

***FINANCIAL STATEMENTS  
OF  
PATIENTS' WELFARE ASSOCIATION  
(DOW MEDICAL COLLEGE &  
CIVIL HOSPITAL)  
FOR THE YEAR ENDED 30 JUNE 2019***

## INDEPENDENT AUDITOR'S REPORT TO THE ASSOCIATION

### Opinion

We have audited the financial statements of **PATIENTS' WELFARE ASSOCIATION (DOW MEDICAL COLLEGE & CIVIL HOSPITAL), KARACHI** (the Association) which comprise the statement of financial position as at 30 June 2019 and the statement of income and expenditure account, statement of cash flows and statement of changes in funds 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 gives a true and fair view of the financial position of the Association as at 30 June 2019, and its financial performance and its cash flows for the year then ended in accordance with Accounting Standard for Not for Profit Organisations (NPOs) as issued by the Institute of Chartered Accountants of Pakistan (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 Association 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.

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

The Association is responsible for the preparation and fair presentation of the financial statements in accordance with the approved accounting and reporting standards as applicable in Pakistan, and for such internal control as the Association determine 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, Association is responsible for assessing the Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association 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 Association'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 Association'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 Association 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.



**CHARTERED ACCOUNTANTS**  
Engagement Partner: Fasih-uz-Zaman

Place: Karachi

Dated: 03 MAR 2020

**PATIENTS' WELFARE ASSOCIATION  
(DOW MEDICAL COLLEGE & CIVIL HOSPITAL)  
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019**

	Notes	2019	2018 <i>Restated</i>
		----- (Rupees) -----	
<b><u>ASSETS</u></b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets - At written down value	3	18,398,216	15,423,215
Investment	4	33,627,919	29,036,800
		52,026,135	44,460,015
<b>CURRENT ASSETS</b>			
Stocks	5	7,390,001	2,598,129
Loans, advances, prepayments and other receivables	6	1,032,541	772,674
Security deposit	7	14,500	14,500
Cash and bank balances	8	16,710,501	36,060,941
		25,147,543	39,446,244
		<b>77,173,678</b>	<b>83,906,259</b>
<b><u>FUNDS AND LIABILITIES</u></b>			
<b>FUNDS</b>			
Restricted funds	9	26,969,508	26,469,508
Unrestricted funds	10	(15,561,373)	20,688,811
		11,408,135	47,158,319
<b>CURRENT LIABILITIES</b>			
Accounts payable	11	62,507,583	36,092,523
Accrued and other liabilities	12	3,257,960	655,417
		65,765,543	36,747,940
		<b>77,173,678</b>	<b>83,906,259</b>

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

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**PATRON**

M. G. P.

**PRESIDENT**

M. G. P.

**PATIENTS' WELFARE ASSOCIATION  
(DOW MEDICAL COLLEGE & CIVIL HOSPITAL)  
STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2019**

	Notes	2019 ----- (Rupees) -----	2018 -----
<b>INCOME</b>	13	82,336,437	86,184,538
<b>EXPENDITURE</b>			
Blood bank expenses	14	82,237,795	62,947,609
Drug bank expenses	15	545,749	2,321,917
Laboratory expenses	16	247,872	246,696
Administrative and general expenses	17	10,927,426	7,225,887
Legal and professional charges	18	217,328	140,600
Depreciation	3	1,704,602	1,568,057
Finance cost		22,097	20,490
Other expenses	19	19,685	171,392
		95,922,554	74,642,648
Deficit of income over expenditure		(13,586,117)	11,541,890
Deficit of income over expenditure on thalassemia services	20	(22,664,067)	(16,423,128)
<b>Deficit of income over expenditure</b>		<b>(36,250,184)</b>	<b>(4,881,238)</b>

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



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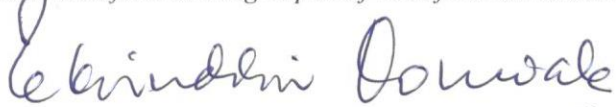


PRESIDENT

**PATIENTS' WELFARE ASSOCIATION  
(DOW MEDICAL COLLEGE & CIVIL HOSPITAL)  
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019**

