

**THE DIABETES CENTRE - TDC
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

INDEPENDENT AUDITOR'S REPORT**To the members of The Diabetes Center****Report on the Audit of the Financial Statements****Opinion**

We have audited the annexed financial statements of The Diabetes Center (the Company), which comprise the statement of financial position as at June 30, 2020, the statement of Income and expenditure, the statement of other comprehensive income, statement of changes in funds, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of Income and expenditure, the statement of other comprehensive income, statement of changes in funds and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2020 and of the surplus, other comprehensive income, the changes in funds and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 1.4 to the financial statements, which describes the status of registration process with Economic Affairs Division of Pakistan. Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information includes the director's report, but does not include the financial statements and our auditor's report thereon. The director's report was not made available for our review.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with the audit of financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based in the work we have performed, we conclude that there is a material misstatement of this information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such

disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

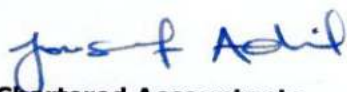
We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of income and expenditure, the statement of comprehensive income, statement of changes in funds and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the period were for the purpose of the Company's business; and
- d) No Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Shahzad Ali.



Chartered Accountants

Islamabad

Date: *January 11, 2021*

THE DIABETES CENTRE - TDC
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

		2020	2019
	Note	-----Rupees-----	
ASSETS			
Non - current assets			
Property and equipment	4	368,030,653	343,425,967
Intangible assets	5	2,646,070	4,531,997
Security deposit		168,750	-
		370,845,473	347,957,964
Current assets			
Stock	6	9,493,075	10,428,765
Prepayments, accrued interest and other receivables	7	7,265,633	4,099,685
Investment	8	10,000,000	10,000,000
Cash and bank balance	9	23,337,443	89,576,939
		50,096,151	114,105,389
TOTAL ASSETS		<u>420,941,624</u>	<u>462,063,353</u>
Less: Liabilities			
Trade and other payables	10	7,841,365	2,182,001
Less: Non current liabilities			
Deferred government grant	11	87,153,269	93,738,161
NET ASSETS		<u>325,946,990</u>	<u>366,143,191</u>
Funds			
Accumulated surplus fund		66,834,584	63,736,021
Restricted Fund - Zakat		-	53,065,846
Restricted Fund - Building		252,987,406	243,216,324
		319,821,990	360,018,191
Surplus on revaluation of Land	4	6,125,000	6,125,000
		<u>325,946,990</u>	<u>366,143,191</u>
Contingencies and commitments	12		

The annexed notes 1 to 24 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER




DIRECTOR

**THE DIABETES CENTRE - TDC
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2020**

	2020	2019
Note	-----Rupees-----	-----
INCOME		
Clinical income	13 71,925,997	63,990,905
Donations	14 5,450,582	6,192,448
Income recognized from restricted funds	120,062,575	73,395,701
Transfers from deferred government grant	11 6,584,892	3,355,856
Other income	15 2,136,874	2,312,701
	206,160,920	149,247,611
EXPENDITURES		
Clinical expenses	16 181,830,448	155,518,611
Administrative expenses	17 21,104,315	17,494,441
Finance cost	127,594	122,790
	203,062,357	173,135,842
Net Surplus / (Deficit) for the year	3,098,563	(23,888,231)

The annexed notes 1 to 24 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR

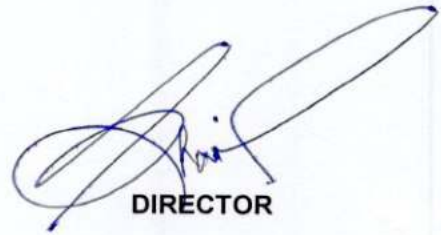
THE DIABETES CENTRE - TDC
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	-----Rupees-----	
Total surplus for the year	3,098,563	(23,888,231)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>3,098,563</u>	<u>(23,888,231)</u>

