rupees-----				
Balance as on July 01, 2018	17,913,977	640,882	55,145	18,610,004
Grant/donation received during the year	24,019,327	-	7,703,310	31,722,637
Transferred from income and expenditure account	(20,411,106)	-	(7,658,701)	(28,069,807)
Surplus for the year	3,608,221	-	44,609	3,652,830
Balance as on June 30, 2019	21,522,198	640,882	99,754	22,262,834
Balance as on July 01, 2019	21,522,198	640,882	99,754	22,262,834
Grant/donation received during the year	34,766,024	-	6,000,000	40,766,024
Transferred from income and expenditure account	(28,906,504)	-	(6,000,000)	(34,906,504)
Surplus for the year	5,859,520	-	-	5,859,520
Balance as on June 30, 2020	27,381,718	640,882	99,754	28,122,354

The annexed notes 1 to 23 form an integral part of these financial statements.

  
Finance Secretary

  
Chairperson

# Arthritis Care Foundation

## Statement of Cash Flows

For the year ended June 30, 2020

	Note	2020 Rupees	2019 Rupees
<b>Cash flow from operating activities</b>		<b>5,859,520</b>	<b>3,608,221</b>
<b>Adjustments for non cash items:</b>			
Depreciation	7	33,779	29,457
Amortization	8	10,500	10,500
Finance cost		7,821	7,124
		<b>52,100</b>	<b>47,081</b>
<b>Operating cash flows before working capital changes</b>		<b>5,911,620</b>	<b>3,655,302</b>
<b>Working capital changes:</b>			
(Decrease)/Increase in accrued and other liabilities		15,570	(11,953)
Increase in advance, deposit and other receivables		(200,392)	60,896
Increase/decrease in stocks		(836,568)	480,789
		<b>(1,021,390)</b>	<b>529,732</b>
<b>Cash generated from operations</b>		<b>4,890,230</b>	<b>4,185,034</b>
Finance cost paid		(7,821)	(7,124)
<b>Net cash generated from operating activities</b>		<b>4,882,409</b>	<b>4,177,910</b>
<b>Cash flows from investing activities</b>			
Purchase of equipment		(85,640)	(104,600)
<b>Net cash flow from investing activities</b>		<b>(85,640)</b>	<b>(104,600)</b>
<b>Cash flows from financing activities</b>			
Grant received - net		-	44,609
<b>Net cash generated from financing activities</b>		<b>-</b>	<b>44,609</b>
<b>Net increase in cash and cash equivalents</b>		<b>4,796,769</b>	<b>4,117,919</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>20,925,493</b>	<b>16,807,574</b>
<b>Cash and cash equivalents at the end of the year</b>	19	<b>25,722,262</b>	<b>20,925,493</b>

The annexed notes 1 to 23 form an integral part of these financial statements.



Finance Secretary



Chairperson

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**1 Legal status, nature of business**

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**Entity and its operations**

Arthritis Care Foundation ('The Trust') is a charitable society registered on July 27, 2010 under the laws of Societies Registration Act XXI of 1860. The registered office is situated at 711-Shadman-1, Lahore. The Trust was setup with an objective to establish, encourage, assist and finance medical, social welfare and educational activities, of patients suffering from arthritis, rheumatic and other diseases.

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**2 Basis of preparation**

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**2.1 Statement of compliance**

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting standards applicable in Pakistan comprise of: Accounting Standard for Not for Profit Organizations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan.

**2.2 Basis of accounting**

These financial statements have been prepared under the accrual basis of accounting except for cash flow information.

**2.3 Critical accounting estimates and judgments**

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, receipts and expenditures. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision 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 society's financial statements or where judgments were exercised in application of accounting policies are:

	<i>Note</i>
a) residual values and useful lives of equipment	3.1
b) provisions and contingencies	3.4

**2.4 Basis of measurement**

These financial statements have been prepared under the historical cost convention except as otherwise disclosed in the respective accounting policy notes.

**2.5 Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Trust operates. The financial statements are presented in Pakistani Rupees, which is also the functional currency.

