



## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF THE DIABETES CENTRE

#### Report on the Audit of the Financial Statements

#### Opinion

We have audited the annexed financial statements of **THE DIABETES CENTRE** (the Company), which comprise the statement of financial position as at **JUNE 30, 2025** and the statement of income and expenditure, the statement of comprehensive income, the statement of changes in funds, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information 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 comprehensive income, the 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, 2025** and of the deficit, total 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 (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Directors' Report but does not include the financial statements and our auditors' report thereon.

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 our audit of the 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 on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this respect.





### **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.

### **Auditors' Responsibilities for the Audit of 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 auditors' 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 misstatements 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 controls.
- 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 auditors' 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 auditors' 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, the 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, expenditures incurred and guarantees extended during the year 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 auditors' report is **Mr. Junaid Subhani – FCA.**

  
CHARTERED ACCOUNTANTS  
FAISALABAD  
DATE: NOVEMBER 06, 2025

UDIN: AR20251047859xt9knKi

**THE DIABETES CENTRE  
STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2025**

		2025	2024	2023
	Note	-----Rupees-----		
		(RESTATED)	(RESTATED)	(RESTATED)
<b>ASSETS</b>				
<b>Non - current assets</b>				
Property and equipment	4	999,764,989	818,028,234	686,987,251
Security deposits		1,109,096	909,096	909,096
		1,000,874,085	818,937,330	687,896,347
<b>Current assets</b>				
Stock	5	63,167,518	33,732,162	40,121,632
Prepayments, deposits, advances, and other receivables	6	31,600,422	32,919,169	7,955,365
Cash and bank balances	7	137,148,964	52,087,704	54,518,456
		231,916,904	118,739,035	102,595,453
		<u>1,232,790,989</u>	<u>937,676,365</u>	<u>790,491,800</u>
<b>TOTAL ASSETS</b>				
<b>LIABILITIES</b>				
<b>Non current liabilities</b>				
Deferred government grant	8	58,463,828	63,023,137	68,064,549
Lease liability	9	-	-	1,489,053
		58,463,828	63,023,137	69,553,602
<b>Current liabilities</b>				
Trade and other payables	10	60,643,961	39,955,057	19,112,438
Current portion of lease liability	9	-	1,489,053	3,120,892
		60,643,961	41,444,110	22,233,330
		119,107,789	104,467,247	91,786,932
		<u>1,113,683,200</u>	<u>833,209,118</u>	<u>698,704,868</u>
<b>NET ASSETS</b>				
<b>Represented by</b>				
Accumulated (deficit) / surplus fund		(22,245,398)	629,551	49,302,719
Restricted fund - Zakat		27,739,287	13,289,550	29,376,804
Restricted fund - Building		721,154,829	524,672,131	325,407,459
Restricted fund - Land		266,944,382	210,992,886	210,992,886
		993,593,100	749,584,118	615,079,868
Surplus on revaluation of land	4.1.6	120,090,100	83,625,000	83,625,000
Contingencies and commitments	11	-	-	-
		<u>1,113,683,200</u>	<u>833,209,118</u>	<u>698,704,868</u>

The annexed notes from 1 to 25 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR

**THE DIABETES CENTRE  
STATEMENT OF INCOME AND EXPENDITURE  
FOR THE YEAR ENDED JUNE 30, 2025**

		2025	2024
	Note	-----Rupees-----	
<b>INCOME</b>			
Clinical income	12	186,681,214	195,965,361
Donations	13	45,941,262	52,674,352
Income recognized from restricted funds		111,417,425	98,724,088
Transfer from deferred grant	8	4,559,309	5,041,412
Other income	14	22,362,115	5,384,676
		370,961,325	357,789,889
<b>EXPENDITURES</b>			
Clinical expenses	15	358,713,975	348,633,677
Administrative expenses	16	38,761,319	37,753,625
Expired stock loss		3,909,688	18,850,000
Finance cost	17	934,678	1,225,755
		402,319,660	406,463,057
<b>Deficit before taxation</b>		(31,358,335)	(48,673,168)
Taxation		-	-
<b>Net deficit for the year</b>		(31,358,335)	(48,673,168)

The annexed notes from 1 to 25 form an integral part of these financial statements.



