

**THE PATIENTS' BEHBUD SOCIETY FOR AKUH
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**



The Executive Committee
The Patients' Behbud Society for AKUH
Stadium Road
P.O. Box 3500
Karachi

April 4, 2017

ASR 2190

Dear Sirs

**THE PATIENTS' BEHBUD SOCIETY FOR AKUH
AUDIT OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

We enclose five copies of the draft financial statements of the Patients' Behbud Society for AKUH (the Society) for the year ended December 31, 2016 with our draft audit report thereon, initialed by us for identification purposes only. We shall be pleased to sign our report, in its present or amended form, after:

- a) these financial statements have been approved by the Executive Committee (the Committee) and are signed by the Chairman and the Secretary of the Society;
- b) we have received a representation letter duly signed by the Chairman and the Secretary of the Society, a draft of which has already been provided to the management of the Society; and
- c) we have received the final draft of 'other information' to be printed in the annual report of the Society to consider whether it, including the manner of its presentation, is materially consistent with information appearing in the enclosed financial statements.

In paragraph 3 of this letter we have set forth a matter for your attention, which was noted during our audit of the enclosed financial statements. A more extensive special examination may have revealed other matters.

**2. RESPONSIBILITIES OF THE AUDITORS AND THE MANAGEMENT IN
RELATION TO THE FINANCIAL STATEMENTS**

The responsibilities of the independent auditors, in a usual examination of financial statements, are explained in International Standard on Auditing – 200 "Overall Objectives of The Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing". While the auditors are responsible for forming and expressing their opinion on the financial statements, the responsibility for the preparation of financial statements is primarily that of the Society's management in accordance with the applicable financial reporting framework with the oversight of the Committee, which includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error. The management's responsibilities include to provide the auditor with (i) all information, such as records and documentation and other matters that are relevant to the preparation and presentation of the financial statements; (ii) any additional information that the auditor may request from management, and where appropriate, those charged with governance; and (iii) unrestricted access to those within the entity from whom the auditor determines it is necessary to obtain audit evidence.

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The audit of the financial statements does not relieve the management or the Committee of their responsibilities. Accordingly, our examination of the books of account and records should not be relied upon to disclose all the errors or irregularities in relation to the financial statements.

We would like to advise you that unless we have signed our audit report on the enclosed financial statements, the same shall remain and deemed to be unaudited.

3. COMPLETENESS OF ZAKAT

In any organisation which receives donations (zakat) from its well wishers, an inherent risk exists, whereby the completeness of the donations received in cash cannot always be ensured. In these circumstances, consistent with prior years, we have relied on the management's assertions as to the completeness of zakat received in cash.

* * * * *

We wish to place on record our appreciation of the courtesy and cooperation extended to us during the course of our audit.

Yours truly

A handwritten signature in black ink, appearing to be "A. F. Ferguson & Co.", written over a horizontal line.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

We have audited the accompanying financial statements of the Patients' Behbud Society for AKUH (the Society) which comprise of the financial position as at December 31, 2016, the related statement of income and expenditure, the statement of changes in fund balance and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the approved accounting standards as applicable in Pakistan, and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Patients' Behbud Society for AKUH as at December 31, 2016 and of its financial performance and cash flows for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

Chartered Accountants

Karachi

Date: April 14, 2017

Audit Engagement Partner: Waqas A. Sheikh

THE PATIENTS' BEHBUD SOCIETY FOR AKUH
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016

	Note	2016	2015
		------(Rupees in '000)-----	
ASSETS			
Current Assets			
Income tax refundable		9	-
Accrued profit on bank deposits		745	736
Cash and bank balances	5	<u>165,580</u>	<u>121,315</u>
		<u><u>166,334</u></u>	<u><u>122,051</u></u>
 FINANCED BY:			
 RESTRICTED FUNDS			
Zakat Fund		165,049	121,187
General Fund		<u>1,285</u>	<u>864</u>
		<u><u>166,334</u></u>	<u><u>122,051</u></u>

The annexed notes from 1 to 7 form an integral part of these financial statements.


Chairman



Secretary

**THE PATIENTS' BEHBUD SOCIETY FOR AKUH
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Note	2016 ------(Rupees in '000)-----	2015 ------(Rupees in '000)-----
Income			
- General donations		9,500	8,000
- Donations in kind		20,405	12,968
		29,905	20,968
Other income			
Return on saving bank accounts:			
- Accounts in islamic banking institutions		7,374	9,510
- Profit & Loss bank accounts		447	119
		7,821	9,629
Total Income		<u>37,726</u>	<u>30,597</u>
Expenditure			
General and administrative expenses	6	(30,287)	(21,173)
Surplus for the year		<u><u>7,439</u></u>	<u><u>9,424</u></u>
Attributable to:			
- Zakat Fund		7,018	9,341
- General Fund		421	83
		<u><u>7,439</u></u>	<u><u>9,424</u></u>

The annexed notes from 1 to 7 form an integral part of these financial statements.

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Chairman



Secretary

THE PATIENTS' BEHBUD SOCIETY FOR AKUH
 STATEMENT OF CHANGES IN FUND BALANCE
 AS AT DECEMBER 31, 2016

	RESTRICTED FUND					
	2016			2015		
	Zakat Fund	General Fund	Total	Zakat Fund	General Fund	Total
	-----Rupees in '000-----					
Balance at beginning of the year	121,187	864	122,051	116,917	781	117,698
Zakat / Donations collected during the year	185,772	29,905	215,677	128,132	20,968	149,100
Transferred to statement of income and expenditure	-	(29,905)	(29,905)	-	(20,968)	(20,968)
Zakat disbursed during the year	(148,928)	-	(148,928)	(133,203)	-	(133,203)
Transferred from statement of income and expenditure	7,018	421	7,439	9,341	83	9,424
Balance at end of the year	<u>165,049</u>	<u>1,285</u>	<u>166,334</u>	<u>121,187</u>	<u>864</u>	<u>122,051</u>

The annexed notes from 1 to 7 form an integral part of these financial statements.