The annexed notes 1 to 24 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR

**THE DIABETES CENTRE - TDC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020**

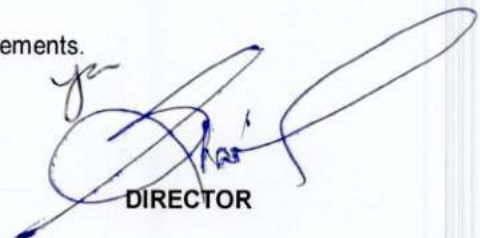
	2020	2019
Note	-----Rupees-----	
Cash flows from operating activities		
Surplus for the year	3,098,563	(23,888,231)
Adjustments for:		
Depreciation on property and equipment	4 21,150,214	18,907,983
Amortization of Intangibles	5 1,885,927	1,126,351
Amortization of Government Grant	11 (6,584,892)	(3,355,856)
Amortization of restricted fund	(120,062,575)	(73,395,701)
	(103,611,326)	(56,717,223)
Changes in working capital		
(Increase) / Decrease in current assets		
Stock	935,690	(7,190,995)
Prepayments	(3,165,948)	(1,055,189)
Increase / (Decrease) in current liabilities		
Trade and other payables	5,659,364	(3,792,110)
Cash generated from operations	<u>3,429,106</u>	<u>(12,038,294)</u>
Net cash generated from operating activities	<u>(97,083,657)</u>	<u>(92,643,748)</u>
Cash flows from investing activities		
Purchase of property and equipment	4 (45,754,900)	(55,046,745)
Purchase of Intangible Assets	5 -	(5,625,477)
Investment in long term deposits	(168,750)	853,410
Net cash used in investing activities	<u>(45,923,650)</u>	<u>(59,818,812)</u>
Cash flows from financing activities		
Donations received on account of zakat	54,965,484	74,972,049
Donations received for construction of building	21,802,327	24,769,793
Net cash generated from investing activities	<u>76,767,811</u>	<u>99,741,842</u>
Net increase in cash and cash equivalents	(66,239,496)	(52,720,718)
Cash and cash equivalents at the beginning of the year	<u>89,576,939</u>	<u>142,297,657</u>
Cash and cash equivalents at the end of the year	<u>23,337,443</u>	<u>89,576,939</u>

The annexed notes 1 to 24 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER



DIRECTOR



**THE DIABETES CENTRE - TDC
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	Accumulated surplus fund	Restricted Fund- Zakat	Restricted Fund- Building	Total
	-----Rupees-----			
Balance as at July 1, 2018 restated	87,624,252	39,601,900	230,334,129	357,560,281
Deficit for the year	(23,888,231)	-	-	(23,888,231)
Donations received	-	74,972,049	24,769,793	99,741,842
Income recognised during the year	-	(61,508,103)	(11,887,598)	(73,395,701)
Balance as at June 30, 2019	<u>63,736,021</u>	<u>53,065,846</u>	<u>243,216,324</u>	<u>360,018,191</u>
Surplus for the year	3,098,563	-	-	3,098,563
Donations received	-	54,965,484	21,802,327	76,767,811
Income recognised during the year	-	(108,031,330)	(12,031,245)	(120,062,575)
Balance as at June 30, 2020	<u>66,834,584</u>	<u>-</u>	<u>252,987,406</u>	<u>319,821,990</u>

The annexed notes 1 to 24 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR

**THE DIABETES CENTRE - TDC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

1 STATUS AND NATURE OF BUSINESS

- 1.1 The Diabetes Centre - TDC is a company limited by guarantee incorporated in Pakistan on December 7, 2011 under section 42 of the Companies Ordinance, 1984 (repealed with enactment of Companies Act 2017). The Company's registered office is located at Phulgran stop, near toll Plaza Murree Expressway
- 1.2 The principal objective of TDC is to establish, support, run, manage and maintain hospitals, clinics, diagnostic center and indoor and out door treatment facilities all over Pakistan particularly for diabetes and generally for other diseases. Currently, TDC is operating in Islamabad and Lahore.
- 1.3 The Company has applied for exemption certificate under section 2(36) of the Income Tax Ordinance, 2001 through an application dated, January 03, 2019. However, application is pending before the concerned Commissioner Inland Revenue. Tax authorities has asked for further clarifications and demanded additional information through letter, dated 08 May, 2020. Management is of the view that exemption certificate shall be issued based on the fact that management was already enjoying the same status.
- 1.4 The Company has applied for registration process with Economic Affair Division (EAD) of Pakistan in the month of March 2020 . However, application is still pending with EAD.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

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

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, have been followed.