**CHIEF EXECUTIVE OFFICER**



**DIRECTOR**

**THE DIABETES CENTRE  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2025**

	Note	2025	2024
		-----Rupees-----	
Net deficit for the year		(31,358,335)	(48,673,168)
Other comprehensive income			
Items that will not reclassified to the statement of income and expenditure			
Surplus on revaluation of land	4.1	36,465,100	-
<b>Total comprehensive income / (loss) for the year</b>		<u>5,106,765</u>	<u>(48,673,168)</u>

The annexed notes from 1 to 25 form an integral part of these financial statements.

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

**THE DIABETES CENTRE  
STATEMENT OF CHANGES IN FUNDS  
FOR THE YEAR ENDED JUNE 30, 2025**

	Accumulated (deficit) / surplus fund	Restricted fund- Zakat	Restricted fund- Building	Restricted fund- Land	Surplus on revaluation of land	Total
-----Rupees-----						
Balance as at July 01, 2023 as previously reported	49,302,719	29,376,804	325,407,459	202,509,500	83,625,000	690,221,482
Impact of correction of error	-	-	-	8,483,386	-	8,483,386
<b>Balance as at July 01, 2023 as restated</b>	<b>49,302,719</b>	<b>29,376,804</b>	<b>325,407,459</b>	<b>210,992,886</b>	<b>83,625,000</b>	<b>698,704,868</b>
Balance as at July 01, 2023 as restated	49,302,719	29,376,804	325,407,459	210,992,886	83,625,000	698,704,868
Net deficit for the year	(48,673,168)	-	-	-	-	(48,673,168)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the year	(48,673,168)	-	-	-	-	(48,673,168)
Donations received	-	71,204,098	210,697,408	-	-	281,901,506
Income recognised during the year	-	(87,291,352)	(11,432,736)	-	-	(98,724,088)
<b>Balance as at June 30, 2024 as restated</b>	<b>629,551</b>	<b>13,289,550</b>	<b>524,672,131</b>	<b>210,992,886</b>	<b>83,625,000</b>	<b>833,209,118</b>
Balance as at July 01, 2024 as restated	629,551	13,289,550	524,672,131	210,992,886	83,625,000	833,209,118
Net deficit for the year	(31,358,335)	-	-	-	-	(31,358,335)
Other comprehensive income	-	-	-	-	36,465,100	36,465,100
Total comprehensive (loss)/ Income for the year	(31,358,335)	-	-	-	36,465,100	5,106,765
Donations received	-	113,895,859	208,454,001	64,434,882	-	386,784,742
Transfer	8,483,386	-	-	(8,483,386)	-	-
Income recognised during the year	-	(99,446,122)	(11,971,303)	-	-	(111,417,425)
<b>Balance as at June 30, 2025</b>	<b>(22,245,398)</b>	<b>27,739,287</b>	<b>721,154,829</b>	<b>266,944,382</b>	<b>120,090,100</b>	<b>1,113,683,200</b>

The annexed notes from 1 to 25 form an integral part of these financial statements.