	Notes	2019 ----- (Rupees) -----	2018 -----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating deficit		(36,250,184)	(4,881,238)
<i>Adjustment of non-cash items:</i>			
Depreciation	3	1,771,099	1,617,547
Loss on disposal of fixed assets	19	19,685	171,392
Exchange gain		(108,587)	(884,038)
		(34,567,987)	(3,976,337)
<b>Change in Working Capital</b>			
<i>(Increase) / decrease in current assets</i>			
Stocks		(4,791,872)	2,359,470
Loans, advances, prepayments and other receivables		(220,371)	(84,143)
Security deposit		--	1,000
<i>Increase / (decrease) in current liabilities</i>			
Accounts payable		26,523,647	(13,384,766)
Accrued and other liabilities		2,602,543	(896)
		24,113,947	(11,109,335)
Cash used in operations		(10,454,040)	(15,085,672)
<b>Payments for:</b>			
Income tax		(39,496)	(127,108)
Net cash used in operating activities		(10,493,536)	(15,212,780)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure	3	(4,788,685)	(2,598,442)
Proceeds from sale of Fixed assets		22,900	68,999
Investment		(4,591,119)	--
Net cash outflow from investing activities		(9,356,904)	(2,529,443)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Endowment fund received		500,000	--
Net cash inflow from financing activities		500,000	--
Net decrease in cash and cash equivalent		(19,350,440)	(17,742,223)
Cash and cash equivalents at the beginning of the year		36,060,941	53,803,164
<b>Cash and cash equivalents at the end of the year</b>		<b>16,710,501</b>	<b>36,060,941</b>

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



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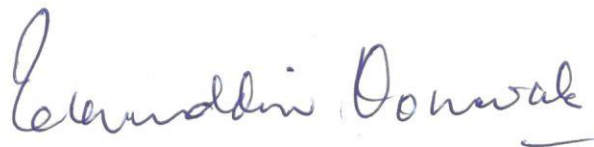
  
PRESIDENT

**PATIENTS' WELFARE ASSOCIATION  
(DOW MEDICAL COLLEGE & CIVIL HOSPITAL)  
STATEMENT OF CHANGES IN FUNDS FOR THE YEAR ENDED 30 JUNE 2019**

Restricted funds		Unrestricted funds	Total
Funds for Capital Expenditures	Endowment Fund	Accumulated Funds	
----- (Rupees) -----			

Balance as at 1 July 2017 - as reported	16,307,651	26,469,508	9,262,398	52,039,557
Funds transferred	(16,307,651)	--	16,307,651	--
Balance as at 1 July 2017 - as restated	--	<b>26,469,508</b>	<b>25,570,049</b>	<b>52,039,557</b>
Net deficit for the year	--	--	(4,881,238)	(4,881,238)
Balance as at 30 June 2018 - restated	--	<b>26,469,508</b>	<b>20,688,811</b>	<b>47,158,319</b>
Received during the year	--	500,000	--	500,000
Net deficit for the year	--	--	(36,250,184)	(36,250,184)
Balance as at 30 June 2019	--	<b>26,969,508</b>	<b>(15,561,373)</b>	<b>11,408,135</b>

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



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**PATIENTS' WELFARE ASSOCIATION**  
**(DOW MEDICAL COLLEGE & CIVIL HOSPITAL)**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

**1 STATUS AND NATURE OF OPERATIONS**

Patients' Welfare Association (the Association) is a Social Welfare Organization carrying out welfare activities at Civil Hospital, Karachi. The Association was established in the year 1979. It is registered under Voluntary Social Welfare Agencies (registration and Control) Ordinance, 1961 with Director of Social Welfare Govt. of Sindh vide Reg. DSW(S)/399 of 1981 dated 31 December 1981.

**2 SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Accounting system and convention**

The management of association has decided to adopt accrual basis of accounting for preparation of financial statements with effect from the year ended 30 June 2003.

These accounts have been prepared under historical cost convention except as disclosed in the accounting policies herein below.

**2.2 Functional and presentation currency**

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

**2.3 Foreign currency translation**

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. Assets and liabilities in foreign currencies are translated at the rate of exchange prevailing at the balance sheet date. Exchange gains and losses are recognised in the income and expenditure account.

**2.4 Property, plant and equipment**

Items of property, plant and equipment are stated at written down value. Depreciation charge is based on the reducing balance method at the rates specified in note 3 to the financial statements. Depreciation on additions is charged from the month the asset is put into use, while on disposals, depreciation is charged up to the month the asset was in use.

Normal repairs and maintenance are charged to income as and when incurred. Major renewals and replacements are capitalized and the assets so replaced, if any, are retired.

Gains or losses on sale of fixed assets are included in income currently.

**2.5 Stock**

Stock held (including stock in transit) is valued at cost.

Donation in kinds are recorded at their fair value at the date of donation.

**2.6 Revenue recognition**

Donations & Grants either in cash or in kind are recorded on receipts basis. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.



## 2.7 Capitalization of reserve for capital expenditure

Donation for capital expenditure received for a particular fixed asset is recognized as Income when said asset is available for use .

## 2.8 Funds

### *Unrestricted funds*

Unrestricted funds represents resources over which the association has discretionary control and are available for the various programs and administration of the association.

### *Restricted funds*

Restricted funds represents resources subject to donor imposed restrictions.