2.2 Functional and presentation currency

These financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

2.3 USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected.

Significant estimates used by the management in preparation of these financial statements are disclosed in notes 3.2, 3.4, 3.5

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Preparation of Financial Statements

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

3.2 Property and equipment

Property and equipment except freehold land are stated at cost less accumulated depreciation and any identified impairment losses. Freehold land is stated at revalued amount less any identified impairment loss. Cost comprises acquisition and other directly attributable costs.

Depreciation on property and equipment is charged to income and expenditure account using reducing balance method so as to write-off the depreciable amount of the assets over their estimated useful life. Depreciation on additions to property and equipment is charged from the month in which the asset is available for use, while no depreciation is charged for the month in which the asset is disposed off.

3.3 Capital work in progress

Capital work in progress is stated at cost less any identified impairment loss. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to property, plant and equipment as and when these are available for use.

3.4 Intangible assets

Computer Software

Expenditure incurred to acquire computer software is capitalized as intangible asset and stated at cost less accumulated amortization and any identified impairment loss. Computer software is amortized using straight line method over a period of three years.

Amortization on additions in computer software is charged from the month in which the asset is available for use while no amortization is charged for the month in which the asset is disposed off.

3.5 Impairment of non-financial assets

Assets that have an infinite useful life - for example land - are not subject to depreciation/amortization and are tested annually for impairment. Assets that are subject to depreciation/amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds the recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to

3.6 Investment

Investment intended to be held for less than twelve months from the balance sheet date or to be sold to raise operating capital are included in current assets, all other investments are classified as non-current. Management determines the appropriate classification of the investments at the time of purchase and re-evaluates such designation on regular basis.

Investment by the company are classified for the purpose of measurement into the following categories as explained in note 3.7.

3.7 FINANCIAL INSTRUMENTS

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired. The particular recognition methods adopted by the Company are disclosed in the individual policy statements associated with each item of financial

3.7.1 Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of financial assets:

(i) Debt instruments designated at amortized cost

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Debt instrument designated at other comprehensive income

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

For financial instruments other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

Amortized cost and effective interest rate method:

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying

For purchased or originated credit-impaired financial assets, the Company recognizes interest income by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognized in profit or loss and is included in the "finance income - interest income" line item.

(iii) Equity instruments designated as at FVTOCI

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'finance income' line item in profit or loss.

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Company has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss.

Impairment of financial assets:

The Company recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVTOCI, lease receivables, trade receivables, contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognizes lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the

expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organization's, as well as consideration of various external sources of actual and forecast economic information that relate to the company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

(ii) Definition of default:

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets:

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties

(iv) Write-off policy:

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

(v) Measurement and recognition of expected credit losses:

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16 Leases.

For a financial guarantee contract, as the Company is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Company expects to receive from the holder, the debtor or any other party.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not

Derecognition of financial assets:

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

3.7.2 Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at

(i) Financial liabilities at FVTPL

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on changes in fair value recognized in the consolidated statement of profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognized in the consolidated statement profit or loss incorporates any interest paid on the financial liability.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in statement of other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch statement of in profit or loss. The remaining amount of change in the fair value of liability is recognized in statement of profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in statement of other comprehensive income are not subsequently reclassified to statement of profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Company that are designated by the Company as at FVTPL are recognized in profit or loss.

(ii) Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not designated as FVTPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Derecognition of financial liabilities:

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

3.8 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the balance sheet, if the Company has a legally enforceable right to set-off the recognized amounts and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

3.9 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received. Liabilities for trade and other payables are accounted for if and to the extent, the work is certified and invoiced by the vendors. Accruals for contract cost are made if and to the extent, the work is certified by the technical team of the Company whether or not invoiced by the vendors. Accrual for administrative and marketing costs of recurring nature are made on time completion basis.

3.10 Donation in kind

Land and properties received as donation are initially measured at the market value prevailing at the date of acquisition of the property. At subsequent reporting date, these are remeasured at their fair value prevailing at balance sheet date and the difference in the fair value is charged to income.