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

**THE DIABETES CENTRE  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2025**

	2025	2024
Note	-----Rupees-----	
<b>A) CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Deficit before taxation	(31,358,335)	(48,673,168)
<b>Adjustments for:</b>		
Depreciation on property and equipment	4.1.1 25,136,595	26,003,304
Amortization of government grant	8 (4,559,309)	(5,041,412)
Gain on sale of land	14 (17,257,063)	-
Amortization of restricted fund	(111,417,425)	(98,724,088)
Finance cost	17 934,678	1,225,755
<b>Deficit before working capital changes</b>	<b>(107,162,524)</b>	<b>(76,536,441)</b>
<b>Changes in working capital</b>		
<b>(Increase) / decrease in current assets</b>		
Stock	(29,435,356)	6,389,470
Prepayments, deposits, advances, and other receivables	1,318,747	(24,963,804)
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	20,688,904	20,842,619
<b>Cash generated from operations</b>	<b>(7,427,705)</b>	<b>2,268,285</b>
Finance cost paid	(862,831)	(858,547)
<b>Net cash used in operating activities</b>	<b><u>(146,811,395)</u></b>	<b><u>(123,799,871)</u></b>
<b>B) CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for purchase of property and equipment	(116,441,254)	(157,044,287)
Proceeds from sale of land	27,724,949	-
Payment of deposits	(200,000)	-
<b>Net cash used in investing activities</b>	<b><u>(88,916,305)</u></b>	<b><u>(157,044,287)</u></b>
<b>C) CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Donations received on account of zakat	113,895,859	71,204,098
Donations received for construction of building	208,454,001	210,697,408
Lease payments	(1,560,900)	(3,488,100)
<b>Net cash generated from financing activities</b>	<b><u>320,788,960</u></b>	<b><u>278,413,406</u></b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>85,061,260</b>	<b>(2,430,752)</b>
Cash and cash equivalents at the beginning of the year	52,087,704	54,518,456
<b>Cash and cash equivalents at the end of the year</b>	<b>7 <u>137,148,964</u></b>	<b><u>52,087,704</u></b>

The annexed notes from 1 to 25 form an integral part of these financial statements.

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

**THE DIABETES CENTRE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

**1 Status and nature of business**

- 1.1 The Diabetes Centre 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).

Geographical location and address of hospitals/clinics/pharmacy are as under:

<b>Location</b>	<b>Purpose</b>
Phulgran stop, near toll Plaza Murree Expressway Islamabad, Pakistan	Registered office / Head Office / Hospital
Crescent Arcade, G-8 Markaz, Islamabad	Clinic/Pharmacy
Paragon city, Plaza # 16, Orchard block, Lahore	Clinic
88-6R Naiki wala, opposite Palm Villas, Sahiwal, Pakistan	Hospital
Rafah e Aam society, Shah Faisal Ave, Karachi	Hospital

- 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, Sahiwal and Lahore.
- 1.3 The Company's Memorandum of Understanding (MoU) with Pakistan's Economic Affairs Division (EAD) expired on January 11, 2024. However, The Diabetes Center (TDC) has submitted an application for renewal, which has acknowledged by EAD via email dated June 11, 2024 is currently in process.

**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 and,
- Provision of and directives issued under the Companies Act, 2017;

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards and Accounting Standards for NPOs the provisions of and directives issued under the Companies Act 2017, 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 historical 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.

The areas where various assumptions and estimates are significant to the Trust's financial statements or where judgments were exercised in application of accounting policies are as follows:

	<u>Note</u>
Useful lives and residual value of property and equipment	3.2
Surplus on revaluation of land	3.3
Impairment of non-financial assets	3.5
Recognition, measurement, impairment and derecognition of financial in	3.6
Useful life of right of use assets	3.11
Net realizable value of stock	3.12
Provisions	3.24
Contingencies	3.25

## 3 Material Accounting Policy Information

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

### 3.1 Basis of preparation of financial statements

These financial statements have been prepared under the historical cost convention, except for certain items as disclosed in the relevant accounting policies below.

### 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 a revalued amount less any identified impairment loss. Cost comprises acquisition and other directly attributable costs.

Depreciation on property and equipment is charged to statement of income and expenditure 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 when the asset is available for use, up to the date when the asset is disposed off.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and cost of the item can be measured reliably. All other repair and maintenance costs are charged to statement of income and expenditure during the year they are incurred. Gains and losses on disposal / retirement of property and equipment are recognized in statement of income and expenditure.

### 3.3 Surplus on revaluation of land

Any revaluation increase arising on the revaluation of land is recognized in other comprehensive income and presented as a separate component in statement of changes in funds as "Surplus on revaluation of land", except to the extent that it reverses a revaluation decrease for the same asset previously recognized in statement of income and expenditure, in which case the increase is credited to statement of income and expenditure to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of land is charged to statement of income and expenditure to the extent that it exceeds the balance, if any, held in the revaluation surplus on land relating to a previous revaluation of that asset. The revaluation reserve is not available for distribution.

### 3.4 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 and equipment as and when these are available for use.

### 3.5 Impairment of non-financial assets

Assets that have an infinite useful life - for example land - are not subject to depreciation/amortization. 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 sell and value in use.

