

THALASSAEMIA SOCIETY OF PAKISTAN

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2021

INDEPENDENT AUDITORS' REPORT TO GENERAL BODY

Opinion

We have audited the financial statements of **Thalassemia Society of Pakistan**, ("the Agency"), which comprise the statement of financial position as at **June 30, 2021**, the statement of income and expenditure account 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, 2021**, 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.

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RIAZ AHMAD, SAQIB, GOHAR & CO.
Chartered Accountants

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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: 07 DEC 2021

Name of engagement partner: Muhammad Ali Rafique

THALASSEMIA SOCIETY OF PAKISTAN
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees Restated
<u>ASSETS</u>			
Non current assets			
Property and equipment	5	1,928,501	1,541,406
Long term deposits		10,000	10,000
		1,938,501	1,551,406
Current assets			
Medical store		55,290	58,407
Advances and other receivables	6	119,432	29,000
Cash and bank balance	7	2,360,387	3,346,870
		2,535,109	3,434,277
		4,473,610	4,985,683
<u>LIABILITIES</u>			
Non-current liabilities			
Deferred contribution	8	1,489,472	929,369
Current liabilities			
Accrued and other liabilities	9	386,746	3,942,086
Total liabilities		1,876,219	4,871,455
<u>NET ASSETS</u>		2,597,393	114,228
REPRESENTED BY:			
Unrestricted net assets		2,597,393	114,228

CONTINGENCIES & COMMITMENTS

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

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PRESIDENT


GENERAL SECRETARY

THALASSEMIA SOCIETY OF PAKISTAN
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees Restated
INCOME			
Donation received		1,634,350	2,119,319
Deferred contribution:			
-related to capital contribution	8.2	139,405	164,006
-related to revenue contribution	8.1.1	7,000,000	7,000,000
-related to research	8.1.2	10,987,399	-
-related to zakat fund	8.1.3	1,630,820	1,386,050
Income from other sources		297,932	437,700
		<u>21,689,907</u>	<u>11,107,075</u>
EXPENDITURE			
Salaries and allowances		6,646,941	6,232,886
Medicine and test expenses		3,752,456	4,476,729
Nutrition Program (Breakfast & Lunch For Patients)		1,031,000	-
Depreciation of property and equipment	5	304,404	270,620
Miscellaneous expenses		179,492	180,373
Printing and stationary		128,180	70,457
Vehicle running expense		92,040	119,927
Travelling and conveyance		89,365	233,491
Utilities and postage		73,855	91,340
Auditor's remuneration		75,000	35,000
Thalassemia center expenses		59,117	42,732
Website / IT charges		29,500	28,000
Professional charges		28,000	122,800
Repair and maintenance		27,600	60,900
Fee and subscription		10,000	65,500
Bank charges		9,211	4,562
Special event expenses		-	127,000
Insurance expense		-	10,159
Advertisement		-	30,000
		<u>12,536,161</u>	<u>12,202,475</u>
Research project UOL			
Staff cost		4,990,199	3,685,456
Travelling cost data collection		674,059	89,362
Purchases		551,998	-
Focus group		221,307	-
Advertisement cost		75,000	40,000
Training Workshop- Field Officer		57,290	-
Conference		31,330	-
Expert panel meeting		30,578	-
Artist fee		27,770	-
Printing		11,050	-
		<u>6,670,581</u>	<u>3,814,818</u>
Total expenditure		<u>19,206,742</u>	<u>16,017,293</u>
Excess of income / (expenditure) over (expenditure) / income before taxation		2,483,164	(4,910,218)
Taxation		-	-
Excess of income / (expenditure) over (expenditure) / income for the year		<u>2,483,164</u>	<u>(4,910,218)</u>

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


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THALASSEMIA SOCIETY OF PAKISTAN
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Un-restricted net assets</u> Rupees
Balance as at 30 June 2019	5,024,446
Excess of expenditure over income for the year	(4,910,218)
Balance as at 30 June 2020 - Restated	114,228
Excess of income over expenditure for the year	2,483,164
Balance as at 30 June 2021	<u>2,597,393</u>

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

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PRESIDENT


GENERAL SECRETARY

THALASSAEMIA SOCIETY OF PAKISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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 as notified by the Securities and Exchange Commission of Pakistan (SECP); and
- Accounting Standard for Not for Profit Organizations (NPOs) issued by the Institute of Chartered Accountant of Pakistan (‘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

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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 recognized 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 recognized 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 expense 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 recognized in the statement of income and expenditure.

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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 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 Contribution

3.7.1 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.