3.11 Stock

Stock is stated at lower of cost and net realizable value. Cost is determined on weighted average value basis. Net realizable value is determined with reference to estimated selling price less estimated

3.12 Trade and other receivables

Trade debts and other receivables are stated at original invoice amount as reduced by appropriate provision for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad and irrecoverable are written off when identified.

3.13 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposit held at call with banks.

3.14 Income recognition

- a) Externally restricted contributions are recognized as revenue in the year in which the related expense are recognized.
- b) Contribution restricted for the purchase of capital assets/construction of building are deferred and amortized into revenue based on the amortization rate on the related capital assets.
- c) Endowment contributions are presented as direct increase in net assets.
- d) Unrestricted contributions are recognized as revenue when received or receivables, if the amount to be received can be reliably estimated and collection is reasonably assured.
- e) Return on deposits is accrued on time proportion basis by reference to the principal outstanding and the applicable rate of return.
- f) Clinical income is recognized at the time when patients are served.

g) Donations are recognized when received and income from zakat fund is recognized when patients who are eligible for zakat, are served.

3.15 Foreign Currency

Transaction in foreign currency during the year are translated in to PKR at the rate of exchange prevailing at the date of transaction. All monetary assets and liabilities are translated into PKR at the rate of exchange prevailing at the balance sheet date.

3.16 Unrestricted Fund

Unrestricted funds represents donations by donors on account of charity and sadqa. 20% of donation received is classified as separate unrestricted fund and is used to fund the operating expenses. 80% of donation received is classified as separate restricted fund for construction of building and accumulated in respective balance of building fund.

3.17 Restricted Fund

Zakat Fund

This restricted fund is utilized for the treatment of patients who are eligible for zakat.

Building Fund

Building fund has been established to complete and maintain building structure of the TDC hospital.

3.18 Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in the income and expenditure account on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue in the statement of financial position and transferred to income and expenditure account on a systematic and rational basis over the useful lives of the related assets.

3.19 Taxation

As per provisions of section 100C of Income Tax Ordinance, 2001, the company is allowed a tax credit equal to 100% of the tax payable upon complying conditions given in the said section of the Income Tax

3.20 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2020

The following standards, amendments and interpretations are effective for the year ended June 30, 2020. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective from Accounting period beginning on or after
IFRS 16 'Leases', this standard supersedes IAS 17 'Leases', IFRIC 4, SIC 15 and SIC 27 upon its effective date.	January 1, 2019
IFRS 14 – 'Regulatory Deferral Accounts' - IFRS 14 was originally issued in January 2014 and applies to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2016. However, SECP has adopted from July 01, 2019.	July 1, 2019
Amendments to IFRS 9 'Financial Instruments' - prepayment features with negative compensation.	January 1, 2019
Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Long-term interests in associates and joint ventures.	January 1, 2019

Amendments to IAS 19 'Employee Benefits' - Plan amendment, curtailment or settlement. January 1, 2019

IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'. January 1, 2019

Certain annual improvements have also been made to a number of IFRSs.

3.20.1 Impact of initial application of IFRS 16 Leases

IFRS 16 Leases replaced IAS 17 Leases, the former lease accounting standard became effective for periods beginning on or after January 01, 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. There is no material impact of the adoption of IFRS-16 on the Company's financial statements.

Effective from accounting period beginning on or after

Amendments to the conceptual framework for financial reporting, including amendments to references to the conceptual framework in IFRS January 1, 2020

Amendments to IFRS 3 'Business Combinations' - Definition of a business January 1, 2020

Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - Interest rate benchmark reform January 1, 2020

Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework January 1, 2022

Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions January 1, 2020

Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of material and Classification of liabilities as current or non-current. January 1, 2020

Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use January 1, 2022

Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract January 1, 2022

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

			2020	2019
			-----Rupees-----	
4 PROPERTY AND EQUIPMENT	Note			
Operating fixed assets	4.1		368,030,653	323,892,925
Capital work in progress	4.3		-	19,533,042
			<u>368,030,653</u>	<u>343,425,967</u>

