

THALASSAEMIA SOCIETY OF PAKISTAN

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2020

INDEPENDENT AUDITORS' REPORT TO GENERAL BODY

Opinion

We have audited the financial statements of **Thalassaemia Society of Pakistan**, ("the Agency"), which comprise the statement of financial position as at **June 30, 2020** and the statement of income and expenditure and statement of changes in net assets 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 Agency as at **June 30, 2020**, and its financial performance and the changes in net assets for the year then ended in accordance with approved accounting and reporting standards as applicable in Pakistan.

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 Agency 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 executive body 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 executive body determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the executive body is responsible for assessing the Agency'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 Agency or to cease operations, or has no realistic alternative but to do so.

Those charged with governance is responsible for overseeing the Agency'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 Agency's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, 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 Agency's ability to continue as 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 Agency 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)

Lahore: 30 NOV 2020

Name of engagement partner: Muhammad Ali Rafique

THALASSEMIA SOCIETY OF PAKISTAN
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
<u>ASSETS</u>			
Non current assets			
Property and equipment	5	1,541,406	1,732,025
Long term deposits		10,000	10,000
		1,551,406	1,742,025
Current assets			
Medical store		58,407	-
Advances and prepayments	6	29,000	115,159
Cash and bank balances	7	3,346,870	4,702,518
		3,434,277	4,817,677
		4,985,683	6,559,703
<u>LIABILITIES</u>			
Non-current liabilities			
Deferred contribution	9	929,369	1,093,375
Current liabilities			
Accrued and other liabilities	8	127,268	441,881
Total liabilities		1,056,637	1,535,256
<u>NET ASSETS</u>			
		3,929,046	5,024,446
REPRESENTED BY:			
Unrestricted net assets		3,929,046	5,024,446

CONTINGENCIES & COMMITMENTS

The annexed notes from 1 to 13 form an integral part of these financial statements.


PRESIDENT


GENERAL SECRETARY

THALASSEMIA SOCIETY OF PAKISTAN
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
INCOME			
Donation received		2,119,319	3,769,550
Deferred contributions:			
-related to capital contribution	9.2	164,006	192,949
-related to revenue contribution	9.1.1	7,000,000	7,000,000
-related to zakat fund	9.1.2	1,386,050	1,462,900
Income from other sources		437,700	716,203
		<u>11,107,075</u>	<u>13,141,602</u>
EXPENDITURE			
Salaries and allowances		6,232,886	5,499,823
Medicine, nutrition and test expenses		4,476,729	5,515,783
Depreciation of property and equipment	5	270,620	304,269
Travelling and conveyance		233,491	172,307
Special event expenses		127,000	861,677
Professional charges		122,800	35,000
Vehicle running expense		119,927	79,683
Utilities and postage		91,340	35,874
Printing and stationary		70,457	292,848
Fee and subscription		65,500	110,000
Repair and maintenance		60,900	187,600
Thalassaemia center expenses		42,732	100,571
Auditor's remuneration		35,000	35,000
Website / IT charges		28,000	9,500
Advertisement		30,000	-
Insurance expense		10,159	7,841
Bank charges		4,562	3,880
Miscellaneous expenses		180,373	106,846
		<u>12,202,475</u>	<u>13,358,502</u>
Excess of expenditure over income before taxation		<u>(1,095,400)</u>	<u>(216,901)</u>
Taxation		-	-
Excess of expenditure over income for the year		<u><u>(1,095,400)</u></u>	<u><u>(216,901)</u></u>

The annexed notes from 1 to 13 form an integral part of these financial statements.


PRESIDENT


GENERAL SECRETARY

**THALASSEMIA SOCIETY OF PAKISTAN
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Un-restricted net assets</u> Rupees
Balance as at 01 July, 2018	5,241,347
Excess of expenditure over income for the year	(216,901)
Balance as at 30 June 2019	<u>5,024,446</u>
Excess of expenditure over income for the year	(1,095,400)
Balance as at 30 June 2020	<u><u>3,929,046</u></u>

The annexed notes from 1 to 13 form an integral part of these financial statements.