3.7.2 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 recognized 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 recognized 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 recognized 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 recognized 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,

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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 had exemption certificate under section 2 (36) of Income Tax Ordinance, 2001 (“the Ordinance”) dated 09 January, 2017 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.

3.13.1 Financial assets

Financial assets measured at amortized cost include bank balance and other receivables 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.

3.13.2 Financial liabilities

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

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4. Details of project

4.1 Supporting relatives of children with Beta - thalassemia major in Pakistan informed decision about cascade screening

Society has entered into Letter of Agreement with University of Leeds ("Leeds") related to the project. The project is started from 01 November 2019 and still in progress.

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.

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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 30-06-2021 Rupees
	As at June 30, 2021			As at June 30, 2021		
	Rupees	Rupees		For the year 2020	Rupees	
<u>Un-restricted</u>						
Electrical equipment	358,050	358,050	15	220,548	20,625	116,877
Medical instruments	10,200	10,200	15	9,050	173	978
Furniture & Fixture	346,668	361,668	15	214,383	20,361	126,924
Computer and related equipment	136,550	718,050	15	122,146	72,688	523,216
Office equipment	39,050	95,000	15	30,007	3,504	100,539
Vehicle	705,000	705,000	15	387,348	47,648	270,004
	1,595,518	691,500		983,482	164,998	1,138,538
<u>Restricted</u>						
Vehicle	7,800,000	7,800,000	15	6,870,631	139,405	789,964
	9,395,518	691,500		7,854,113	304,404	1,928,501

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

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

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	Note	2021 Rupees	2020 Rupees Restated
6. Advances and other receivables			
Advances to staff against salaries		100,000	29,000
Receivable from FBR		19,432	-
		<u>119,432</u>	<u>29,000</u>
7. Cash and bank balance			
Current account			
-Deposits with conventional banks		2,354,542	3,341,888
Cash in hand		5,845	4,982
		<u>2,360,387</u>	<u>3,346,870</u>
8. Deferred contribution			
Related to expense of future periods	8.1	699,509	-
Related to capital contribution	8.2	789,964	929,369
		<u>1,489,472</u>	<u>929,369</u>
8.1 Related to expense of future periods			
Government aid	8.1.1	-	-
Research grant	8.1.2	699,509	-
Zakat fund	8.1.3	-	-
		<u>699,509</u>	<u>-</u>
8.1.1 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>
8.1.2 Research grant			
Balance at beginning of the year		-	-
Grant received during the year		11,686,908	-
Amount recognized as revenue for the year		(10,987,399)	-
Balance at end of the year		<u>699,509</u>	<u>-</u>
8.1.3 Zakat fund			
Balance at beginning of the year		-	-
Zakat received during the year		1,630,820	1,386,050
Amount recognized as revenue for the year		(1,630,820)	(1,386,050)
Balance at end of the year		<u>-</u>	<u>-</u>
8.2 Related to capital contribution			
Balance at beginning of the year		929,369	1,093,375
Amortization during the year		(139,405)	(164,006)
Balance at end of the year		<u>789,964</u>	<u>929,369</u>
9. Accrued and other liabilities			
Payable to suppliers		70,648	38,533
Accrued liabilities		276,098	3,868,533
Audit fee payable		40,000	35,000
		<u>386,746</u>	<u>3,942,086</u>

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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.

No amount was charged as remuneration and benefits of the key management personnel of the Agency except Rs. 2,121,234/- (2020: Rs. 2,170,156/-).

12. Rectification of prior period error

The Agency has rectified prior year error in respect of Staff, advertisement and travelling cost which were not accounted as expense during the financial year 2020.

Impact of restatement is as follows:

The related effects of the above prior year error have been accounted for retrospectively. The effect of restatement on financial statements is summarized below:

	<u>30-Jun-20</u>		
	As previously reported	Adjustments	As restated
	-----Rupees-----		
Statement of financial position			
Accrued and other liabilities	(127,268)	(3,814,818)	(3,942,086)
Un-restricted net assets	(3,929,046)	3,814,818	(114,228)
Statement of Income and Expenditure			
Staff cost	-	3,685,456	3,685,456
Advertisement expenses	-	40,000	40,000
Travelling cost	-	89,362	89,362
Statement of changes in net assets			
Increase in excess of expenditure over income	1,095,400	3,814,818	4,910,218

13. Date of authorization for issue

These financial statements were authorized for issue on 07 DEC 2021 by the Executive Body of the Agency.

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Omni Kaur
PRESIDENT

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GENERAL SECRETARY