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**3 Significant accounting policies**

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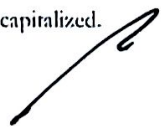
These accounting policies set out below have been applied consistently to all periods presented in these financial statements.

**3.1 Equipment**

Equipment is stated at cost less accumulated depreciation. Depreciation is charged on an asset from the month when the asset is available for use till the month of its disposal i.e. full depreciation is charged in the month of addition, while no depreciation in the month of disposal.

Depreciation is charged on reducing balance method at the rates specified in Note 7.

Normal repair and maintenance is charged to Income and expenditure account as and when incurred, while major renewal and replacements are capitalized.





Arthritis Care Foundation  
Notes to the Financial Statements  
For the year ended June 30, 2020

**3.2 Intangible asset**

These are stated at cost less accumulated amortization and any accumulated impairment losses. Intangible assets are amortized on a straight line basis at the rate given in the Note 8 to the financial statements so as to write off the depreciable amount of an asset over its useful life.

Amortization on additions to intangible assets is charged from the month in which an asset is acquired while no amortization is charged for the month in which asset is disposed off.

**3.3 Stocks**

These are stated at lower of cost and net realizable value. Cost is determined principally on First in First Out (FIFO) basis. Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessary to be incurred for sale.

**3.4 Provision and contingencies**

Provisions are recognized when the Arthritis Care Foundation has a legal and constructive obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation and the realizable estimate of the amount can be made.

**3.5 Taxation**

Arthritis Care Foundation has been approved as a Non-Profit Organization under section 2(36) of the Income Tax Ordinance, 2001.

**3.6 Funds**

**Restricted Funds**

This fund represents donations received by the Trust for the treatment of patients who require biologics vaccines and for scholarships of doctors.

**Unrestricted funds**

Grants and donations not restricted for a specific purpose or fund are credited to this fund upon receipt.

**3.7 Interest Income**

Interest income on deposits with banks is recognized on time proportion basis taking into account the amounts outstanding and rates applicable thereon.

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**4 Standards, amendments and interpretations adopted during the year**

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The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as follows:

**4.1 New standards**

The company has adopted the following revised standards and amendments of IFRSs which become effective for the current year:

IFRS 16 - Leases.

IFRIC 23 Uncertainty over Income Tax Treatments.

Plan Amendment, Curtailment or Settlement (Amendments to IAS 19).

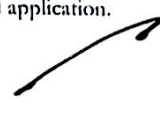
The above standards that became effective at the start of the year did not have any material impact on the Company's financial statements.

**4.2 Standards, amendments and improvements to approved accounting standards that are not yet effective**

The following revised standards, amendments and improvements with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretations:

Standards or Interpretation	Effective date (Annual periods beginning on or after)
Amendments to IFRS 3-Business Combinations-Definition of Business	January 1, 2020
Amendments to IAS 1 Presentation of Financial statements and IAS 8 Accounting policies,	January 1, 2020
IFRS 14 Regulatory Deferral Accounts	July 1, 2019
Interest rate benchmark reform (Amendments to IFRS 9, IAS 39 and IFRS 7)	January 1, 2020
COVID-19 related Rent concessions (Amendment to IFRS 16)	April 11, 2020

The Company expects that the adoption of the above standards and amendments will not have any material impact on the Company's financial statements in the period of initial application.



Arthritis Care Foundation  
Notes to the Financial Statements  
For the year ended June 30, 2020

**5 Accrued and other liabilities**

This represent amount payable for utilities and withholding taxes deducted from payments to suppliers.

**6 Contingencies and commitments**

There were no contingencies and commitments pending for the year ended June 30, 2020 (2019: Nil).