PRESIDENT


GENERAL SECRETARY

THALASSAEMIA SOCIETY OF PAKISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1. Legal status and operations

Thalassaemia Society of Pakistan (“the Agency”) was established as registered voluntary social welfare agency in October 16, 1997 under Voluntary Social Welfare Agencies (Registration and control) Ordinance, 1961 (XLVI of 1961). The main objective of the Agency is treatment of thalassaemia patients, awareness about thalassaemia and its prevention and research and development of related activities. The registered office of the Agency is situated at 146/1, Shadman Jail Road, Lahore.

The Agency is a Not-For-Profit Organization under section 2(36) of the Income Tax Ordinance, 2001 and its surplus/(deficit), if any, is carried forward to the subsequent years, and is not available for appropriation.

2. Basis of preparation

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:

- Revised Accounting and Financial Reporting Standard for the Small-Sized Entities (Revised AFRS for SSEs) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as notified by the Securities and Exchange Commission of Pakistan (SECP); and
- Accounting Standard for Not for Profit Organizations (NPOs) issued by the ICAP.

Where the requirements of Revised AFRS for SSEs differ from the Accounting Standard for NPOs, the requirements of the Revised AFRS for SSEs have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupee (Rs. / Rupees) which is the Agency functional currency. Amounts presented in the financial statements have been rounded off to the nearest of Rs. / Rupees, unless otherwise stated.

2.4 Key judgments and estimates

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires Executive body to exercise judgement in the process of applying the Agency’s accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- Useful lives, residual values and depreciation method of property & equipment – Note 3.1
- Impairment loss of non-financial assets – Note 3.2
- Provision for account receivables – Note 3.3
- Assumptions and estimates used in disclosure and assessment of provision for contingencies and taxation - Note 3.9 & 3.10.



The revisions to accounting estimates (if any) are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explain below.

3.1 Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and impairment loss (if any). Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation. Cost in relation to certain property and equipment signifies historical cost.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Agency and the cost of the item can be measured reliably.

Normal repairs and maintenance are charged to current year's revenue as and when incurred, while major renewals and improvements are capitalized if it is probable that the respective future economic benefits will flow to the Agency and the cost of the item can be measured reliably, and asset so replaced, if any, are retired.

Depreciation is charged using the reducing balance method at rates specified in note 5 to the financial statements. Depreciation is charged from the date the assets is available for use up to the date of disposal / deletion of the assets.

The gain or loss arising on disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the statement of income and expenditure.

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate accounted for on a prospective basis.

3.2 Impairment of non-financial assets

At each reporting date, the Agency assess whether there is any indication that an asset may be impaired. If there is any such indication, the Agency shall determine the recoverable amount of the asset, or group of assets forming a cash generating unit.

If, and only if, the recoverable amount of an asset (other than inventory) is less than its carrying amount the Agency reduce the carrying amount of the asset to its recoverable amount. That reduction is an impairment loss. The Agency recognize an impairment loss immediately in statement of income and expenditure.

The Agency make a new assessment of recoverable amount at each subsequent reporting date. When the circumstances that previously caused assets to be impaired no longer exist or when there is clear evidence of an increase in recoverable amount because of change in economic circumstances the Agency reverse the amount of impairment loss and must be remeasured at lower of: a) Its carrying amount had there been no impairment loss; and b) Its recoverable amount.

3.3 **Advances and other receivables**

These are recognized initially at fair value and subsequently measured at amortized cost less any identified impairment loss. An estimated provision is made against amounts considered doubtful of recovery whereas, amounts considered irrecoverable are written off.

3.4 **Cash and cash equivalents**

Cash and cash equivalents are carried at cost in the statement of financial position which comprise of cash in hand bank balances.

3.5 **Accrued and other payables**

These are obligations under normal short-term credit terms. These are measured at the undiscounted amount of cash to be paid. These are classified as current liabilities if payment is due within one year or less. If not, these are presented as non-current liabilities.

3.6 **Contributions**

3.6.1 **Restricted contribution**

A restricted contribution is a contribution subject to externally imposed stipulations that specify the purpose for which the contributed asset is to be used. Restricted contributions for expenses of one or more future periods deferred and recognized as revenue in the same period or periods as the related expenses are recognized. Expenditure incurred against committed contribution but which are yet to be received, is accrued and recognize in income and reflected as grant/contribution receivable, only if conditions of agreement are met. Unspent portion of such contribution reflected as deferred contribution related to expense of future periods in statement of financial position. While the contributions restricted for the purchase of capital assets amortized to match such contributions with the benefits provided by the capital assets acquired. Such contributions recognized as revenue over the useful life of the acquired capital asset to reflect the fact that the contribution provides benefits in all the periods in which the organization has the use of the capital asset. A contribution in kind, if any, are recognized at fair value determine when contribution received.

