LADY DUFFERIN HOSPITAL

FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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Chartered Accountants
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The Managing Committee
Lady Dufferin Hospital
Chand Bibi Road
Karachi

May 22, 2024

ASR 5565

Dear Committee Members

DRAFT FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

We have pleasure in enclosing five copies of the draft financial statements of Lady Dufferin Hospital (the Hospital) for the year ended June 30, 2023, with our draft audit report thereon initialled by us for identification purposes. We shall be pleased to sign our report in its present or amended form after:

(a) these draft financial statements have been approved by the Managing Committee and signed by the Chairman, Honorary Treasurer and the Medical Superintendent;

(b) we have seen the specific approval of the Managing Committee in respect of the items listed in Annexure 'A' to this letter;

(c) we have received a signed letter of representation along the lines of the draft provided to the Chief Financial Officer; and

(d) we have received satisfactory responses to our requests for confirmation of balances as of June 30, 2023, from the following related parties:

   i. Lady Dufferin Foundation Trust;
   ii. Aloo Minocher Dinshaw Charitable Trust; and
   iii. Hospital Welfare Society

We take this opportunity to draw your attention to certain accounting and related matters which are set forth below:

2. RESPONSIBILITIES OF THE MANAGING COMMITTEE AND AUDITORS IN RELATION TO THE FINANCIAL STATEMENTS

The responsibilities of the independent auditors, in a usual examination of the 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 the financial statements is primarily that of the Hospital's Managing Committee in accordance with the approved accounting and reporting standards, which includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that are free from material misstatement, whether due to fraud or error. The Managing Committee'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 the Managing Committee and, where appropriate those charged with governance; and (iii) unrestricted access to those within the Hospital from whom the auditor determines it necessary to obtain audit evidence. The audit of the financial statements does not relieve the Managing Committee of its responsibilities. Accordingly, our examination of the books of accounts and records should not be relied upon to disclose all the errors or irregularities in relation to the financial statements.

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Letter ASR 5565
dated May 23, 2024

We would like to inform the management that unless we have signed the auditors' report on these financial statements, the same shall remain and be deemed unaudited.

3. TAXATION

As at June 30, 2023, the Hospital had the following pending tax matters:

	Note	2023	2022
		(In Rupees)	
Receivable – advance tax	3.1	13,558,717	12,267,587
Payable – property tax	3.2	(1,380,907)	(1,380,907)
Income tax	3.3	-	-

3.1 Advance tax

We have been informed by the management that the Hospital is eligible for hundred percent (100%) tax credit on taxes payable by the Hospital under clause (c) of sub-section 2 of section 100C of the Income Tax Ordinance, 2001. The advance tax represents tax deducted at source by various withholding agents at the time when withholding tax exemption certificates were not obtained / given / by the tax authorities.

We recommend that the management should follow up the amount of taxes withheld for their recovery. We further recommend that the management should ensure that the exemption certificate is obtained on timely basis to avoid deduction of withholding tax on payments in future period.

3.2 Property tax

The Hospital's liabilities as at June 30, 2023 include a property tax accrual of Rs. 1.381 million claimed by the local authorities in the year ended June 30, 2007. The management is disputing this amount with the local authorities on the premise that Lady Dufferin Hospital is a 'Protected Heritage' and therefore the Hospital is not subject to property tax. However, the management had made a provision for the amount claimed by the local authority in the year ended June 30, 2007. No provision has been made for the years 2008 to 2023 in respect of property tax as the authorities have not sent a claim in respect of these years. The management has also not provided for the amount of penalty amounting to Rs 1.695 million demanded by the local authorities and for any further penalties which may be demanded for the years 2008 to 2023 as they strongly believe that the matter will eventually be settled in favour of the Hospital.

3.3 Income Tax

In the year 2002-2003 the tax authorities had raised demands aggregating Rs. 6.856 million in respect of assessment years 2000-2001 to 2002-2003 by treating the interest income earned from bank deposits as a separate block of income and by applying the prevailing tax rate on this income.

The Hospital appealed before the Income Tax Appellate Tribunal (ITAT) in respect of assessment years 2000-2001 to 2002-2003. The appeal was heard and, in its order, dated May 11, 2006, the ITAT directed the Commissioner of Income Tax to pass a new assessment order penalty the status of the Hospital and considering the relevant laws to exempt the income, after providing the assessee a hearing opportunity. As at June 30, 2023, this revised assessment has not been received.

In the year 2017, the tax authorities had raised demands aggregating to Rs. 2.021 million in respect of assessment year 2014 for alleged non-compliance relating to withholding tax on salaries expenditure and by treating some income as business income not eligible to tax credit under section 100C.

The Hospital is contesting these demands and appeals have been filed against the same which are pending adjudication with the Appellate Tribunal Inland Revenue.

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Letter ASR 5565
dated May 23, 2024

The management is confident that both the above cases will ultimately be decided in favour of the Hospital and has, accordingly, not made provision amounting to Rs 8.877 million in respect of the above matter.

4. ALLOCATION OF EXPENSES

As per the Finance Act, 2017, 100% tax credit under section 100C is available to not for profit organisations subject to limitation that administrative and management expenditure of an entity does not exceed 15% of its total receipts. In view of the aforementioned requirement, the management has prepared an allocation criteria / percentage for each activity / expenditure appearing in the statement of income and expenditure.

During our audit of the above allocation criteria, we noted that certain expenses such as power and gas, communication, printing and stationery, repair and maintenance, depreciation etc have been allocated on a judgmental basis between operational and administrative amounts after taking into account the management's best estimate. However, the expenses should be bifurcated on an actual basis.

We recommend that the Management should update the above-mentioned allocation on actual basis to avoid any tax implication that may arise in future periods. Further, the management should ensure that the prepared criteria is formally approved by the management.

5. ENDOWMENT FUND

The Hospital has various restricted funds categorised as "endowment under which principal portion and / or their interest should be kept intact." During our audit of the above fund, we noted that Hospital does not have any documentation in respect of Hanifa Suleman Dawood Endowment Fund, Building Fund, Equipment Fund and Reserve for repairs to building fund that describes its purpose and restriction attached thereto.

We recommend that the management should find out the underlying documentation executed with the donors highlighting the purpose for which endowment was received and any restrictions attached thereto. We have requested the management to provide us a resolution of the Managing Committee to confirm that these are endowment funds.

6. RETIREMENT FUND

The Hospital operates unapproved contributory provident fund scheme for its selected employees. The related assets and liabilities of this provident fund are appearing in the books and records of the Hospital. The following are the key observation relating to this retirement fund:

a) During the year ended June 30, 2020, the management had carried out an extensive exercise to determine and tag the contribution related to each employee participating in the unapproved contributory fund scheme. The result of this exercise highlighted that an amount of Rs 12.616 million from the accumulated balance of Rs 21.999 million was traceable and tagged to the employees and the remaining balance of Rs 9.383 million was untagged. The untagged balance primarily represents over / excess contribution, error in interest calculation and / or the balances related to past employees who had left the Hospital and were not traceable.

   The management had decided to settle the above tagged amount to all employees who participated in the unapproved contributory fund and were presently working with the Hospital and had decided to keep the untagged amount of Rs 9.383 million as liability in the financial statements of the Hospital. It was the intention of the management to offset this liability with future employer contribution.

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Accordingly, the management has set off this liability by Rs. 0.757 million, Rs. 3.290 million and Rs. 5.336 million against the employer contribution in the years 2023, 2022 and 2021 respectively which resulted in offsetting of entire untagged amount of this liability as disclosed in note 13.2 to these financial statements.

b) We noted that the fund does not have any formal policy document, trust deed and rules relating to contribution from, payments to the employees and for making the related investments. We recommend that management should prepare the above constitutive documents as early as possible and bring appropriate governance structure.

7. PROPERTY AND EQUIPMENT

7.1 Physical tagging of items of property and equipment

The Hospital has carried out an exercise of physically verifying and tagging the assets of the Hospital. However, during our audit, we noted few instances where fixed assets were not tagged with identification codes. We recommend that the management should ensure that the exercise is completed in all respects.

7.2 Reassessment of residual value and useful life

As per International Financial Reporting Standards, "The residual value and the useful life of an asset should be reviewed at least at each financial year end". During our audit, we noted that such assessment is not made every year.

We recommend that there should be a proper mechanism for the review of the residual value and the useful life of fixed assets at least at each year end to comply with the requirements of International Financial Reporting Standards.

8. REVENUE AND RECEIVABLES

While testing the revenue and receivables as part of our normal audit procedures we identified following issues:

8.1 Non-Sequential bill numbering in the System

Invoices / bills generated by the system (Softronic) should be sequentially numbered to avoid errors in the recognition of revenue. During our audit, we noted that the Hospital has transitioned from old system (ISR) to a new system (Softronic). Currently, the bills generated by the system are not sequentially numbered. We have been informed by the management that the option is being explored with the vendor for generation of the sequentially numbered bills.

We recommend to the management to ensure that bills generated by the system are sequentially numbered and the management should also keep record of cancelled bills to avoid challenges in tracking and reconciling revenue transactions.

8.2 Absence of receivable ageing and ECL model

Preparation of receivables aging on a monthly basis is essential to follow up on outstanding receivable balances and ensuring robust recovery and avoid potential bad debts. During our audit, it has come to our attention that the Hospital has not been preparing receivable ageing data as part of their routine reconciliation exercise. The absence of receivable ageing data hinders the assessment of the collectability and aging of outstanding receivable balances which is crucial for evaluating the expected credit loss (ECL) under IFRS 9, 'Financial instruments'.