4.1 Operating fixed assets

Description	Land	Building TDC	Clinic Building	Furniture and Fixtures	Computer Equipment	Office Equipment	Lab Equipment	Medical Equipment	Vehicles	Total
Cost										
As at July 1, 2018	32,500,000	226,012,853	8,059,440	925,590	1,731,848	24,291,838	1,881,830	6,717,049	4,339,398	306,459,846
Additions	-	9,321,852	850,991	1,292,149	6,019,037	1,977,592	8,734,136	17,781,796	861,500	46,839,053
Disposal	-	-	-	-	-	-	-	-	-	-
As at June 30, 2019	32,500,000	235,334,705	8,910,431	2,217,739	7,750,885	26,269,430	10,615,966	24,498,845	5,200,898	353,298,899
As at July 1, 2019	32,500,000	235,334,705	8,910,431	2,217,739	7,750,885	26,269,430	10,615,966	24,498,845	5,200,898	353,298,899
Additions	-	-	47,272,871	457,145	1,234,258	6,500,131	1,539,601	8,283,936	-	65,287,942
Disposal	-	-	-	-	-	-	-	-	-	-
As at June 30, 2020	32,500,000	235,334,705	56,183,302	2,674,884	8,985,143	32,769,561	12,155,567	32,782,781	5,200,898	418,586,841
Accumulated depreciation										
As at July 1, 2018	-	1,883,440	1,515,355	266,069	977,868	1,810,683	574,312	1,253,637	2,216,627	10,497,991
Charge for the year	-	11,560,394	327,204	139,990	1,603,139	2,402,330	931,165	1,404,340	539,421	18,907,983
Depreciation on disposal	-	-	-	-	-	-	-	-	-	-
As at June 30, 2019	-	13,443,834	1,842,559	406,059	2,581,007	4,213,013	1,505,477	2,657,977	2,756,048	29,405,974
As at July 1, 2019	-	13,443,834	1,842,559	406,059	2,581,007	4,213,013	1,505,477	2,657,977	2,756,048	29,405,974
Charge for the year	-	11,704,041	327,204	473,312	1,994,834	2,550,899	947,801	2,663,153	488,970	21,150,214
Depreciation on disposal	-	-	-	-	-	-	-	-	-	-
As at June 30, 2020	-	25,147,875	2,169,763	879,371	4,575,841	6,763,912	2,453,278	5,321,130	3,245,018	50,556,188
Carrying amount as at June 30, 2019	32,500,000	221,890,871	7,067,872	1,811,680	5,169,878	22,056,417	9,110,489	21,840,868	2,444,850	323,892,925
Carrying amount as at June 30, 2020	32,500,000	210,186,830	54,013,539	1,795,513	4,409,302	26,005,649	9,702,289	27,461,651	1,955,880	368,030,653
Rate of depreciation per annum %	-	5	5	10	33	10	10	10	20	

4.2 Depreciation charge for the year has been allocated as follows:

		2020	2019
		-----Rupees-----	
Note			
16	Clinical expenses	17,977,682	16,422,111
17	Administrative expenses	3,172,532	2,485,872
		<u>21,150,214</u>	<u>18,907,983</u>

	Note	2020 -----Rupees-----	2019
4.3 Capital work in progress			
Opening balance		19,533,042	11,325,350
(Transfer) / Additions during the year		<u>(19,533,042)</u>	<u>8,207,692</u>
		<u>-</u>	<u>19,533,042</u>
4.3.1 Cost of construction			
Opening balance		1,203,133	-
(Transfer) / Additions during the year		<u>(1,203,133)</u>	<u>1,203,133</u>
		<u>-</u>	<u>1,203,133</u>
4.3.2 Advances for construction work			
Opening balance		18,329,909	11,325,350
(Adjustments) / additions during the year		<u>(18,329,909)</u>	<u>7,004,559</u>
	4.3.2.1	<u>-</u>	<u>18,329,909</u>

4.3.2.1 These advances include amounts paid to suppliers for the window work and medical equipment etc.

	Note	2020 -----Rupees-----	2019
5 INTANGIBLE ASSETS			
Opening balance		4,531,997	32,871
Additions during the year		-	5,625,477
Less: Amortization for the year	5.1	<u>(1,885,927)</u>	<u>(1,126,351)</u>
Closing balance		<u>2,646,070</u>	<u>4,531,997</u>
5.1 Amortization charge for the year has been allocated as follows:			
Clinical expenses	16	1,603,038	957,398
Administrative expenses	17	<u>282,889</u>	<u>168,953</u>
		<u>1,885,927</u>	<u>1,126,351</u>

6 STOCK

This represents medicines and medical consumable items carried at weighted average value.