Any surplus remaining in restricted funds is transferred to unrestricted funds, if permitted by the donors or agreement between the association and the donor(s).

## 3 FIXED ASSETS - At written down value

Fixed assets - At written down value

2019                      2018  
----- Rupees -----

18,398,216              15,423,215

Particulars	2019					Rate
	Written down value as at 1 July 2018	Additions during the year	Disposals (Written down value)	Depreciation charged for the year	Written down value as at 30 June 2019	
----- (Rupees) -----						
<b>Tangible assets</b>						
Blood bank - building and renovation	3,498,350	189,580	--	351,776	3,336,154	10%
Laboratory - building and renovation	1,429,947	--	--	142,995	1,286,952	10%
Blood bank equipment	8,077,392	3,831,200	(3,164)	1,005,360	10,900,068	10%
Laboratory equipment	961,913	24,500	(4,669)	97,980	883,764	10%
Drug bank fittings	128,026	3,000	(27,611)	11,023	92,392	10%
Office equipment	840,841	169,755	(7,141)	92,122	911,333	10%
Vehicle	24,905	--	--	2,491	22,414	10%
Thalassemia day care centre	457,563	570,650	--	66,497	961,716	10%
<b>Intangible asset</b>						
Software	4,278	--	--	855	3,423	20%
<b>Total 2019</b>	<b>15,423,215</b>	<b>4,788,685</b>	<b>(42,585)</b>	<b>1,771,099</b>	<b>18,398,216</b>	
<b>Total 2018</b>	<b>14,682,711</b>	<b>2,598,442</b>	<b>(240,391)</b>	<b>1,617,547</b>	<b>15,423,215</b>	

2019                      2018  
----- Rupees -----

## 4 INVESTMENT

4.1              33,627,919              29,036,800

4.1 This amount includes investment of endowment fund amounting to Rs.26.470 million made in Meezan Amdan Certificates. The range of rates of profits on these term deposits is between 5.91% and 10.27% (2018: 5.97% and 5.99%) per annum.

## 5 STOCKS

Reagent and antisera kits	3,266,829	1,306,788
Medicines and injections	1,896,994	1,033,741
Blood bags	<u>2,226,178</u>	<u>257,600</u>
	<u>7,390,001</u>	<u>2,598,129</u>

	2019	2018
	----- Rupees -----	
<b>6 LOANS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES</b>		
Loan and advances to staff	48,002	22,502
Advance to suppliers	--	166,823
Advance against expenses	--	13,020
Prepayments	407,014	32,300
Income tax withheld at source	577,525	538,029
	<u>1,032,541</u>	<u>772,674</u>
<b>7 SECURITY DEPOSIT</b>		
Deposit against drinking water supply	<u>14,500</u>	<u>14,500</u>
<b>8 CASH AND BANK BALANCES</b>		
Cash in hand	95,338	87,318
Cash at bank		
- Local currency accounts	15,944,882	35,830,331
- Foreign currency account	670,281	143,292
	<u>16,710,501</u>	<u>36,060,941</u>
<b>9 RESTRICTED FUNDS</b>		
Endowment fund	<u>26,969,508</u>	<u>26,469,508</u>
	<u>26,969,508</u>	<u>26,469,508</u>
<b>9.1 Endowment fund</b>		
Opening Balance	26,469,508	26,469,508
Received during the year	500,000	--
	<u>26,969,508</u>	<u>26,469,508</u>
<p>This fund was received as endowment fund and has been invested under the scheme of Meezan Amdan Certificates as mentioned in note 4.1 by executive board of PWA and will not be utilized. However, the profits generated from this investment will be used for the services provided by PWA or can be reinvested.</p>		
	2019	2018
	----- Rupees -----	
<b>10 UNRESTRICTED FUNDS</b>		
Accumulated funds	<u>(15,561,373)</u>	<u>20,688,811</u>
	2019	2018
	----- Rupees -----	
<b>11 ACCOUNTS PAYABLE</b>		
Reagent / Anti Sera (Blood Bank)	59,584,910	35,158,648
Medicine and injection	2,855,051	875,253
Reagent / Anti Sera (Diagnostic Laboratory)	67,622	58,622
	<u>62,507,583</u>	<u>36,092,523</u>