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Letter ASR 5565
dated May 23, 2024

We recommend that the management should prepare monthly aging for receivable balances and introduce a follow up mechanism. Further, the management should develop the ECL model to assess the impact of provision of receivable balances under IFRS 9, 'Financial instruments'.

9. VENDOR MANAGEMENT PROCESS

Hospital is engaged in various projects like installation of solar panel, renovation of building, expansion of building etc. Management should have a formal policy in place for onboarding the vendors. We have been informed by the management that the selection of vendor is generally carried out by the Hospital based on the quotations from different vendors, however, we noted that this process was not followed for selection of all vendors.

We recommend that the management should have a formal policy in place to onboard the vendors considering the various particulars such as price, experience, quality etc so that the projects are completed on time and with cost effectiveness.

10. COMPREHENSIVE POLICY FRAMEWORK

Policies and procedures are important for the organisation to operate effectively and manage their operations properly. During the course of our audit, it has come to our attention that the Hospital had no proper approved policies of receivable ageing, inventory ageing, whistle blowing, code of conduct and expenses allocation and absence of the same poses significant risks to the operational efficiency, financial transparency and ethical standards.

We recommend that the management should have proper mechanism in place for the approval and implementation of these policies.

11. CONTINGENCIES AND COMMITMENTS AND RELATED PARTY TRANSACTIONS

We have been informed by the Managing Committee that there were no contingencies and commitments and related party transactions other than those already disclosed in the financial statements.

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

Yours truly

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LADY DUFFERIN HOSPITAL
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	2023	2022
		---------- Rupees	----------
Non-current assets			
Property and equipment	5	478,905,985	464,680,566
Intangible assets	6	1,563,479	1,234,015
Long term prepayment	7	448,227	3,361,699
Current assets			
Stock of medicines and general items	8	28,806,741	18,745,516
Advance tax	9	13,558,717	12,267,587
Loans to staff		1,137,242	967,755
Advances, deposits and prepayments	10	8,720,773	5,835,728
Accrued income		34,632,411	8,849,225
Trade and other receivables	11	11,697,236	6,392,441
Investments	12	386,265,667	254,938,130
Cash and bank balances	13	232,439,897	266,841,673
		717,258,684	574,838,055
Total assets		1,198,176,375	1,044,114,335
Non-current liabilities			
Deferred capital grant	14	290,283,562	278,257,234
Current liabilities			
Current portion of deferred capital grant	14	33,349,872	39,102,379
Deferred income	15	68,133,059	52,483,023
Trade and other payables	16	95,561,323	65,306,510
		197,044,254	156,891,912
Total liabilities		487,327,816	435,149,146
Net assets		710,848,559	608,965,189
Represented by :			
Unrestricted Fund		393,479,871	341,885,951
Restricted Funds:			
Bai K.N.E. Dinshaw Endowment Fund		125,164	125,164
Hanifa Suleman Dawood Endowment Fund		23,968,783	23,968,783
Yasmin & Sultan Mowjee Endowment Fund		30,938,973	30,721,061
S.M.Zafarullah Endowment Fund		2,088,606	2,017,068
Imtiaz Kamal Midwifery Scholarship Fund		4,000,000	4,000,000
Homai and Jamshed Minwalla Fund		2,500,000	2,500,000
Mohammed Hyder Habib Fund		50,000,000	-
		113,621,526	63,332,076
Building Fund		156,976,597	156,976,597
Equipment Fund		42,970,565	42,970,565
Reserve for repairs to building fund		3,800,000	3,800,000
Total restricted funds		317,368,688	267,079,238
		710,848,559	608,965,189
Contingencies and commitments	17		

The annexed notes 1 to 33 form an integral part of these financial statements.

Chairman | **Honorary Treasurer** | **Medical Superintendent**

LADY DUFFERIN HOSPITAL
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023	2022
		---------------- Rupees ----------------	
Income			
Operating and midwifery fees - net		272,331,840	250,194,053
Outdoor fees		33,376,430	24,170,103
Income from lab and other diagnostics		94,881,092	81,357,700
Medicines and hospital consumables		105,681,381	82,189,971
Other operating income	18	62,557,894	62,804,047
		568,828,637	500,715,874
Operating expenses			
Salaries and allowances		233,093,270	181,856,204
Medicines and hospital requisites	19	126,304,474	104,051,206
Power and gas		44,665,673	43,715,430
Communication		1,082,874	360,986
Repairs and maintenance		14,493,737	11,690,310
Printing and stationery		1,685,855	2,166,751
Professional consultant fees		52,676,559	42,993,726
Depreciation	5.1.2	49,188,955	57,438,724
Security charges		8,788,590	7,367,069
Uniform expenses		366,475	494,493
Marketing expenses		9,924,158	5,439,697
Canteen expense - net		2,190,110	1,734,555
Bad debt expense		2,272,605	21,227
Assets written off	5.1	-	3,859,040
General charges		11,948,803	9,604,730
		558,682,138	472,794,148
Administrative and management expenses			
Salaries and allowances		32,968,709	28,677,308
Power and gas		599,108	559,633
Communication		948,580	916,618
Printing and stationery		447,898	554,731
Repairs and maintenance		1,610,415	1,292,257
Legal and professional fees		4,088,035	4,418,821
Amortisation	6	183,476	246,655
Depreciation	5.1.2	554,393	647,373
Auditors' remuneration	20	2,739,492	2,296,928
Financial charges		637,498	147,791
Security charges		600,000	576,000
Canteen expense - net		67,735	53,646
Assets written off	5.1	-	1,025,821
General charges		2,988,589	2,631,575
		48,433,928	44,045,157
Deficit on hospital operations		(38,287,429)	(16,123,431)
Other income	21	89,881,349	49,295,620
Net surplus for the year before taxation		51,593,920	33,172,189
Taxation	22	-	-
Net surplus for the year transferred to unrestricted fund		51,593,920	33,172,189

The annexed notes 1 to 33 form an integral part of these financial statements.

Chairman | Honorary Treasurer | Medical Superintendent

LADY DUFFERIN HOSPITAL
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023	2022
		---------- Rupees ----------	
Surplus for the year		51,593,920	33,172,189
Other comprehensive income		-	-
Total comprehensive income for the year		51,593,920	33,172,189

The annexed notes 1 to 33 form an integral part of these financial statements.

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Chairman

Honorary Treasurer

Medical Superintendent

LADY DUFFERIN HOSPITAL
STATEMENT OF CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2023

	Unrestricted Fund	Bai K.N.E Dinshaw Endowment Fund	Hanifa Suleman Dawood Endowment Fund	Yasmin & Sultan Mowjee Endowment Fund	S. M. Zafarullah Endowment Fund	Imtiaz Kamal Midwifery Scholarship Fund	Homai and Jamshed Minwalla Fund	Mohammed Hyder Habib Fund	Building Fund	Equipment Fund	Reserve for repairs to building fund	Total
	Rupees											
Balance as at June 30, 2021	308,713,762	125,164	23,968,783	30,593,102	1,979,481	4,000,000	2,500,000	-	156,976,597	42,970,565	3,800,000	575,627,454
Received during the year	-	-	-	-	-	-	-	-	-	-	-	-
Net surplus for the year	33,172,189	-	-	-	-	-	-	-	-	-	-	33,172,189
Transfer of restricted profit	-	-	-	127,959	37,587	-	-	-	-	-	-	165,546
Balance as at June 30, 2022	341,885,951	125,164	23,968,783	30,721,061	2,017,068	4,000,000	2,500,000	-	156,976,597	42,970,565	3,800,000	608,965,189
Received during the year	-	-	-	-	-	-	-	50,000,000	-	-	-	50,000,000
Net surplus for the year	51,593,920	-	-	-	-	-	-	-	-	-	-	51,593,920
Transfer of restricted profit	-	-	-	217,912	71,538	-	-	-	-	-	-	289,450
Balance as at June 30, 2023	393,479,871	125,164	23,968,783	30,938,973	2,088,606	4,000,000	2,500,000	50,000,000	156,976,597	42,970,565	3,800,000	710,848,559

The annexed notes 1 to 33 form an integral part of these financial statements.

Chairman

Honorary Treasurer

Medical Superintendent

LADY DUFFERIN HOSPITAL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023	2022
		---------------- Rupees	----------------
CASH FLOWS FROM OPERATING ACTIVITIES			
Deficit on hospital operations		(38,287,429)	(16,123,431)
Other income received excluding income from financial assets		12,257,058	10,675,790
Adjustment for non-cash items:			
Depreciation	5	49,743,348	58,086,097
Utilisation of capital grant	14	(38,726,179)	(47,549,286)
Write off of fixed assets		-	4,884,861
Amortisation	6	183,476	246,655
Amortisation of long term prepayment	7	2,241,133	-
		13,441,778	15,668,327
Increase in current assets			
Stock of medicines and general items		(10,061,225)	(3,783,478)
Loans to staff		(169,487)	(698,381)
Advances, deposits and prepayments		(2,212,706)	(575,325)
Trade and other receivables - net		(5,304,795)	2,260,953
		(17,748,213)	(2,796,231)
Increase in current liabilities			
Trade and other payables		30,254,813	(3,766,050)
Deferred income		15,650,036	7,306,770
		45,904,849	3,540,720
Tax withheld		(1,291,130)	(770,271)
Net cash generated from operating activities		14,276,913	10,194,904
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income received		52,130,555	41,133,005
Capital expenditure - net		(64,481,707)	(57,393,791)
Investments (made) / redeemed during the year - net		(131,327,537)	108,571,715
Net cash (used in) / generated from investing activities		(143,678,689)	92,310,929
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received for capital grant	14	45,000,000	22,017,700
Cash received for Endowment Fund		50,000,000	-
Net cash generated from financing activities		95,000,000	22,017,700
Net (decrease) / increase in cash and cash equivalents		(34,401,776)	124,523,533
Cash and cash equivalents at the beginning of the year		266,841,673	142,318,140
Cash and cash equivalents at the end of the year	23	232,439,897	266,841,673

The annexed notes 1 to 33 form an integral part of these financial statements.