	Note	2020 -----Rupees-----	2019
7 PREPAYMENTS, ACCRUED INTEREST AND OTHER RECEIVABLES			
Prepayments		317,357	177,807
Accrued interest on TDRs & PLS a/c	7.1	85,438	72,677
Advances		5,790,449	2,753,250
Withholding tax receivables		1,072,389	1,173,863
			993,391
		<u>7,265,633</u>	<u>5,170,988</u>
Provision for doubtful - other receivable	7.2	-	(1,071,303)
		<u>7,265,633</u>	<u>4,099,685</u>

7.1 This amount represents interest accrued on Term Deposits Receipts (TDRs) and bank balances.

	Note	2020 -----Rupees-----	2019
7.2 Provision for doubtful - Withholding Tax receivables			
Opening balance		1,071,303	848,297
(Reversal) / provision for the year		(1,071,303)	223,006
Closing balance		<u>-</u>	<u>1,071,303</u>

8 INVESTMENT

Amortized Cost

Term Deposit Certificates	8.1	<u>10,000,000</u>	<u>10,000,000</u>
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8.1 Investments made in Term Deposits Certificate carrying markup ranging from 3.95% p.a to 4.05% p.a (2019: 3.01% p.a to 3.5% p.a). Maturity period of TDRs is 6 month.

	Note	2020 -----Rupees-----	2019
9 CASH AND BANK BALANCE			
Cash in hand		580,298	941,012
Cash at bank - local currency			
-deposit account		9,652,337	9,915,712
-saving account		13,041,808	78,317,310
Cash at bank - foreign currency			
-current account		63,000	402,905
		<u>23,337,443</u>	<u>89,576,939</u>

9.1 saving account carries effective markup ranging from 3.25% - 6.30% (2019: 2.23% - 2.66%) per annum.

	Note	2020 -----Rupees-----	2019
10 TRADE AND OTHER PAYABLES			
Creditors		6,092,159	1,333,992
Salaries payable		559,491	-
Auditors' remuneration payable		410,000	110,000
Accrued liabilities		532,852	352,778
Withholding tax payable		246,863	385,231
		<u>7,841,365</u>	<u>2,182,001</u>

		2020 -----Rupees-----	2019
11 DEFERRED GOVERNMENT GRANT			
Opening Balance	11.1	93,738,161	97,094,017
Amortization charged during the year	11.2	(6,584,892)	(3,355,856)
Closing Balance		<u>87,153,269</u>	<u>93,738,161</u>

11.1 This amount has been received from the Government of Pakistan vide letter no 1(4)/2014-15-General, dated June 01, 2018 for the purchase of hospital equipment.

11.2 During the year, Company has utilized the grant amount and purchased fixed assets. Amortization for respective assets has charged on the basis of depreciation rates provided in note 4.

12 CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

The Company has pending adjudication , against National Highway Authority, before Mr. Hamayun Dilawar, Civil Judge 1st Class, East Islamabad regarding a dispute about a property measuring 3 Kanals comprising Khewat No. 688 to 731 and 751, Khatooni No 1264 to 1321, Khasra No 3077/2902 situated in Mouza Phulgran, Islamabad.TDC prayed in the suit for decree of declaration to the effect that TDC is owner on possession of the suit land and decree for permanent injunction restraining the National Highway Authority from demolishing the structure built upon the suit property. The case is fixed on arguments on civil miscellaneous application for appointment of local commission. As per assessment of the legal advisor of the Company, the case is most likely to be decided in favor of the Company.

12.2 Commitments

Company has no commitment as at year end (2019: Rs. 17.52 million).