9/12/16


 Chairman

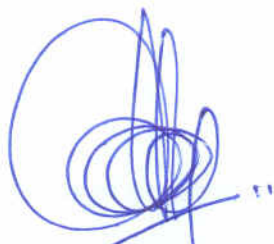

 Secretary

THE PATIENTS' BEHBUD SOCIETY FOR AKUH
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Note	2016	2015
		------(Rupees in '000)-----	
CASH INFLOWS			
Zakat collected		185,772	128,132
Return on saving bank accounts received		7,803	9,803
Donations		9,500	8,000
Total cash inflow during the year		203,075	145,935
CASH OUTFLOWS			
Zakat disbursed		(148,928)	(133,203)
General and administrative expenses		(9,882)	(8,205)
Total cash outflow during the year		(158,810)	(141,408)
Net increase in cash and bank balances		44,265	4,527
Cash and bank balances at beginning of the year		121,315	116,788
Cash and bank balances at the end of the year	5	165,580	121,315

The annexed notes from 1 to 7 form an integral part of these financial statements.

Ms.


 Chairman


 Secretary

**THE PATIENTS' BEHBUD SOCIETY FOR AKUH
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

1. GENERAL INFORMATION

1.1 The Patients' Behbud Society for AKUH (the Society) was established by well wishers of the Aga Khan University Hospital (the Hospital) under a constitution dated June 22, 1993 (the Constitution) for supporting needy patients seeking treatment at the Hospital through Zakat funds available with the Society. The Society is registered under the Voluntary Social Welfare Agencies (Registration and Control) Ordinance, 1961 (XLVI of 1961) since August 23, 1993. The principal office of the Society is situated at the Aga Khan University Hospital, Stadium Road, P.O. Box 3500, Karachi 74800.

The following funds are being managed by the Society in order to pursue its aforementioned objectives:

(a) Zakat Fund

The Zakat Fund of the Society has been established for providing financial assistance to the needy patients seeking treatment at the Hospital through Zakat Fund available with the Society. Major contributions include zakat collected, transfer by the Society through the surplus as well as donations received from various sources.

(b) General Fund

General Funds are utilised for meeting general and administrative expenses of the Society. Donations contributed by the donors for general purposes / operations are recognised under the General Fund upon receipt. Major contributions include transfer by the Society through the surplus as well as donations received from various sources.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation and statement of compliance

These financial statements have been prepared under the historical cost convention except as otherwise disclosed in the accounting policies below.

This is the first set of financial statements prepared by the Society in accordance with the approved accounting and financial reporting standards as applicable in Pakistan as stated below.

Approved accounting and financial reporting standards comprise of Accounting and Financial Reporting Standards for Small Sized Entities (AFRS for SSE) and Accounting Standards for Not-for-Profit Organisations issued by the Institute of Chartered Accountants of Pakistan.



Previously, financial statements were prepared in accordance with the constitution and the directions of Executive Committee of the Society. The change has been made to comply with the requirements of revised TR-5 "IASB Standards - Council's Statement of Applicability" dated February 3, 2016 issued by the Institute of Chartered Accountants of Pakistan. However, there is no change in measurement and recognition impacting these financial statements. Any changes in disclosure requirements have been incorporated in these financial statements.

2.2 Cash and bank balances

Cash and bank balances are carried in the balance sheet at cost. Cash and bank balances comprise of cash in hand and deposits held with banks.

2.3 Revenue recognition

- Zakat and Donation are recognised on receipt basis.
- Profit on bank balances is recognised on a time proportion basis on the principal amount outstanding and at the applicable rate.
- Donations in kind are recognised at fair value.

2.4 Disbursement

Disbursements are recognised as commitments when these are approved by the Committee. Subsequent to approval, these amounts are paid to the Hospital on behalf of Mustahiqeen patients.

2.5 Taxation

The Society does not account for taxation, as non-profit organisations are allowed a tax credit equal to one hundred percent (100%) of the tax payable including minimum tax and final tax payable, under section 100C of the Income Tax Ordinance, 2001.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and judgements 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. Presently no significant estimates / judgements have been made for the preparation of these financial statements.

4. TRANSITION TO APPROVED ACCOUNTING AND FINANCIAL REPORTING STANDARDS

Transition date is effective from January 1, 2016. The Society has prepared its financial statements in accordance with the approved accounting and financial reporting standards specified in note 2 and there is no change in measurement and recognition impacting prior year financial statements.

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	Note	2016 ------(Rupees in '000)-----	2015
5. CASH AND BANK BALANCES			
With banks in:			
- Saving accounts			
Profit & Loss accounts		1,349	8,902
Accounts in islamic banking institutions		163,155	108,083
		164,504	116,985
- Current accounts		1,076	4,330
		<u>165,580</u>	<u>121,315</u>
6. GENERAL AND ADMINISTRATIVE EXPENSES			
Advertisement for zakat campaign		29,838	20,968
Published and printed material		67	-
Professional fee	6.1	-	92
Bank charges and others	6.1	382	113
		<u>30,287</u>	<u>21,173</u>
6.1 These expenses are allocated to Restricted Fund as follows:			
Attributable to:			
- Zakat Fund		356	169
- General Fund		26	36
		<u>382</u>	<u>205</u>

7. DATE OF AUTHORISATION

These financial statements were authorised for issue on April 14, 2017 by the Executive Committee of the Society.




Chairman


Secretary