Chairman | **Honorary Treasurer** | **Medical Superintendent**

1 INTRODUCTION

Lady Dufferin Hospital (the "Hospital") was formed under Lady Dufferin Fund in 1894 for the purpose of improvement of medical facilities for women of Sindh and provision of training facilities to nurses and midwives. The Hospital is being run under the supervision of a Managing Committee. The Hospital is a welfare organisation being managed on a non profit basis. The principle address of hospital is Lady Dufferin Hospital, Chand Bibi road, Karachi.

The Hospital has been granted approval as 'Non-profit Organisation' under section 2(36)(c) of the Income Tax Ordinance, 2001 and Rule 214 and Rule 220 of the Income Tax Rules, 2002 by the Commissioner. The Hospital has been evaluated by the Pakistan Centre for Philanthropy (PCP) and has been certified as meeting their standards in the areas of Internal Governance, Financial Management and Programme Delivery vide certificate No. PCP-R1/2023/699 effective from January 16, 2023 and valid up to January 16, 2025.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB) as notified by the Securities and Exchange Commission of Pakistan (SECP); and

- Accounting Standards for Not for Profit Organisations (NPOs) issued by the Institute of Chartered Accountants of Pakistan (ICAP).

Wherever, the requirements of the International Financial Reporting Standards (IFRSs) differs with the requirements of the Accounting Standards for Not for Profit Organisations (NPOs), the requirements of the IFRS shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for investments in mutual funds which are carried at fair value.

2.3 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Hospital operates. The financial statements are presented in Pakistani Rupees, which is the Hospital's functional and presentation currency and has been rounded off to the nearest Rupee.

2.4 Critical accounting estimates and judgements

The preparation of these financial statements in conformity with the approved accounting and reporting standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. It also requires management to exercise judgment in application of its accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

Significant accounting estimates and areas where judgments were exercised by management in the application of the accounting policies are as follows:

- Useful lives, residual values and depreciation method of property, plant and equipment – notes 4.1 and 5;
- Useful lives, residual values and amortisation method of intangible assets – notes 4.2 and 6;
- Zakat, donations and grants - notes 4.8, 14 and 15;
- Provision for impairment of inventories - notes 4.10 and 8;
- Provision for doubtful trade and other receivables – notes 4.11 and 11; and
- Estimation of contingent liabilities - notes 4.13 and 17.

2.5 Standards, amendments and interpretations to approved accounting and reporting standards that are effective in the current year

There are certain new and amended standards, interpretations and amendments that are mandatory for the Hospital's accounting periods beginning on or after July 1, 2022 but are considered not to be relevant or do not have any significant effect on the Hospital's operations and therefore, have not been stated in these financial statements.

2.6 Standards, amendments and interpretations to approved accounting and reporting standards that are not yet effective

2.6.1 The following amendments with respect to the approved accounting and reporting standards would be effective from the dates mentioned below against the respective amendments:

Amendments	Effective date (accounting period beginning on or after)
- IAS 1, 'Presentation of financial statements' (amendments)	January 1, 2024
- IAS 7 - 'Statement of Cash Flows' (amendments)	January 1, 2024
- IFRS 7 - 'Financial Instruments: Disclosures' (amendments)	January 1, 2024

These amendments may impact the financial statements of the Hospital on adoption. The management is in the process of assessing the impact of these amendments on the financial statements of the Hospital.

2.6.2 There are certain other new standards, interpretations and amendments that are mandatory for the Hospital's accounting periods beginning on or after July 1, 2023 but are considered not to be relevant or will not have any significant effect on the Hospital's operations and, therefore, have not been detailed in these financials statements.

3 TRANSITION TO THE INTERNATIONAL FINANCIAL REPORTING STANDARDS

3.1 Basis of the transition

3.1.1 Application

As provided in Accounting Standard for Not for Profit Organisations (NPOs) issued by Institute of Chartered Accountants of Pakistan (ICAP), the Hospital has opted to apply International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB), for the preparation of these financial statements as the Hospital has crossed the threshold in gross revenue during the year.

The Hospital's financial statements for the year ended June 30, 2023 are its first annual financial statements prepared under the financial reporting framework as disclosed in note 2.1.

3.1.2 During the year, the Hospital has adopted IFRS standards as disclosed in note 2.1 due to which following standards became effective from July 1, 2022:

- IFRS 9 'Financial Instruments' (IFRS 9)

'The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach. Details of specific accounting policy is disclosed in note 4.3. The applicability of this standard did not have any material impact during the year.

- IFRS 15 'Revenue from contracts with customers' (IFRS 15)

'The standard introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue when the control of goods or services have been transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Details of specific accounting policy is disclosed in note 4.15. The applicability of this standard did not have any impact during the year.

3.1.3 Comparison

The impact on measurement, classification and recognition in the revised International and Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) and International Financial Reporting Standards (IFRS Standards) relevant to the financial statement line item of the Hospital are same. Any changes in disclosure requirements of the aforesaid accounting and reporting standards have been incorporated in these financial statements.

3.1.4 Classification and measurement of financial instruments

The measurement category and the carrying amount of financial assets and liabilities in accordance with IFRS for SMEs and IFRS 9 at January 1, 2019 are compared as follows:

	IFRS for SMEs		IFRS 9	
	Measurement category	Carrying amount	Measurement category	Carrying amount
Financial assets		--Rupees--		--Rupees--
	- Loans and receivables		***- At amortised cost***	
Loans to staff	Amortised cost	967,755	Amortised cost	967,755
Deposits	Amortised cost	534,738	Amortised cost	534,738
Accrued income	Amortised cost	8,849,225	Amortised cost	8,849,225
Trade and other receivables	Amortised cost	6,392,441	Amortised cost	6,392,441
Term deposit receipts	Amortised cost	238,000,000	Amortised cost	238,000,000
Units of open ended mutual fund	Fair value through profit or loss	16,938,130	Fair value through profit or loss	16,938,130
Cash and bank balances	Amortised cost	266,841,673	Amortised cost	266,841,673
		538,523,962		538,523,962

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Property and equipment

Recognition and measurement

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for capital work-in-progress which is stated at cost less accumulated impairment losses, if any. All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when the assets are available for use.

Subsequent expenditure

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the items will flow to the Hospital and the cost of the item can be measured reliably. All other maintenance expenses are charged to statement of income and expenditure as and when incurred.

Depreciation

Depreciation on all property and equipment is charged using the reducing balance method in accordance with the rates specified in note 5 to these financial statements after taking into account residual value, if any. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date. Depreciation is charged from the month the asset is available for use and on disposal upto the month of disposal.

Gains and losses on disposal

Gains and losses on disposal of property and equipment are included in the statement of income and expenditure when the asset is disposed of.

4.2 Intangible assets

Recognition and measurement

Intangible assets having a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any.

Subsequent expenditure

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 benefits associated with the asset will flow to the Hospital and the cost of the item can be measured reliably. All other maintenance charges are charged to the statement of income and expenditure as and when incurred.

Amortisation

Amortisation on intangible asset is charged using the reducing balance method in accordance with the rates specified in note 6 to these financial statements. Amortisation is charged from the month the asset is available for use and on disposal, upto the month of disposal.

Amortisation methods and useful lives are reviewed at each reporting date and are adjusted, if appropriate.

Gains and losses on disposal

Gains and losses on disposal of intangible assets are included in the statement of income and expenditure when the asset is disposed of.

4.3 Financial assets

The management of the Hospital classifies its financial assets in the following categories: (a) at amortized cost (b) at fair value through other comprehensive income; and (c) at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. The management determines the appropriate classification of the financial asset at the time of initial recognition and re-evaluates this classification on a regular basis.

4.3.1 Classification

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt security is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Hospital may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Hospital may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Hospital makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Hospital's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Hospital's stated objectives for managing the financial assets are achieved and how cash flows are realised.

Assessment of whether contractual cash flows are solely payments of principal and interest

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Hospital assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Hospital considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

4.3.2 Initial recognition and measurement

All financial assets are recognised at the time the Hospital becomes a party to the contractual provisions of the instrument. Financial assets are initially recognised at fair value plus transaction costs in case they are classified as measured at amortised cost and fair value through other comprehensive income (FVOCI) while in case of fair value through profit or loss (FVTPL), transaction costs are taken to income and expenditure acount.

4.3.3 Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL	These assets are subsequently carried at fair value. Net gains and losses, including any profit are recognised in the income and expenditure account.
Financial assets at amortised cost	These assets are subsequently carried at amortised cost using the effective yield method. The amortised cost is reduced by impairment losses. Interest / profit and impairment are recognised in the income and expenditure account.
Debt securities at FVOCI	These assets are subsequently carried at fair value. Interest income is calculated using the effective yield method. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the income and expenditure account.
Equity investments at FVOCI	These assets are subsequently carried at fair value. Other net gains and losses are recognised in statement of other comprehensive income and are never reclassified to the income and expenditure account. The dividend income for equity securities classified under FVOCI is to be recognised in the income and expenditure account.