	Note	2020 -----Rupees-----	2019
13 CLINICAL INCOME	13.1	<u>71,925,997</u>	<u>63,990,905</u>

13.1 This represents income earned in respect of fees charged to patients.

14 DONATIONS

Donations	14.1	5,450,582	6,192,448
Membership fee	14.2	-	-
		<u>5,450,582</u>	<u>6,192,448</u>

14.1 Donations includes amount received on account of sadqa and charity and it also includes donations in kind of 2020: nil (2019: Rs. 4,093,030).

14.2 TDC membership is awarded on the basis of following criteria:

a) Founder members - against a one time non-refundable deposit of AED 100,000 or equivalent US\$ for overseas members and Rs. 2,500,000 for Pakistani members and they will be eligible for free medical treatment for member and spouse excluding major heart or other surgery.

b) Members - against a one time non-refundable deposit of AED 10,000 or equivalent US\$ for overseas members and Rs. 250,000 for Pakistani members and they will be eligible for free consultation from the hospital.

c) Voluntary membership - Free of cost and on commitment of providing personnel services for TDC development.

	Note	2020 -----Rupees-----	2019
15 OTHER INCOME			
Income from financial assets			
Interest on deposits and investment		814,572	899,818
Exchange gain		(50,852)	1,272,557
Misc. receipts		1,373,154	140,326
		<u>2,136,874</u>	<u>2,312,701</u>

	Note	2020 -----Rupees-----	2019
16 CLINICAL EXPENSES			
Salaries, wages and benefits		57,961,603	48,781,748
Medical supplies and consumables		80,057,719	63,160,468
Depreciation	4.2	17,977,682	16,422,111
Amortization	5.1	1,603,038	957,398
Staff training and education expenses		45,200	1,258,419
Zakat management system fee		1,202,012	542,497
Utilities		4,955,537	3,359,107
Security expenses		3,383,439	3,652,140
Printing and stationery		1,397,324	1,059,448
Professional fees and charges		763,527	1,117,453
Entertainment		742,765	336,348
Communication		2,467,410	3,030,748
Travelling and conveyance		1,124,535	1,489,495
Repair and maintenance		2,465,674	3,376,562
Vehicle running and maintenance		1,548,609	1,092,440
Fuel for generator		954,303	789,957
Insurance expense		1,703,412	1,450,494
Miscellaneous expense		1,476,659	3,641,778
		<u>181,830,448</u>	<u>155,518,611</u>
17 ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits		10,228,518	5,219,449
Utilities		874,506	592,784
Security expenses		597,077	644,495
Marketing expenses		3,064,519	5,084,356
Printing and stationery		246,587	186,961
Professional fees and charges		134,740	197,198
Auditors' remuneration	17.1	300,000	110,000
Entertainment		131,076	59,356
Communication		435,425	534,838
Travelling and conveyance		198,447	262,852
Repair and maintenance		435,119	595,864
Vehicle running and maintenance		273,284	192,783
Fuel for generator		168,406	139,404
Insurance expense		300,603	255,970
Depreciation	4.2	3,172,532	2,485,872
Amortization	5.1	282,889	168,953
Miscellaneous expense		260,587	763,306
		<u>21,104,315</u>	<u>17,494,441</u>
17.1 Auditor's Remuneration			
Annual Audit Fee	17.1.1	150,000	50,000
Fee for Compliance report on Licensing Conditions		100,000	20,000
Certification on Donations		-	30,000
Out of Pocket		50,000	10,000
		<u>300,000</u>	<u>110,000</u>

17.1.1 The auditor has provided services at subsidized rate to TDC, being charitable organization.

18 TRANSACTIONS WITH RELATED PARTIES

The related parties include Chief Executive and Directors. No remuneration or any other benefits were paid to them by company during the period. Detail of transactions with related parties are as follows:

Nature	Note	2020	2019
		-----Rupees-----	
Donations received by the Company from Directors		-	4,635,500
19 FINANCIAL INSTRUMENTS			
19.1 Financial instruments by category			
Financials assets at amortized cost			
Accrued interest		85,438	39,096
Short term investment		10,000,000	10,000,000
Bank balances		22,757,145	21,066,142
		<u>32,842,583</u>	<u>31,105,239</u>
Financials liabilities at amortized cost			
Trade and other payables		7,594,502	3,534,886
		<u>7,594,502</u>	<u>3,534,886</u>