**7 Equipment**

Particulars	Office computer	Office equipment	Furniture and fixtures	Total
<b>Cost</b>				
Balance as at July 01, 2018	44,600	208,500	8,500	261,600
Additions	-	7,500	97,100	104,600
<b>Balance as at June 30, 2019</b>	<b>44,600</b>	<b>216,000</b>	<b>105,600</b>	<b>366,200</b>
Balance as at July 01, 2019	44,600	216,000	105,600	366,200
Additions	-	85,640	-	85,640
<b>Balance as at June 30, 2020</b>	<b>44,600</b>	<b>301,640</b>	<b>105,600</b>	<b>451,840</b>
<b>Accumulated depreciation</b>				
Balance as at July 01, 2018	29,101	25,381	1,587	56,069
Charge for the year	4,650	18,450	6,357	29,457
<b>Balance as at June 30, 2019</b>	<b>33,751</b>	<b>43,831</b>	<b>7,944</b>	<b>85,526</b>
Balance as at July 01, 2019	33,751	43,831	7,944	85,526
Charge for the year	3,255	20,758	9,766	33,779
<b>Balance as at June 30, 2020</b>	<b>37,006</b>	<b>64,589</b>	<b>17,710</b>	<b>119,305</b>
<b>Written down value-2019</b>	<b>10,849</b>	<b>172,169</b>	<b>97,656</b>	<b>280,674</b>
<b>Written down value-2020</b>	<b>7,594</b>	<b>237,051</b>	<b>87,890</b>	<b>332,535</b>
<b>Rate of depreciation (%)</b>	<b>30%</b>	<b>10%</b>	<b>10%</b>	

**8 Intangible**

	2020 Rupees	2019 Rupees
<b>Cost</b>		
Balance as at July 01, 2019	105,000	105,000
Additions	-	-
Disposal	-	-
<b>Balance as at June 30, 2020</b>	<b>105,000</b>	<b>105,000</b>
<b>Accumulated amortization</b>		
Balance as at July 01, 2019	73,500	63,000
Charge for the year	10,500	10,500
Disposal	-	-
<b>Balance as at June 30, 2020</b>	<b>84,000</b>	<b>73,500</b>
<b>Written down value as at June 30, 2020</b>	<b>21,000</b>	<b>31,500</b>
<b>Rate of amortization (%)</b>	<b>10%</b>	<b>10%</b>

8.1 This includes website designed for the Trust.



Arthritis Care Foundation  
Notes to the Financial Statements  
For the year ended June 30, 2020

**9 Short term investments**

This represents investment made in Allied bank fixed term deposits for a tenure of 12 months with rollover at interest rate of 10.74%. (2019:10.70%).

	2020 Rupees	2019 Rupees
<b>10 Advance, deposit and other receivables</b>		
Interest receivable	180,818	120,841
Advance tax	214,057	73,642
	<u>394,875</u>	<u>194,483</u>

**11 Stocks**

This represents stock of medicines for treatment of Arthritis.

	2020 Rupees	2019 Rupees
<b>12 Cash and bank balance</b>		
Cash in hand	27,338	8,392
Cash at bank - <i>Current Account</i>	6,525,701	14,373,939
Cash at bank - <i>Saving Account</i>	12,626,061	-
	<u>19,179,100</u>	<u>14,382,331</u>

<b>13 Donations</b>	Restricted funds- 2020	Un-restricted funds-2020	Total 2020	Total 2019
I-Care Foundation	-	1,032,618	1,032,618	543,310
Infag Foundation	6,000,000	-	6,000,000	7,115,391
Others <i>13.1</i>	-	32,585,639	32,585,639	23,596,353
	<u>6,000,000</u>	<u>33,618,257</u>	<u>39,618,257</u>	<u>31,255,054</u>

**13.1** This represents donations from zakat, self finance, general donations and sponsorship from pharma.

**14 Interest income**

This represents interest income on short term investment in term deposits at the rate of 10.74%. (2019:10.70%).