### 3.6 Recognition, measurement, impairment and derecognition of 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 instruments.

#### 3.6.1 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.

##### (a) 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*

Company has no debt instrument to be categorized under FVTOCI.

##### 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 and any other initial cost.

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 b(iii)). 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 the effective interest rate to the gross carrying amount of the financial asset.

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 statement of income and expenditure and is included in the "finance income - interest income" line item.

*(iii) Equity instruments designated as at FVTOCI*

Company has no equity instrument to be categorized under FVTOCI.

*(iv) Financial assets at FVTPL*

Company has no financial asset to be categorized under FVTPL.

**(b) 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 and other receivables. 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 statement of income and expenditure.

**(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 statement of income and expenditure 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 reduce the carrying amount of the financial asset in the statement of financial position.

**(c) 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 statement of income and expenditure. 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 statement of income and expenditure. 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 statement of income and expenditure, but is transferred to retained earnings.

**3.6.2 Financial liabilities**

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

***(i) Financial liabilities at FVTPL***

Company has no financial liability to be categorized under FVTPL.

*(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 statement of income and expenditure.

**3.7 Offsetting of financial assets and liabilities**

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position, 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.

**3.8 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.

**3.9 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 statement of financial position date and the difference in the fair value is charged to statement of income and expenditure.

**3.10 Lease liabilities**

Lease liabilities are initially measured at the present value of the lease payments discounted using the interest rate implicit in the lease. If the implicit rate cannot be readily determined, the Company's incremental borrowing rate is used. Subsequently these are increased by interest, decreased by lease payments and remeasured for lease modifications, if any.

Liabilities in respect of short term and low value leases are not recognized and payments against such leases are recognized as expense in statement of income and expenditure.

**3.11 Right of use assets**

Right of use assets are initially measured at cost being the present value of payments, initial direct cost, any lease payments made at or before the commencement of the lease as reduced by any incentives received. These are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation on assets held under right of use asset is charged in a manner consistent with that for depreciable assets which are owned by the Company. Where the ownership of the asset is transferred to the Company at the end of the lease term or if the cost of the asset reflects that the Company will exercise the bargain purchase option, depreciation is charged over the useful life of the asset.

### 3.12 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 expenditures to make the sale.

### 3.13 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.

### 3.14 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at fair value. For the purpose of statement of cash flow, cash and cash equivalents comprise of cash in hand and balances with banks.

### 3.15 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 service are rendered.
- g) Zakat and donations are recognized when received.
- h) Rental income is recognized as income when received or receivables, if the amount to be received can be reliably estimated and collection is reasonably assured.

### 3.16 Foreign currency

Transaction in foreign currency during the year are translated in to Pakistan Rupees at the rate of exchange prevailing at the date of transaction. All monetary assets and liabilities are translated into Pakistan Rupees at the rate of exchange prevailing at the statement of financial position date.

### 3.17 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.

### 3.18 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.

## **Land fund**

Land fund has been established to complete and maintain building structure of the TDC hospital on these land.

### **3.19 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 statement of income and expenditure 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 statement of income and expenditure on a systematic and rational basis over the useful lives of the related assets.

### **3.20 Taxation**

The Company is approved as non-profit organization for purpose of section 2(36) of Income Tax Ordinance 2001 till June 30, 2025 as approved by Commissioner Inland Revenue and is eligible to claim 100% tax credit against tax payable.

### **3.21 Prepayments, deposits and advances**

These are recognized at cost, which is the fair value of the consideration given. However, an assessment is made at each reporting date to determine whether there is an indication that assets may be impaired. If such indication exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognized for the difference between recoverable amount and carrying amount.

### **3.22 Expenditures**

All the expenditures are recognized in the statement of income and expenditure on accrual basis.

### **3.23 Transactions with related parties**

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third parties transactions.

### **3.24 Provisions**

Provisions are recognized when the Company has a legal or constructive obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made to the amount of obligation.

### **3.25 Contingencies**

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or the Company 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.

### **3.26 Prior period errors**

Prior period errors are retrospectively restated as per requirements of IAS-8 "Accounting Policies, Changes in Accounting Estimates and Errors", whenever discovered.