20 REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

The aggregate amount charged in the Financial Statements for the year for remuneration including certain benefits to chief executive (Managing Director) and Executives as follows:

	2020		2019	
	Chief Executive	Executives	Chief Executive	Executives
	-----Rupees-----			
Managerial Remuneration	-	4,283,200	1,320,000	4,003,200
Other allowances	-	2,141,600	221,162	89,040
	<u>-</u>	<u>6,424,800</u>	<u>1,541,162</u>	<u>4,092,240</u>
	<u>1</u>	<u>3</u>	<u>1</u>	<u>2</u>

No remuneration is paid to the chief executive officer and directors of the Company.

21 FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors (the Board) has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk. Further, quantitative disclosures are included throughout these financial statements.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

21.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from deposits, trade debts, other receivables and bank balances. The Company's credit risk exposures are categorized under the following headings:

21.1.1 Counterparties

The Company conducts transactions with the following major types of counterparties:

Banks

The Company limits its exposure to credit risk by maintaining bank accounts only with counterparties that have a credit rating of at least AA+ and A1+. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations. The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

Banks	Rating Agency	Rating	
		Short term	Long term
Bank Alfalah	PACRA	AA+	A1+
Dubai Bank Islamic	JCR-VIS	AA+	A1+
Faysal Bank Limited	PACRA	AA	A1+
Habib Bank Limited	JCR-VIS	AAA	A1+
Meezan Bank Limited	JCR-VIS	AAA	A1+
		2020	2019
		-----Rupees-----	
Exposure to credit risk			
Bank Balances		22,757,145	88,635,927
Investments		10,000,000	10,000,000
		<u>32,757,145</u>	<u>98,635,927</u>

21.2 Liquidity risk

Liquidity risk reflects company's inability in raising funds to meet commitments. The Company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements. The Company's approach to managing the liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or damage to the Company's reputation. The

	2020	
	Carrying amount	Contractual cash flows Up to 1 year 1 to 5 years ----- (Rupees) -----
Trade and Other Payables	7,594,502	7,594,502 -
	2019	
	Carrying amount	Contractual cash flows Up to 1 year 1 to 5 years ----- (Rupees) -----
Trade and Other Payables	1,796,770	1,796,770 -

21.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the

market. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return on the risk. The Company is exposed to interest rate risk.

21.3.2 Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to changes in the market interest rates. Sensitivity to interest rate risk arises from mismatches of financial assets and liabilities that mature in a given period. However, the Company is not exposed to any significant interest rate risk. The effective interest rates for the financial assets - Bank balance is mentioned in respective note to the financial statements.

21.4 Fair value

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. The company has no financial instruments under the fair value hierarchy as at statement of financial position date, the carrying values of the financial assets and financial liabilities are considered as their fair values.

The carrying value of the financial assets and financial liabilities approximate their fair values. 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.

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 (that is, as prices) or indirectly (that is, derived from prices)

Level 3 : inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs)

The company does not have any financial instruments which are required to be classified under aforesaid

22 NUMBER OF EMPLOYEES

Total and average number of employees of the Company were as follows:

	2020 ----- (No of employees) -----	2019 -----
Total employees at year end	<u>77</u>	<u>100</u>
Average employees during the year	<u>96</u>	<u>94</u>

23 GENERAL

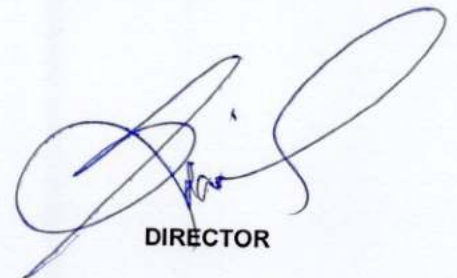
Figures have been rounded off to the nearest Rupee.

24 DATE OF AUTHORIZATION

These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on January 10, 2021



CHIEF EXECUTIVE OFFICER



DIRECTOR