3.6.2 **Un-restricted contribution**

Unrestricted contribution is a contribution that is neither a restricted contribution nor an endowment contribution and recognized in the statement of income and expenditure on receipt basis.

3.7 **Revenue recognition**

Revenue is recognised to the extent the Agency has rendered services under an agreement, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Agency. Revenue is recognised at fair value of consideration received or receivable.

The Agency has adopted the deferral fund method for recognition of revenue as prescribed by the ICAP in "Accounting Standard for Not for Profit Organization". Revenue from different sources is recognised on the following basis:

- Contribution/donation/grant, including non-monetary contribution at fair value if any, are recognized as and when there is reasonable assurance that the Agency will comply with condition attaching to them if any, and contribution/donation/grant will be received;
- Zakat received for the patients are recognized as income as and when expenses are incurred on providing services/medicines to needy / deserving patients; and
- Miscellaneous income, if any, recognize on receipt basis.

3.8 Provisions

Provisions are recognised in the statement of financial position date when the Agency has a legal or constructive obligation as a result of past events and it is probable that out flow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

3.9 Contingencies and commitments

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The executive body based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future events not wholly within the control of the executive body.

3.10 Taxation

The Agency has exemption certificate under section 2 (36) of Income Tax Ordinance, 2001 (“the Ordinance”) and tax payable was subject to 100% tax credit under section 100C of the Ordinance. Therefore, no provision has been provided in these financial statements.

3.11 Related party transaction

Transactions with related parties are based on arm’s length at normal commercial rates on the same terms and conditions as applicable to third party transactions.

3.12 Financial instrument

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Agency initially measures its financial assets and financial liabilities at fair value, except for certain non-arm’s length transactions.

3.12.1 Financial assets

Financial assets measured at amortized cost include bank balance and deposits. The Agency subsequently measures all its financial assets at amortized cost.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in statement of income and expenditure. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in statement of income and expenditure.

3.12.2 Financial liabilities

Financial liabilities measured at amortized cost include accrued and other liabilities.

4. Details of the Project

4.1 MEDICAL RESEARCH COUNCIL (“MRC”)

Supporting relatives of children with Beta - thalassemia major in Pakistan informed decision about cascade screening (“the Project”) - 01 November 2019 to 30 April 2021

The Society has entered into Letter of Agreement with University of Leeds (“Leeds”) as funded by the MRC to the Leeds dated 29 August 2019. The total cost of the Project is **£78,591.94**.

The main objectives of this project are to:

- develop a decision support intervention for relatives to facilitate informed decision-making about cascade screening;
- co-design the decision support intervention with potential users - parents and relatives of children with beta-thalassemia major (individuals making decision), and field officers (individuals facilitating decision-making);
- understand potential users' views about the suitability and acceptability of the decision support intervention;
- understand whether field officers can be trained to deliver this intervention using specifically designed training resources; and
- engage key stakeholders throughout the project in two-way open communication to develop the decision support intervention.

However, the Project couldn't start at its respective date due to opening of special bank account as required. Moreover, subsequently to year end, grant as per payment schedule has been transferred to PKR special bank account as opened by the Agency for such purpose.



5. Property and equipment

5.1 Reconciliation of the carrying amounts at the end of the year is as follows:

Particulars	Cost		Rate %	Accumulated depreciation		Carrying Amount as at 30-06-2020 Rupees	
	As at July 1, 2019	As at June 30, 2020		As at July 1, 2019	For the year 2020		As at June 30, 2020
	Rupees	Rupees		Rupees	Rupees		Rupees
<i>Un-restricted</i>							
Electrical equipment	358,050	-	15	196,283	24,265	137,502	
Medical instruments	10,200	-	15	8,847	203	1,150	
Furniture & Fixture	266,668	80,000	15	192,432	21,951	132,285	
Computer and related equipment	136,550	-	15	119,604	2,542	14,404	
Office equipment	39,050	-	15	28,411	1,596	9,043	
Vehicle	705,000	-	15	331,292	56,056	317,652	
	1,515,518	80,000		876,868	106,614	612,037	
<i>Restricted</i>							
Vehicle	7,800,000	-	15	6,706,625	164,006	929,369	
	9,315,518	80,000		7,583,493	270,620	1,541,406	