The fair value of financial assets are determined as follows:

Government securities

The government securities are valued on the basis of rates announced by the Financial Markets Association of Pakistan.

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4.3.4 Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Hospital changes its business model for managing financial assets. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the year.

4.3.5 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Hospital commits to purchase or sell the asset.

4.3.6 Impairment of financial assets

Financial assets at amortised cost

The Hospital recognises loss allowances for ECLs on financial assets measured at amortised cost.

The Hospital measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and
- other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Hospital considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Hospital's historical experience and informed credit assessment and including forward-looking information.

The Hospital assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Hospital considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Hospital in full, without recourse by the Hospital to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-months ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Hospital is exposed to credit risk.

Financial assets are written off by the Hospital, in whole or part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery.

4.3.7 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Hospital has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the statement of income and expenditure.

4.4 Financial liabilities

Financial liabilities are recognised at the time when the Hospital becomes a party to the contractual provisions of the instruments. These are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the statement of income and expenditure.

4.5 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

4.6 Accrued expenses and other liabilities

These amounts represent liabilities for goods and services provided to the Hospital prior to the end of the reporting period which are unpaid. Accrued expenses and other liabilities are presented as current liabilities unless payment is not due within 12 months after the reporting period. These are recognised initially at their fair value of consideration to be paid in the future for goods and services, whether or not billed to the Hospital.

4.7 Loans, advances, deposits and prepayments

Loans, advances, prepayments and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method less provision for impairment, if any.

4.8 Zakat, donations and grants

Donations for treatment of specific patients and grants for development projects are considered restricted and accounted for on deferral method.

Donations and grants restricted for capital expenditure and donations in kind, which are recognised at fair value, are recognised as 'deferred capital grant' when received and subsequently transferred to statement of income and expenditure on the basis of utilisation of assets.

Zakat and restricted donations are initially recognised as deferred income on the statement of financial position and, subsequently as income in the statement of income and expenditure, by matching the expenses incurred in respect of the same.

4.9 Endowment contribution and its profit

These amounts are recognised as direct increase in net assets in the period in which these are received. The principal amount received remains intact and invested in interest bearing securities. The amount of interest earned is utilised as per the terms of the endowment for general operations of the Hospital unless a specific purpose is defined at the time of endowment contribution.

4.10 Inventories

Inventories comprise stock of medicine and general items. These are valued at lower of cost and net realisable value. Cost is determined on a first in first out (FIFO) basis. Cost comprises of the purchase cost and other related costs incurred in bringing the inventories to their present location and condition. Net realisable value signifies the estimated selling price in the ordinary course of business, less the estimated cost necessarily to be incurred to make the sale. Provision is made for slow moving and expired stock where necessary.

4.11 Trade and other receivables

Trade and other receivables are recognised and carried at transaction price less an expected credit loss allowance for impairment. A provision for impairment of trade receivables is established when there is an objective evidence that the Hospital will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognised in the statement of income and expenditure. Debts considered bad and irrecoverable are written off.

4.12 Staff retirement benefits

The Hospital operates an unapproved contributory provident fund for its permanent employees.

4.13 Contingent liabilities

A contingent liability is disclosed when the Hospital has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Hospital or the Hospital has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

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4.14 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. Cash and cash equivalents include cash in hand and balances with banks and other short-term highly liquid investments with original maturity of three months or less.

4.15 Revenue / other income recognition

Revenue is recognised when or as performance obligations are satisfied by transferring control of a promised good or service to a customer.

- Income from operating and midwifery fee is recognised on an accrual basis.
- Income from outdoor receipts is recognised on an accrual basis.
- Income from laboratory and other diagnostics is recognised on an accrual basis.
- Return on bank balance and income on term deposit receipts is recognised on an accrual basis using the effective yield method.
- Donations are recognised on a receipt basis except for donations received for specific purpose.
- Zakat is recognised in the statement of income and expenditure on the basis of services rendered.
- Capital grant is recognised in the statement of income and expenditure on the basis of depreciation charged.
- Sale of medicines is recognised when these are dispensed.
- Training fee and rental income are recorded on an accrual basis.
- Canteen sales is recorded on an accrual basis.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are recorded in the period in which these arise.
- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place; and
- Dividend income is recognised when the Hospital's right to receive the same is established i.e. on the commencement of the book closure of the investee entity declaring the dividend.

4.16 Provision

A provision is recognised in the balance sheet when the Hospital has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognised as a provision reflects the best estimate of the expenditure to settle the present obligation at the reporting date.

4.17 Taxation

The Hospital is eligible for hundred percent (100%) tax credit on taxes payable by the Hospital under section 100C of the Income Tax Ordinance, 2001.

	Note	2023	2022
5 PROPERTY AND EQUIPMENT		----Rupees----	
Operating fixed assets	5.1	416,764,391	454,030,520
Capital work in progress	5.2	62,141,594	10,650,046
		478,905,985	464,680,566

5.1 Operating fixed assets

The following is the movement of operating fixed assets:

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	2023			
	Building (note 5.1.1)	Motor vehicles	Furniture and equipment	Total
	Rupees			
As at July 1, 2022				
Cost	358,927,571	2,120,925	302,910,374	663,958,870
Accumulated depreciation	(93,236,920)	(1,825,631)	(114,865,799)	(209,928,350)
Net book value	265,690,651	295,294	188,044,575	454,030,520
Year ended June 30, 2023				
Opening net book value	265,690,651	295,294	188,044,575	454,030,520
Additions	5,297,646	-	7,179,573	12,477,219
Depreciation for the year	(13,489,959)	(59,059)	(36,194,329)	(49,743,348)
Closing net book value	257,498,338	236,235	159,029,819	416,764,391
As at June 30, 2023				
Cost	364,225,217	2,120,925	310,089,947	676,436,089
Accumulated depreciation	(106,726,879)	(1,884,690)	(151,060,128)	(259,671,698)
Net book value	257,498,338	236,235	159,029,819	416,764,391
Depreciation (% per annum)	5%	20%	5% - 33%	

	2022			
	Building (note 5.1.1)	Motor vehicles	Furniture and equipment	Total
	Rupees			
As at July 1, 2021				
Cost	176,777,664	2,500,683	145,651,236	324,929,583
Accumulated depreciation	(79,223,702)	(2,009,862)	(82,192,321)	(163,425,885)
Net book value	97,553,962	490,821	63,458,915	161,503,698
Year ended June 30, 2022				
Opening net book value	97,553,962	490,821	63,458,915	161,503,698
Additions	182,149,907	-	173,347,873	355,497,780
Write offs				
Cost	-	379,758	16,088,735	16,468,493
Accumulated depreciation	-	(361,697)	(11,221,935)	(11,583,632)
	-	18,061	4,866,800	4,884,861
Depreciation for the year	(14,013,218)	(177,466)	(43,895,413)	(58,086,097)
Closing net book value	265,690,651	295,294	188,044,575	454,030,520
As at June 30, 2022				
Cost	358,927,571	2,120,925	302,910,374	663,958,870
Accumulated depreciation	(93,236,920)	(1,825,631)	(114,865,799)	(209,928,350)
Net book value	265,690,651	295,294	188,044,575	454,030,520
Depreciation (% per annum)	5%	20%	5% - 33%	

5.1.1 The land was provided free of cost by the Government of Pakistan.

	2023	2022
	Rupees	
5.1.2 Depreciation charge for the year has been allocated as follows:		
Operating expenses	49,188,955	57,438,724
Administrative and management expenses	554,393	647,373
	49,743,348	58,086,097

5.2 Capital work in progress

	2023	2022
Advances for installation of solar panels	44,270,110	-
Advances for renovation and improvement	17,871,484	10,650,046
	62,141,594	10,650,046

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6 INTANGIBLE ASSETS

	Note	2023	2022
		---Rupees---	
Software	6.1	1,563,479	556,015
Capital work in progress		-	678,000
		1,563,479	1,234,015

6.1 The following is the movement of intangible assets:

	2023	
	Software	Total
	---Rupees---	
As at July 1, 2022		
Cost	4,962,946	4,962,946
Accumulated amortisation	(4,406,931)	(4,406,931)
Net book value	556,015	556,015
Year ended June 30, 2023		
Opening net book value	556,015	556,015
Additions	1,190,940	1,190,940
Amortisation for the year	(183,476)	(183,476)
Closing net book value	1,563,479	1,563,479
As at June 30, 2023		
Cost	6,153,886	6,153,886
Accumulated amortisation	(4,590,407)	(4,590,407)
Net book value	1,563,479	1,563,479
Amortisation rate % per annum	33%	

	2022	
	Software	Total
	---Rupees---	
As at July 1, 2021		
Cost	4,741,946	4,741,946
Accumulated amortisation	(4,160,276)	(4,160,276)
Net book value	581,670	581,670
Year ended June 30, 2022		
Opening net book value	581,670	581,670
Additions	221,000	221,000
Amortisation for the year	(246,655)	(246,655)
Closing net book value	556,015	556,015
As at June 30, 2022		
Cost	4,962,946	4,962,946
Accumulated amortisation	(4,406,931)	(4,406,931)
Net book value	556,015	556,015
Amortisation rate % per annum	33%	

7 LONG TERM PREPAYMENT

This represent the non-current portion of amount paid for extended warranties purchased on two X-Ray units on account of maintenance for a period of two years starting in September 2022.