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		2019	2018
		----- Rupees -----	
<b>12</b>	<b>ACCRUED AND OTHER LIABILITIES</b>		
	Accrued expenses	2,807,548	385,643
	Other liabilities	450,412	269,774
		<u>3,257,960</u>	<u>655,417</u>
<b>13</b>	<b>INCOME</b>		
	Donation	13.1 79,374,728	83,415,062
	Other income	13.2 2,961,709	2,769,476
		<u>82,336,437</u>	<u>86,184,538</u>
	<b>13.1 Donation</b>		
	Zakat	54,212,505	51,940,715
	Donation	19,233,759	18,553,102
	Donation in kind	13.1.1 5,928,464	12,921,245
		<u>79,374,728</u>	<u>83,415,062</u>
	<b>13.1.1</b> It includes government donation amounting to Nil (2018 : Rs.619,900/-)		
	<b>13.2 Other income</b>		
	Profit	2,488,055	1,776,408
	Other income	234,067	--
	Exchange gain	108,587	884,038
	Souvenir	131,000	109,030
		<u>2,961,709</u>	<u>2,769,476</u>
<b>14</b>	<b>BLOOD BANK EXPENSES</b>		
	Reagent and antisera consumed	57,941,087	37,067,665
	Salaries and allowances	20,533,140	16,412,588
	Blood Bags	14.1 1,633,548	8,289,845
	Printing and stationery	1,084,936	744,299
	Repair and maintenance	959,620	394,532
	Miscellaneous	85,464	38,680
		<u>82,237,795</u>	<u>62,947,609</u>
	<b>14.1</b> This represents consumption of blood bags received as donation in kind from Civil Hospital Karachi.		
<b>15</b>	<b>DRUG BANK EXPENSES</b>		
	Medicine and injection	377,704	1,659,250
	Salaries and allowances	167,425	645,037
	Printing and stationery	120	10,350
	Repair and maintenance	500	7,280
		<u>545,749</u>	<u>2,321,917</u>

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	2019	2018
	----- Rupees -----	
<b>16 LABORATORY EXPENSES</b>		
Salaries and allowances	55,800	207,676
Repair and maintenance	4,310	29,420
Reagent / antisera	186,762	9,000
Miscellaneous	1,000	--
Printing and stationery	--	600
	<u>247,872</u>	<u>246,696</u>
<b>17 ADMINISTRATIVE AND GENERAL EXPENSES</b>		
Salaries and allowances	7,105,148	5,222,524
Advertisement for donation	1,643,872	878,374
Repair and maintenance	624,373	579,351
Bake sale expenses	210,000	--
Water expense	200,871	139,376
Security service	630,050	111,401
Printing and stationery	164,461	94,137
Conveyance expense	94,459	86,600
Telephone expenses	119,719	82,324
Miscellaneous	134,053	30,900
Postage	420	900
	<u>10,927,426</u>	<u>7,225,887</u>
<b>18 LEGAL AND PROFESSIONAL CHARGES</b>		
Fees and subscription	18,570	80,050
Audit fee	50,000	50,000
Accountancy services	104,188	10,550
Other expenses	44,570	--
	<u>217,328</u>	<u>140,600</u>

**19 OTHER EXPENSE**

Loss on disposal of fixed assets	<u>19,685</u>	<u>171,392</u>
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**20 DEFICIT OF INCOME OVER EXPENDITURE ON THALASSEMIA SERVICES**

The Health Department, Government of Sindh (HDS) has provided necessary equipment to the association in respect of Thalassaemia Day-care Centre (TDC) in terms a memorandum of understanding executed between HDS and association. The association is responsible for operations of TDC. The income and expenditure relating to TDC is as follows:

Income	20.1	3,151,000	4,166,203
Expenditure	20.2	<u>(25,815,067)</u>	<u>(20,589,331)</u>
		<u>(22,664,067)</u>	<u>(16,423,128)</u>

**20.1 Income**

Zakat	1,886,500	3,599,203
Donation	1,264,500	567,000
	<u>3,151,000</u>	<u>4,166,203</u>

2019                      2018  
----- Rupees -----

**20.2 Expenditure**

Medicine and injection		14,437,838	10,070,465
TDC blood consumption		6,809,681	6,372,861
Salaries and allowances		4,176,881	3,692,600
Diagnostic lab expense		231,510	309,355
Depreciation	3	66,497	49,490
Infusion / Transfusion set		--	47,250
Repair and maintenance		61,490	28,840
Printing and stationery		4,350	11,990
Miscellaneous		26,820	6,480
		25,815,067	20,589,331

**21 CORRESPONDING FIGURES**

The corresponding figures have been reclassified and rearranged wherever necessary to facilitate comparison, significant restatement made was transfer of general fund amounting to Rs.16.308 million against which expenses were already recorded in previous years.

**22 DATE OF AUTHORISATION**

These financial statements were authorised for issue on 03 MAR 2020 by the General Body of the Association.

**23 GENERAL**

Figures have been rounded off to the nearest rupee.

*MER*

*Chinnabhai Acharya*

**PATRON**

*M. J. Patil*  
3<sup>rd</sup> March, 2020

**PRESIDENT**