5.2 Reconciliation of the carrying amounts at the beginning of the year is as follows:

Particulars	Cost-restated		Rate %	Accumulated depreciation-restated		Carrying Amount as at 30-06-2019 Rupees	
	As at July 1, 2018	As at June 30, 2019		As at July 1, 2018	For the year 2019		As at June 30, 2019
	Rupees	Rupees		Rupees	Rupees		Rupees
<i>Un-restricted</i>							
Electrical equipment	248,050	110,000	15	169,118	27,165	161,767	
Medical instruments	10,200	-	15	8,608	239	1,353	
Furniture & Fixture	266,668	-	15	179,331	13,101	74,236	
Computer and related equipment	136,550	-	15	116,613	2,991	16,946	
Office equipment	39,050	-	15	26,534	1,877	10,639	
Vehicle	705,000	-	15	265,343	65,948	373,708	
	1,405,518	110,000		765,547	111,321	638,650	
<i>Restricted</i>							
Vehicle	7,800,000	-	15	6,513,676	192,949	1,093,375	
	9,205,518	110,000		7,279,223	304,269	1,732,025	

		2020 Rupees	2019 Rupees
6. Advances and prepayments			
Advances to staff against salaries		29,000	105,000
Prepayments		-	10,159
		<u>29,000</u>	<u>115,159</u>
7. Cash and bank balances			
Current account			
-Deposits with conventional banks		3,341,888	4,702,518
Cash in hand		4,982	-
		<u>3,346,870</u>	<u>4,702,518</u>
8. Accrued and other liabilities			
Payable to suppliers		38,553	395,420
Accrued liabilities		53,715	11,461
Audit fee payable		35,000	35,000
		<u>127,268</u>	<u>441,881</u>
9. Deferred contribution			
Related to expense of future periods	9.1	-	-
Related to capital contribution	9.2	929,369	1,093,375
	5.1	<u>929,369</u>	<u>1,093,375</u>
9.1 Related to expense of future periods			
Government aid	9.1.1	-	-
Zakat fund	9.1.2	-	-
		<u>-</u>	<u>-</u>
9.1.1 Government aid			
Balance at beginning of the year		-	-
Grant received during the year		7,000,000	7,000,000
Amount recognized as revenue for the year		(7,000,000)	(7,000,000)
Balance at end of the year		<u>-</u>	<u>-</u>
9.1.2 Zakat fund			
Balance at beginning of the year		-	-
Zakat received during the year		1,386,050	1,462,900
Amount recognized as revenue for the year		(1,386,050)	(1,462,900)
Balance at end of the year		<u>-</u>	<u>-</u>
9.2 Related to capital contribution			
Balance at beginning of the year		1,093,375	1,286,324
Amortization during the year	5	(164,006)	(192,949)
Balance at end of the year		<u>929,369</u>	<u>1,093,375</u>
10. Contingencies & commitments			
The Agency is not exposed to any contingency and commitment as on reporting date.			



11. Transactions with related parties

Related parties comprise of members of the Agency and key management personnel. Transactions and balances with those and others related parties are given in respective notes to these financial statements. There were no other significant transactions with related parties occurred for the year.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Agency directly or indirectly. The Agency considers all members of the Managing Committee, Secretary, Finance Secretary, Officers and other person fulfilling the senior management functions as its key management personnel.

Aggregate amount charged as remuneration and benefits of the key management personnel of the Agency were Rs. 2,170,156 (2019: Rs. 1,019,239).

12. Impact of COVID-19 on the financial statements

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. The COVID 19 outbreak developed rapidly thereafter with a significant number of COVID-19 cases reported globally. The pandemic has resulted in consequences on health, society and on economy affecting the earnings and cash flows of businesses, after the announcement of lock-downs by the government authorities, resulting in closure of business operations except for specifically exempted industries. The management has evaluated and concluded that presently this outbreak does not have any impact on the amounts being reported in the Agency's financial statements for the year ended June 30, 2020.

13. Date of authorization for issue

These financial statements were authorized for issue on 30-Nov-2020 by the Executive Body of the Agency.




PRESIDENT


GENERAL SECRETARY