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8	STOCK OF MEDICINES AND GENERAL ITEMS	2023	2022
		Rupees	
	Medicine stock	15,738,568	10,328,029
	General items	13,068,173	8,417,487
		28,806,741	18,745,516

9 ADVANCE TAX

Advance tax represents tax deducted at source on payments received from corporate customers. The management has claimed the refund of these amounts from the tax authorities.

10	ADVANCES, DEPOSITS AND PREPAYMENTS	Note	2023	2022
			Rupees	
	Advances		2,847,711	1,374,473
	Deposits		1,184,738	534,738
	Prepayments		4,688,324	3,926,517
			8,720,773	5,835,728

11 TRADE AND OTHER RECEIVABLES

	Note	2023	2022
Trade receivables			
- Related parties	11.1 &11.2	405,815	624,783
- Others		11,666,191	5,418,685
Other receivables		540,575	348,973
		12,612,581	6,392,441
Less: Provision against trade and other receivables	11.3	(915,345)	-
		11,697,236	6,392,441

11.1 Trade receivable from related parties

Name of related party	Gross amount due	Provision for doubtful receivables	Reversal of provision of doubtful receivables	Amount due written off	Net amount due	Maximum amount outstanding at any time during the year
	Rupees					
Lady Dufferin Foundation Trust	340,775	220,995	-	-	119,780	119,780
The Fertility Clinic by Setna	52,685	-	-	-	52,685	246,320
Hospital Welfare Society	1,080	1,080	-	-	-	-
Aloo Minocher Dinshaw Charitable Trust	11,275	11,275	-	-	-	-
	405,815	233,350	-	-	172,465	

11.2 Age analysis of trade receivables from related parties

	Amount not past due	Amount past due					Total gross amount due
		Past due 0-30 days	Past due 31-60 days	Past due 61-90 days	Past due 91-365 days	Past due 365 days	
	Rupees						
Lady Dufferin Foundation Trust	-	119,780	-	-	-	220,995	340,775
The Fertility Clinic by Setna	-	52,685	-	-	-	-	52,685
Hospital Welfare Society	-	-	-	-	-	1,080	1,080
Aloo Minocher Dinshaw Charitable	-	-	-	-	-	11,275	11,275
	-	172,465	-	-	-	233,350	405,815

11.3	Provision against trade and other receivables	2023	2022
		Rupees	
	Balance as at July 1	-	-
	Provision made during the year	915,345	-
	Balance as at June 30	915,345	-

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		Note	2023	2022
12	**INVESTMENTS**		------Rupees------	
	- Term deposit receipts - at amortised cost	12.1	354,000,000	238,000,000
	- Treasury bills (T-Bills)	12.2	-	-
	- Units of open ended mutual fund - at fair value through profit or loss on behalf of Lady Dufferin Hospital Employees Retirement Fund	12.3 & 12.4	32,265,667	16,938,130
			386,265,667	254,938,130

12.1 Term Deposit Receipts - at amortised cost

Name of the Bank	Issue date	Coupon rate %	Tenure	Face Value				Amortised cost as at June 30, 2023
				As at July 1, 2022	Purchased during the year	Matured during the year	As at June 30, 2023	
				(Rupees)				
Allied Bank Limited	5-Apr-22	11.75	12 month	30,000,000	-	(30,000,000)	-	-
Allied Bank Limited	5-Apr-22	11.75	12 month	4,000,000	-	(4,000,000)	-	-
MCB Bank Limited	10-Jan-22	14.00	12 month	5,000,000	-	(5,000,000)	-	-
MCB Bank Limited	10-Jan-22	14.00	12 month	5,000,000	-	(5,000,000)	-	-
MCB Bank Limited	10-Jan-22	14.00	12 month	5,000,000	-	(5,000,000)	-	-
MCB Bank Limited	10-Jan-22	14.00	12 month	5,000,000	-	(5,000,000)	-	-
MCB Bank Limited	10-Jan-22	14.00	12 month	5,000,000	-	(5,000,000)	-	-
MCB Bank Limited	10-Jan-22	14.00	12 month	5,000,000	-	(5,000,000)	-	-
MCB Bank Limited	10-Jan-22	14.00	12 month	5,000,000	-	(5,000,000)	-	-
MCB Bank Limited	10-Jan-22	14.00	12 month	5,000,000	-	(5,000,000)	-	-
MCB Bank Limited	10-Jan-22	14.00	12 month	5,000,000	-	(5,000,000)	-	-
MCB Bank Limited	10-Jan-22	14.00	12 month	5,000,000	-	(5,000,000)	-	-
MCB Bank Limited	10-Jan-22	14.00	12 month	5,000,000	-	(5,000,000)	-	-
MCB Bank Limited	10-Jan-22	14.00	12 month	5,000,000	-	(5,000,000)	-	-
MCB Bank Limited	10-Jan-22	14.00	12 month	5,000,000	-	(5,000,000)	-	-
MCB Bank Limited	10-Jan-22	14.00	12 month	5,000,000	-	(5,000,000)	-	-
MCB Bank Limited	10-Jan-22	14.00	12 month	5,000,000	-	(5,000,000)	-	-
MCB Bank Limited	10-Jan-22	14.00	12 month	5,000,000	-	(5,000,000)	-	-
MCB Bank Limited	10-Jan-22	14.00	12 month	5,000,000	-	(5,000,000)	-	-
MCB Bank Limited	10-Jan-22	14.00	12 month	5,000,000	-	(5,000,000)	-	-
MCB Bank Limited	10-Jan-22	14.00	12 month	5,000,000	-	(5,000,000)	-	-
MCB Bank Limited	10-Jan-22	14.00	12 month	5,000,000	-	(5,000,000)	-	-
MCB Bank Limited	10-Mar-22	10.76	12 month	10,000,000	-	(10,000,000)	-	-
MCB Bank Limited	10-Mar-22	10.76	12 month	10,000,000	-	(10,000,000)	-	-
MCB Bank Limited	10-Mar-22	10.76	12 month	10,000,000	-	(10,000,000)	-	-
MCB Bank Limited	10-Mar-22	10.76	12 month	10,000,000	-	(10,000,000)	-	-
MCB Bank Limited	10-Mar-22	10.76	12 month	10,000,000	-	(10,000,000)	-	-
MCB Bank Limited	10-Mar-22	10.76	12 month	10,000,000	-	(10,000,000)	-	-
MCB Bank Limited	10-Mar-22	10.76	12 month	10,000,000	-	(10,000,000)	-	-
MCB Bank Limited	10-Mar-22	10.76	12 month	10,000,000	-	(10,000,000)	-	-
MCB Bank Limited	10-Mar-22	10.76	12 month	10,000,000	-	(10,000,000)	-	-
MCB Bank Limited	10-Mar-22	10.76	12 month	10,000,000	-	(10,000,000)	-	-
MCB Bank Limited	3-Aug-22	15.00	12 month	-	10,000,000	-	10,000,000	10,000,000
MCB Bank Limited	3-Aug-22	15.00	12 month	-	10,000,000	-	10,000,000	10,000,000
MCB Bank Limited	3-Aug-22	15.00	12 month	-	10,000,000	-	10,000,000	10,000,000
MCB Bank Limited	3-Aug-22	15.00	12 month	-	10,000,000	-	10,000,000	10,000,000
MCB Bank Limited	3-Aug-22	15.00	12 month	-	10,000,000	-	10,000,000	10,000,000
MCB Bank Limited	3-Aug-22	15.00	12 month	-	10,000,000	-	10,000,000	10,000,000
MCB Bank Limited	3-Aug-22	15.00	12 month	-	10,000,000	-	10,000,000	10,000,000
MCB Bank Limited	3-Aug-22	15.00	12 month	-	10,000,000	-	10,000,000	10,000,000
MCB Bank Limited	3-Aug-22	15.00	12 month	-	10,000,000	-	10,000,000	10,000,000
MCB Bank Limited	3-Aug-22	15.00	12 month	-	10,000,000	-	10,000,000	10,000,000
MCB Bank Limited	3-Aug-22	15.00	12 month	-	10,000,000	-	10,000,000	10,000,000
MCB Bank Limited	3-Aug-22	15.00	12 month	-	10,000,000	-	10,000,000	10,000,000
MCB Bank Limited	3-Aug-22	15.00	12 month	-	10,000,000	-	10,000,000	10,000,000
MCB Bank Limited	3-Aug-22	15.00	12 month	-	10,000,000	-	10,000,000	10,000,000
MCB Bank Limited	3-Aug-22	15.00	12 month	-	10,000,000	-	10,000,000	10,000,000
MCB Bank Limited	3-Aug-22	15.00	12 month	-	10,000,000	-	10,000,000	10,000,000
MCB Bank Limited	22-Jun-23	18.50	6 month	-	40,000,000	-	40,000,000	40,000,000