<b>15 Expenses on health projects</b>	Restricted funds-2020	Un-restricted funds-2020	Total 2020	Total 2019
Medicine consumed	6,000,000	7,103,131	13,103,131	12,006,533
Clinical staff salaries	-	2,168,258	2,168,258	1,045,667
Biologics	-	5,076,459	5,076,459	3,618,250
Joint replacement	-	84,000	84,000	355,000
Rehabilitation equipment for patient	-	-	-	151,500
Medical test for patients	-	562,917	562,917	1,579,497
In-patients treatment	-	1,513,077	1,513,077	-
	<u>6,000,000</u>	<u>16,507,842</u>	<u>22,507,842</u>	<u>18,756,447</u>

Arthritis Care Foundation  
Notes to the Financial Statements  
For the year ended June 30, 2020

16 Expenses on scholarships	Note	Restricted funds-2020	Un-restricted funds-2020	Total 2020	Total 2019
Faculty support program	16.1	-	-	-	1,335,000
Post graduate trainees scholarship	16.2	-	2,507,545	2,507,545	4,712,689
		<u>-</u>	<u>2,507,545</u>	<u>2,507,545</u>	<u>6,047,689</u>

16.1 This represent scholarships paid to senior doctors of Fatima Memorial Hospital (FMH) for medical examination of the Trust's patients recommended by the Trust.

16.2 This represent scholarships paid to Post Graduate (PG) trainees of National Hospital (NH) for medical examination of the Trust's patients recommended by the Trust.

17 Administrative expenses	Note	Restricted funds 2020	Un-restricted funds 2020	Total 2020	Total 2019
Salaries and wages		-	2,179,846	2,179,846	1,637,999
Fund raising expenses		-	662,325	662,325	404,314
Public awareness expenses		-	183,390	183,390	1,250
Rent rates and taxes		-	1,051,200	1,051,200	432,000
Printing and stationery		-	81,344	81,344	271,697
Repair and maintenance		-	37,460	37,460	19,290
Utilities		-	66,450	66,450	89,242
Vehicle running expenses		-	66,209	66,209	62,974
Website maintenance expenses		-	61,800	61,800	68,500
Depreciation	7	-	33,779	33,779	29,457
Amortization	8	-	10,500	10,500	10,500
Postages and courier		-	48,699	48,699	74,742
Legal and professional charges		-	-	-	92,000
Miscellaneous expenses		-	137,734	137,734	64,582
		<u>-</u>	<u>4,620,736</u>	<u>4,620,736</u>	<u>3,258,547</u>

#### 18 Taxation

No tax provision has been made as the Trust has opted for exemption under section 100C of Income Tax Ordinance, 2001, which is in the process of approval.

19 Cash and cash equivalents	Note	2020 Rupees	2019 Rupees
Cash and bank balance	12	19,179,100	14,382,331
Short term investments		6,543,162	6,543,162
		<u>25,722,262</u>	<u>20,925,493</u>



Arthritis Care Foundation  
Notes to the Financial Statements  
For the year ended June 30, 2020

**20 Related party transactions**

The related parties comprise of Executive Committee and members of Board of Trustees of the Trust. Transactions with related parties are as follows:

Name	Relationship	Nature of transaction	2020 Rupees	2019 Rupees
Prof. Nighat Mir Ahmad	Chairperson	Donation	145,000	150,000
Prof. Sumaira Farman Raja	Co -Chairperson	Donation	483,750	665,850
Dr. M. Ahmed Saeed	General Secretary	Donation	10,000	50,000
Ms. Samina Sultana	Finance Secretary	Donation	311,000	1,040,000
Dr. Tauseef Irfan	Joint Secretary	Donation	153,000	30,000
Dr. Shabnam Sarfraz	Joint Finance Secretary	Donation	162,600	-
Prof. Dr. Tasnim A. Raza	Member of Board of Trustee	Donation	-	20,000
Ms. Anjum S. Ahmed	Member of Board of Trustee	Donation	1,000,000	1,630,000
Ms. Uzma Ahmad	Member of Board of Trustee	Donation	500,000	-

**21 Number of employees**

	2020	2019
Number of employees at the end of the year	9	9
Average number of employees	9	9

**22 Date of authorization**

These financial statements have been authorized for issue by The Board of Trustees on 29 January 2021

**23 General**

- 23.1 Figures of previous year have been re-arranged and re-classified wherever necessary for the purposes of comparison.  
23.2 Figures have been rounded off to the nearest Rupee.



Finance Secretary



Chairperson