Name of the Bank	Issue date	Coupon rate %	Tenure	Face Value: As at July 1, 2022	Face Value: Purchased during the year	Face Value: Matured during the year	Face Value: As at June 30, 2023	Amortised cost as at June 30, 2023
				(Rupees)				
Habib Metropolitan Bank Limited	6-May-22	11.25	3 month	4,000,000	-	(4,000,000)	-	-
Habib Metropolitan Bank Limited	6-Aug-22	13.70	3 month	-	4,000,000	(4,000,000)	-	-
Habib Metropolitan Bank Limited	26-Aug-22	14.75	6 month	-	5,000,000	(5,000,000)	-	-
Habib Metropolitan Bank Limited	26-Aug-22	14.75	6 month	-	5,000,000	(5,000,000)	-	-
Habib Metropolitan Bank Limited	26-Aug-22	14.75	6 month	-	5,000,000	(5,000,000)	-	-
Habib Metropolitan Bank Limited	26-Aug-22	14.75	6 month	-	5,000,000	(5,000,000)	-	-
Habib Metropolitan Bank Limited	6-Nov-22	14.00	3 month	-	4,000,000	(4,000,000)	-	-
Habib Metropolitan Bank Limited	15-Dec-22	15.50	12 month	-	50,000,000	-	50,000,000	50,000,000
Habib Metropolitan Bank Limited	19-Jan-23	16.45	12 month	-	100,000,000	-	100,000,000	100,000,000
Habib Metropolitan Bank Limited	6-Feb-23	15.50	3 month	-	4,000,000	(4,000,000)	-	-
Habib Metropolitan Bank Limited	6-May-23	19.50	3 month	-	4,000,000	-	4,000,000	4,000,000
Total as at June 30, 2023				238,000,000	386,000,000	(270,000,000)	354,000,000	354,000,000
Total as at June 30, 2022				345,000,000	669,000,000	(785,000,000)	238,000,000	238,000,000

12.2 Market Treasury Bill - at amortised cost

Name of the Bank	Issue date	Effective Rate %	Tenure	Face value: As at July 1, 2022	Face value: Purchased during the year	Face value: Matured during the year	Face value: As at June 30, 2023	Amortised cost as at June 30, 2023
				(Rupees)				
Habib Metropolitan Bank Limited	6-Oct-22	19.23%	6 month	-	100,000,000	(100,000,000)	-	-
Habib Metropolitan Bank Limited	6-Apr-23	22.00%	3 month	-	130,000,000	(130,000,000)	-	-
Total as at June 30, 2023				-	230,000,000	(230,000,000)	-	-
Total as at June 30, 2022				-	-	-	-	-

12.3 Units of open ended mutual funds

Name of the investee funds	As at July 1, 2022	Purchased / reinvested during the year	Redeemed during the year	As at June 30, 2023	Carrying value as at June 30, 2023	Market value as at June 30, 2023	Unrealised (diminution)/ appreciation as at June 30, 2023
	(Number of units)				(Rupees)		
HBL Money Market Fund	164,789	418,514	269,521	313,782	32,265,479	32,265,667	188
HBL Cash Fund	-	317,028	317,028	-	-	-	-
Total as at June 30, 2023					32,265,479	32,265,667	188
Total as at June 30, 2022					16,917,977	16,938,130	20,154

12.4 Assets held on behalf of Lady Dufferin Hospital Employees' Retirement Fund

This represents amount kept on behalf of the Lady Dufferin Hospital Employees Retirement Fund, a related party, for onward placement in order to earn profit which will be paid to the Retirement Fund. The Hospital has invested this amount on behalf of the Retirement Fund in units of HBL Money Market Fund.

13 CASH AND BANK BALANCES

	Note	2023	2022
		Rupees	
Balances with banks in:			
- Savings accounts	13.1 & 13.2	221,003,822	259,154,019
- Current accounts		9,983,678	4,883,235
Cash in hand		1,452,397	2,804,419
		232,439,897	266,841,673

13.1 These carry profit at the rates of 6.00% to 19.50% per annum (2022: 5.40% to 12.25% per annum).

13.2 This include an amount of Rs. Nill (2022: Rs. 0.757 million) kept on behalf of the Lady Dufferin Hospital Employees Retirement Fund, a related party.

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14 DEFERRED CAPITAL GRANT

	2023	2022
	-------------- Rupees --------------	
Balance at beginning of the year	317,359,613	342,891,199
Add: deferred capital grant received against :		
OPD building		
- Construction of OPD building	-	2,164,582
Pharmacy		
- Construction of Pharmacy	-	6,853,118
Others		
- Purchase and installation of solar panels	40,000,000	
- Purchase of OT equipments	5,000,000	13,000,000
	45,000,000	22,017,700
Less: deferred capital grant released against:		
- Depreciation on ICU ventilator	77,179	1,550,240
- Depreciation on laparoscopic machine	2,252,123	2,771,844
- Depreciation on anesthesia machine	311,357	415,142
- Depreciation on hospital trolley	3,307	4,409
- Depreciation on cardiac monitor	20,282	27,043
- Depreciation on defibrillator physio control	96,939	129,252
- Depreciation on cardio-to-cography machine	45,923	61,231
- Depreciation on mobile X-Ray machine	612,834	766,043
- Depreciation on ultrasound doppler model S-60	509,710	637,137
- Depreciation on ultrasound doppler model X-3	509,710	637,137
- Depreciation on ultrasound doppler model HS-40	444,341	555,426
- Depreciation on OT light-simeon	233,091	292,363
- Depreciation on OT table-alpha classic pro	413,515	516,632
- Depreciation on water cooler	7,476	9,354
- Depreciation on water filter	2,757	3,450
- Depreciation on infant incubator	68,400	86,355
- Depreciation on OPD building	8,588,544	9,454,991
- Depreciation on air conditioner (62 Units)	1,000,924	1,255,414
- Depreciation on diesel generator (100 KVA)	450,348	562,935
- Depreciation on furniture & fittings expenditure of new OPD building	1,338,999	1,742,163
- Depreciation on passenger elevator	513,406	570,451
- Depreciation on CCTV system	550,915	734,554
- Depreciation on X-ray machine with flouroscopy model D2RS (stephanix)	6,200,179	7,510,755
- Depreciation on ultrasound doppler(sonoscope) cart based color doppler System model: S 60	788,444	985,554
- Depreciation on Ultrasound doppler(sonoscope) portable color doppler system model X3	788,444	985,554
- Depreciation on ultrasound doppler diagnostic IC ultra sound scanner	1,367,499	1,709,373
- Depreciation on kitchen equipment	385,455	513,940
- Depreciation on CT scan machine model uct 520	5,847,609	7,309,511
- Depreciation on fire safety system	332,928	416,160
- Depreciation on safety cabinet	133,337	160,004
- Depreciation on fixing of galvanized M.S. cage	12,160	12,800
- Depreciation on FCR prima system	268,667	310,000
- Depreciation on additional electrical work	43,041	45,307
- Depreciation on steam sterilizer	4,506,338	4,806,762
	38,726,179	47,549,286
Balance at end of the year	323,633,434	317,359,613
Less: current portion of deferred capital grant	(33,349,872)	(39,102,379)
Non-current portion of deferred capital grant	290,283,562	278,257,234

14.1 The Hospital received certain capital grants which are subject to external restrictions i.e. for purchase of agreed assets or for construction. These grants are transferred to statement of income and expenditure on the basis of depreciation of each related asset.

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15 DEFERRED INCOME

	2023							2022					
	Zakat	Zohra Ismail Dada Fund	NICU Fund	Justice Omar Sial Donation	K-Electric Fund	Mama Baby Care Foundation	Total	Zakat	Zohra Ismail Dada Fund	NICU Fund	Justice Omar Sial Donation	K-Electric Fund	Total
	Rupees												
Balance at the beginning of the year	19,829,335	8,720,856	23,714,663	61,000	157,169	-	52,483,023	9,474,842	8,201,351	27,343,060	157,000	-	45,176,253
Amount received during the year	26,343,004	50,000,000	-	-	625,000	3,719,746	80,687,750	26,506,686	25,067,130	25,000	-	750,000	52,348,816
Value of services rendered to patients	(23,372,338)	(31,508,172)	(6,206,357)	(32,000)	(738,038)	(3,180,809)	(65,037,714)	(16,152,193)	(24,547,625)	(3,653,397)	(96,000)	(592,831)	(45,042,046)
Balance at the end of the year	22,800,001	27,212,684	17,508,306	29,000	44,131	538,937	68,133,059	19,829,335	8,720,856	23,714,663	61,000	157,169	52,483,023

16 TRADE AND OTHER PAYABLES

	2023	2022
	Rupees	
Payable to related party		
Lady Dufferin Hospital Employees' Retirement Fund	30,252,797	17,695,052
Sundry creditors	26,111,099	20,043,135
Accrual for property tax	1,380,907	1,380,907
Accrued payroll	9,466,811	9,392,410
Advance against delivery	9,170,100	4,286,698
Security deposit	2,043,671	549,000
Other liabilities	17,135,938	11,959,308
	95,561,323	65,306,510

17 CONTINGENCIES AND COMMITMENTS

17.1 In the year 2002-2003 the tax authorities had raised demands aggregating to Rs 6.856 million in respect of assessment years 2000-2001 to 2002-2003 by treating the interest income earned from bank deposits as a separate block of income and by applying the prevailing tax rate on this income.

The Hospital appealed before the Income Tax Appellate Tribunal (ITAT) in respect of assessment years 2000-2001 to 2002-2003. The appeal was heard and in its order dated May 11, 2006, the ITAT directed the Commissioner of Income Tax to pass a new assessment order taking into account the status of the Hospital and considering the relevant laws to exempt the income, after providing the assessee a hearing opportunity. As at June 30, 2023, this revised assessment has not been received. No provision for tax on the income earned from bank deposits and additional tax thereon has been made in these financial statements as the management is confident that the above matters will be decided in the Hospital's favor.

17.2 In the year 2017, the tax authorities had raised demands aggregating to Rs 2.021 million in respect of tax year 2014 for alleged non-compliance relating to withholding tax on salaries expense and by treating some income as business income not eligible to tax credit under section 100C.

The Hospital is contesting these demands and appeals have been filed against the same which are pending adjudication with the Appellate Tribunal Inland Revenue. Accordingly, no provision has been recognised in these financial statements.

17.3 The Hospital's liabilities as at June 30, 2023 include a property tax accrual of Rs 1.381 million claimed by the local authorities in the year 2007. The Hospital is disputing this amount with the local authorities on the premise that Lady Dufferin Hospital is a 'Protected Heritage' and therefore not subject to property tax. However, the management had made a provision for the amount claimed by the local authority in the year ended June 30, 2007. No provision has been made for the years 2008 to 2023 in respect of property tax as the authorities have not sent a claim in respect of these years. The management has also not provided for a penalty demanded by the local authorities in the year ended June 30, 2007 amounting to Rs 1.695 million and for any further penalties which may be demanded for the years 2008 to 2023.

17.4 There were no material commitments outstanding as at June 30, 2023 and June 30, 2022.

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		Note	2023	2022
			------------- Rupees -------------	
18	**OTHER OPERATING INCOME**			
	Tuition fee from midwifery		3,627,000	3,245,000
	General donations		20,204,715	12,009,761
	Utilisation of capital grant	14	38,726,179	47,549,286
			62,557,894	62,804,047
19	**MEDICINES AND HOSPITAL REQUISITES**			
	Hospital requisites consumed		48,769,192	40,560,778
	Cost of medicines sold		77,535,282	63,490,428
			126,304,474	104,051,206
20	**AUDITORS' REMUNERATION**			
	Audit fee		700,000	700,000
	Out of pocket expenses		70,000	70,000
	Tax consultancy services		1,688,400	1,296,750
			2,458,400	2,066,750
	Sales tax		281,092	230,178
			2,739,492	2,296,928
21	**OTHER INCOME**			
	Income from financial assets			
	Income on term deposits and saving accounts		77,624,291	38,619,830
	Income from other than financial assets			
	Rental income		2,800,000	750,000
	Annual fund raiser		6,550,000	6,858,174
	Others		2,907,058	3,067,616
			89,881,349	49,295,620

22 **TAXATION**

22.1 In accordance with the provisions of Section 100 C of the Income Tax Ordinance 2001, the income of non-profit organisations, trusts or welfare institutions, shall be allowed a tax credit equal to one hundred percent of the tax payable, including minimum tax and final taxes payable under any of the provision of the Income tax Ordinance 2001, subject to the following conditions, namely:

(a) return has been filed;

(b) tax required to be deducted or collected has been deducted or collected and paid;

(c) withholding tax statements for the immediately preceding tax year have been filed; and

(d) the administrative and management expenditure does not exceed 15% of the total receipts;

"Provided that clause (d) shall not apply to a non-profit organisation, if;

(i) charitable and welfare activities of the non-profit organisation have commenced for the first time within last three years; and

(ii) total receipts of the non-profit organisation during the tax year are less than one hundred million Rupees."

The Hospital has not commenced operations for the first time within last three years and total receipts of the Hospital are more than one hundred million Rupees. Therefore clause (d) will be applicable in this case.

(e) approval of Commissioner has been obtained as per requirement of clause (36) of section 2;

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(f) none of the assets of trusts or welfare institutions confers, or may confer, a private benefit to the donors or family, children or author of the trust or his descendants or the maker of the institution or to any other person and where such private benefit is conferred, the amount of such benefit shall be added to the income of the donor; and

(g) a statement of voluntary contributions and donations received in the immediately preceding tax year has been filed in the prescribed form and manner.

The Hospital has complied with the aforementioned conditions of the Income Tax Ordinance, 2001. The operations of the Hospital fall within the purview of section 100C of the Income Tax Ordinance, 2001 and the tax credit of hundred percent is allowed under section 100C of the Income Tax Ordinance, 2001 in respect of tax payable including minimum tax and final taxes payable and consequently no charge has been recognised in these financial statements.

22.2 Further, sub-section (1A) of section 100 C of the Income Tax Ordinance, 2001 provides that the surplus funds of non-profit organisation shall be taxed at a rate of ten percent.

For the purpose of sub-section (1A), surplus funds means funds or monies:

(a) not spent on charitable and welfare activities during the tax year;

(b) received during the tax year as donations, voluntary contributions, subscriptions and other incomes;

(c) which are more than twenty-five percent of the total receipts of the non-profit organization received during the tax year; and

(d) are not part of restricted funds.

For the purpose of this sub-section, "restricted funds" mean any fund received by the organization but could not be spent and treated as revenue during the year due to any obligation placed by the donor.

The Hospital has not recognized any provision for current or deferred tax in respect of its surplus funds under sub-section (1A) of section 100 C of the Income Tax Ordinance 2001, as surplus did not exceed twenty-five percent of the total receipts.

		Note	2023	2022
23	**CASH AND CASH EQUIVALENTS**		Rupees	
	Cash and bank balances	13	232,439,897	266,841,673

24 FINANCIAL INSTRUMENTS BY CATEGORY

	As at June 30, 2023			
	At fair value through profit or loss	At fair value through other comprehen-sive income	At amortised cost	Total
	Rupees			
Financial assets				
Loans to staff	-	-	1,137,242	1,137,242
Deposits	-	-	1,184,738	1,184,738
Accrued income	-	-	34,632,411	34,632,411
Trade and other receivables	-	-	11,697,236	11,697,236
Investments	32,265,667	-	354,000,000	386,265,667
Cash and bank balances	-	-	232,439,897	232,439,897
	32,265,667	-	635,091,524	667,357,191

	As at June 30, 2023	
	At amortised cost	Total
	Rupees	
Financial liabilities		
Trade and other payables	83,815,184	83,815,184

	As at June 30, 2022			
	At fair value through profit or loss	At fair value through other comprehensive income	At amortised cost	Total
	Rupees			
Financial assets				
Loans to staff	-	-	967,755	967,755
Deposits	-	-	534,738	534,738
Accrued income	-	-	8,849,225	8,849,225
Trade and other receivables	-	-	6,392,441	6,392,441
Investments	16,938,130	-	238,000,000	254,938,130
Cash and bank balances	-	-	266,841,673	266,841,673
	16,938,130	-	521,585,832	538,523,962

	As at June 30, 2022	
	At amortised cost	Total
	Rupees	
Financial liabilities		
Trade and other payables	59,638,905	59,638,905

25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Hospital's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. The Hospital's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance. Overall, risks arising from the Hospital's financial assets and liabilities are limited. The Hospital consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below. The Managing committee has overall responsibility for the establishment and oversight of Hospital's risk management framework. The Managing committee is also responsible for developing the Hospital's risk management policies.

25.1 Financial risk

(i) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk: interest rate risk, currency risk and other price risk.

(a) Interest rate risk

Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Sensitivity to profit / mark-up rate arises due to mismatches of financial assets and financial liabilities that mature or reprice in a given period. The Hospital manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

i) Sensitivity analysis for variable rate instruments

Presently, the Hospital holds balance with bank which expose the Hospital to cash flow interest rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the surplus for the year and net assets of the Hospital would have been higher / lower by Rs. 2.210 million (2022: Rs. 2.591 million).

ii) Sensitivity analysis for fixed rate instruments

As at June 30, 2023, the Hospital holds fixed rate Term deposit receipts but since these are classified as financial assets 'at amortised cost', it does not expose the Hospital to fair value interest rate risk.

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Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

The Hospital is exposed to interest / mark-up rate risk in respect of the following:

	Interest rate	2023 Interest bearing: Maturity upto one year	Maturity after one year	Not fixed maturity	Sub-total	Non-interest bearing: Maturity upto one year	Maturity after one year	Not fixed maturity	Sub-total	Total June 30, 2023
		---------- Rupees ----------								
Financial assets										
Loans to staff		-	-	-	-	1,137,242	-	-	1,137,242	1,137,242
Deposits		-	-	-	-	1,184,738	-	-	1,184,738	1,184,738
Trade and other receivables		-	-	-	-	11,697,236	-	-	11,697,236	11,697,236
Accrued income		-	-	-	-	34,632,411	-	-	34,632,411	34,632,411
Investments	10.76%-19.50%	354,000,000	-	-	354,000,000	-	-	32,265,667	32,265,667	386,265,667
Cash and bank balances	6%-19.5%	-	-	221,003,822	221,003,822	-	-	11,436,075	11,436,075	232,439,897
		354,000,000	-	221,003,822	575,003,822	48,651,627	-	43,701,742	92,353,369	667,357,191
Financial liabilities										
Trade and other payables		-	-	-	-	83,815,184	-	-	83,815,184	83,815,184
		-	-	-	-	83,815,184	-	-	83,815,184	83,815,184
On-balance sheet gap		354,000,000	-	221,003,822	575,003,822	(35,163,557)	-	43,701,742	8,538,185	583,542,007
Total interest rate sensitivity gap		354,000,000	-	221,003,822	575,003,822					
Cumulative interest rate sensitivity gap		354,000,000	354,000,000	575,003,822						

	Interest rate	2022 Interest bearing: Maturity upto one year	Maturity after one year	Not fixed maturity	Sub-total	Non-interest bearing: Maturity upto one year	Maturity after one year	Not fixed maturity	Sub-total	Total June 30, 2022
		---------- Rupees ----------								
Financial assets										
Loans to staff		-	-	-	-	967,755	-	-	967,755	967,755
Deposits		-	-	-	-	534,738	-	-	534,738	534,738
Trade and other receivables		-	-	-	-	6,392,441	-	-	6,392,441	6,392,441
Accrued income		-	-	-	-	8,849,225	-	-	8,849,225	8,849,225
Investments	8.75%-11.75%	238,000,000	-	-	238,000,000	-	-	16,938,130	16,938,130	254,938,130
Cash and bank balances	5.4%-12.25%	-	-	259,154,019	259,154,019	-	-	7,687,654	7,687,654	266,841,673
		238,000,000	-	259,154,019	497,154,019	16,744,159	-	24,625,784	41,369,943	538,523,962
Financial liabilities										
Trade and other payables		-	-	-	-	59,638,905	-	-	59,638,905	63,925,603
		-	-	-	-	59,638,905	-	-	59,638,905	63,925,603
On-balance sheet gap		238,000,000	-	259,154,019	497,154,019	(42,894,746)	-	24,625,784	(18,268,962)	474,598,359
Total interest rate sensitivity gap		238,000,000	-	259,154,019	497,154,019					
Cumulative interest rate sensitivity gap		238,000,000	238,000,000	497,154,019						

(b) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Hospital, at present, is not exposed to currency risk as the Hospital has no foreign currency denominated financial assets or liabilities.

(c) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Hospital, at present, is exposed to price risk as the Hospital has investment in mutual funds that is traded in the market.

A reasonably possible change of 1% in market prices at the reporting date would have increased / decreased the statement of income and expenditure by Rs 0.322 million (2022: Rs 0.169 million) and consequently the statement of financial position would be affected by the same amount. The analysis assumes that all other variables remain constant.

(ii) Liquidity risk

Liquidity risk is the risk that the Hospital will encounter difficulty in meeting obligations associated with its financial liabilities. To guard against the risk, the Hospital maintains balance of cash and other equivalents and readily marketable securities. The maturity profile of assets and liabilities are also monitored to ensure adequate liquidity.

The table below analyses the Hospital's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date on an undiscounted cash flow basis.

	2023			
	Carrying amount	Contractual cash flow	Upto one year	More than one year
	(Rupees)			
Trade and other payables	83,815,184	83,815,184	83,815,184	-

	2022			
	Carrying amount	Contractual cash flow	Upto one year	More than one year
	(Rupees)			
Trade and other payables	59,638,905	59,638,905	59,638,905	-

(iii) Credit risk

Credit risk represents the risk of financial loss that would be recognised at the reporting date if counterparties fail to perform as contracted. The management of the Hospital has adopted appropriate policies to minimise its exposure to this risk and believes that the Hospital is not exposed to any significant concentration of credit risk. The Hospital's credit risk is primarily attributable to trade and other receivables, deposits, bank balances and investments. The credit quality of the Hospital's, investments, receivables and other balances can be assessed with reference to their credit rating as follows:

Exposure to credit risk

Credit risk of the Hospital arises principally from investments and bank deposits. The maximum exposure to credit risk at the reporting date is as follows:

	Note	2023	2022
		(Rupees)	
Loans to staff		1,137,242	967,755
Deposits	10	1,184,738	534,738
Accrued income		34,632,411	8,849,225
Trade and other receivables	11	11,697,236	6,392,441
Investments	12	386,265,667	254,938,130
Bank balances	13	230,987,500	264,037,254
		665,904,794	535,719,543

Concentration of credit risk

Credit risk is the risk, which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Hospital attempts to control credit risk by monitoring credit exposures and undertaking transactions with a large number of counter parties and by continually assessing the credit worthiness of counter parties.

	Rating Agency	Short Term Rating	Long Term Rating	Balance as at June 30, 2023
Investments				
Habib Metropolitan Bank Limited	PACRA	A1+	AA+	154,000,000
MCB Islamic Bank Limited	PACRA	A1	A	200,000,000
HBL Money Market Fund	VIS	Unrated	AA+(f)	32,265,667
				386,265,667

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	Rating Agency	Short Term Rating	Long Term Rating	Balance as at June 30, 2023
Loans to staff				
Others	-	Unrated	Unrated	1,137,242
				1,137,242
Deposits				
K-Electric Limited	PACRA	A1+	AA	10,950
Sui Southern Gas Company Limited	PACRA	A1	A+	210,328
Pakistan Telecommunication Company Limited	VIS	A-1+	AAA	4,460
Dow University of Health Sciences	-	Unrated	Unrated	200,000
Imtiaz Super Market	-	Unrated	Unrated	650,000
Others	-	Unrated	Unrated	109,000
				1,184,738
Trade and other receivables				
Jubilee General Insurance Company Limited	PACRA	Unrated	AA++ (ifs)	3,966,924
Habib Insurance Company Limited	PACRA	Unrated	A++ (ifs)	271,331
EFU Health Insurance Limited	VIS	Unrated	A+ (ifs)	1,336,709
IGI Life Insurance Limited	PACRA	Unrated	A++ (ifs)	282,882
Salaam Takaful Limited	PACRA	Unrated	A++ (ifs)	1,804,206
Others	-	Unrated	Unrated	4,035,184
				11,697,236
Accrued income				
MCB Islamic Bank Limited	PACRA	A1	A	22,077,952
Habib Metropolitan Bank Limited	PACRA	A1+	AA+	12,554,459
				34,632,411
Cash and bank balances				
Habib Bank Limited	VIS	A1+	AAA	5,514,930
Allied Bank Limited	PACRA	A1+	AAA	74,757,509
MCB Islamic Bank Limited	PACRA	A1	A	10,903,831
Habib Metropolitan Bank Limited	PACRA	A1+	AA+	139,482,177
HBL Microfinance Bank Limited	PACRA	A1	A+	329,053
				230,987,500

25.2 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Hospital's operations either internally within the Hospital or externally at the Hospital's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risks arise from all of the Hospital's activities.

The Hospital's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its objective of generating returns for certificate holders.

The primary responsibility for the development and implementation of controls over operational risk rests with the Managing committee of the Hospital. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

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26 FUND MANAGEMENT

The Hospital receives donations from corporate entities and individual donors including Managing Committee. The Hospital's objective when managing funds is safeguard it's ability to continue as a going concern and to maintain a strong fund base to support the sustained development of it's operations.

27 FAIR VALUE MEASUREMENT

27.1 Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Hospital is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of investments in units of open-end collective investment schemes (mutual funds) are based on the net assets value quoted by the investee funds / Mutual Funds Association of Pakistan at each reporting date. The estimated fair value of all other financial assets and liabilities are considered not to be significantly different from carrying values as the items are either short-term in nature or are periodically repriced.

27.1.1 Fair value hierarchy

International Financial Reporting Standard 13, 'Fair value measurement' requires the Hospital to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Valuation techniques used in determination of fair values within level 2

Items	Valuation technique
Units of open ended collective investment schemes	The fair values of investments in units of open ended mutual funds are determined based on their net asset values as published at the close of each business day.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. As at June 30, 2023 and June 30, 2022, the Hospital had the following assets measured at fair values:

	2023			
	Level 1	Level 2	Level 3	Total
	Rupees			
Financial assets 'at fair value through profit or loss'				
- Investment in units of open ended mutual funds	-	32,265,667	-	

	2022			
	Level 1	Level 2	Level 3	Total
	Rupees			
Financial assets 'at fair value through profit or loss'				
- Investment in units of open ended mutual funds	-	16,938,130	-	

28 TRANSACTIONS WITH RELATED PARTIES

The related parties of the hospital comprises of the associates of the Hospital as well as its staff retirement benefit fund and key management personnel.

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Name of the related party	Relationship	Transactions during the year and year end balances	2023	2022
			--------(Rupees)----------	
Lady Dufferin Hospital Employees' Retirement Fund	Associate	Contributions made	11,612,202	8,853,411
Lady Dufferin Hospital Employees' Retirement Fund	Associate	Payment made	-	3,032,746
Patient Welfare Society (PWS)	Associate	Services rendered on behalf of PWS	-	3,438,130
Patient Welfare Society (PWS)	Associate	Payments received	-	3,438,130
Hospital Welfare society	Associate	Services rendered on behalf of Hospital Welfare society	-	377,263
Aloo Minocher Dinshaw Charitable Trust	Associate	Services rendered on behalf of Aloo Minochar Dinshaw Charitable Trust	-	104,985
Aloo Minocher Dinshaw Charitable Trust	Associate	Payments received	-	97,000
The Fertility Clinic by Setna	Associate	Services rendered on behalf of The Fertility Clinic by Setna	611,125	883,380
The Fertility Clinic by Setna	Associate	Payments received	410,005	1,766,760

The related party status of outstanding balances at June 30, 2023 is included in the respective notes to the financial statements.

29 REMUNERATION OF KEY MANAGEMENT PERSONNEL

	2023		2022	
	Trustees *	Executives	Trustees *	Executives
	---------- Rupees ----------			
Managerial remuneration	-	10,248,250	-	8,676,564
Housing	-	6,148,950	-	5,205,938
Conveyance	-	2,049,650	-	1,735,313
Medical	-	2,049,650	-	1,735,313
Other	-	-	-	42,167
	-	20,496,500	-	17,395,295
Number of persons	11	6	11	6

* Trustees have not taken any remuneration / benefits for managing the Hospital.

30 NUMBER OF EMPLOYEES

	2023	2022
Number of employees at June 30	444	421
Average number of employees during the year	437	406

31 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of comparison and to reflect the substance of the transactions.

32 DATE OF AUTHORISATION

These financial statements were authorised for issue on ______________ by the Managing Committee of the Hospital.

33 GENERAL

All figures have been rounded off to the nearest Rupee, unless otherwise stated.

Chairman

Honorary Treasurer

Medical Superintendent