During the year, the company discovered that land had not been recorded in the financial statements in prior accounting periods. As a consequence, the land had been understated by Rs. 8,483,386/- up to year ended on June 30, 2023. In these financial statements, the management of the company has adjusted the financial statements by retrospective restatement due to prior period errors as per requirement of IAS-8.

The impact of corrections made retrospectively in respect of prior period errors is as follows:

Description	As at June 30, 2024			As at June 30, 2023		
	As previously reported on June 30, 2024	Adjustments Increase	As restated on June 30, 2024	As previously reported on June 30, 2023	Adjustments Increase	As restated on June 30, 2023
	..... Rupees .....			..... Rupees .....		
<b>Effect on statement of financial position :</b>						
Property and equipment	809,544,848	8,483,386	818,028,234	678,503,865	8,483,386	686,987,251
Restricted fund - Land	202,509,500	8,483,386	210,992,886	202,509,500	8,483,386	210,992,886
<b>Effect on statement of changes in fund:</b>						
Restricted fund - Land	202,509,500	8,483,386	210,992,886	202,509,500	8,483,386	210,992,886

### 3.27 Standards, interpretations and amendments to published approved accounting standards

#### a) New standards, amendments and interpretation to published approved accounting and reporting standards which are effective during the year:

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2024. However, these do not have any significant impact on the Company's financial statements.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

Standards	Effective date (accounting period beginning on or after)
IAS 21 The Effects of changes in Foreign Exchange Rates	January 01, 2025
IFRS 7 Financial Instruments: Disclosures (Amendments)	January 01, 2026
IFRS 17 Insurance Contracts	January 01, 2026
IFRS 9 Financial Instruments – Classification and Measurement of Financial Instruments (Amendments)	January 01, 2026
Annual improvements to IFRS 7, IFRS 9, IFRS10 (Consolidated Financial Statements) and IAS 7 (Statement of Cash Flows)	January 01, 2026

The above standards, amendments to approved accounting standards and interpretations are not likely to have any material impact on the Company's financial statements.

#### b) Other than the aforesaid standards, interpretations and amendments, International Accounting Standards Board (IASB) has also issued the following standards and interpretation, which have not been notified locally or declared exempt by the Securities and Exchange Commission of Pakistan (SECP) as at June 30, 2025;

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRIC 12	Service Concession Arrangement
IFRS 18	Presentation and Disclosures in Financial Statements
IFRS 19	Subsidiaries without Public Accountability: Disclosures

4 Property and equipment

Note	2025	2024
	Rupees	Rupees
4.1 Operating fixed assets		RESTATED
Operating fixed assets	847,962,301	697,461,302
Capital work in progress	151,802,688	120,566,932
	999,764,989	818,028,234

Description	Land	Building	Furniture and fixtures	Computer equipment	Office & electric equipment	Lab equipment	Medical equipment	Vehicles	Sub-total	Right of use assets	
										Leasehold	Leasehold
RESTATED											
Note - 4.1.2											
Cost / Revalued Amount											
As at July 1, 2023	368,518,286	291,650,672	10,035,091	12,973,099	40,901,950	17,793,799	40,019,027	5,280,716	787,172,640	8,397,118	795,569,758
Additions	-	24,222,638	186,843	1,131,005	2,485,704	-	2,360,052	16,927,600	47,313,842	-	47,313,842
As at June 30, 2024	368,518,286	315,873,310	10,221,934	14,104,104	43,387,654	17,793,799	42,379,079	22,208,316	834,486,482	8,397,118	842,883,600
As at July 1, 2024	368,518,286	315,873,310	10,221,934	14,104,104	43,387,654	17,793,799	42,379,079	22,208,316	834,486,482	8,397,118	842,883,600
Additions / Transfer	64,434,882	57,411,920	4,665,358	1,424,760	8,158,369	2,430,296	11,114,795	-	149,640,380	-	149,640,380
Revaluation surplus	36,465,100	-	-	-	-	-	-	-	36,465,100	-	36,465,100
Disposal	(8,483,386)	(1,984,500)	-	-	-	-	-	-	(10,467,886)	(8,397,118)	(18,865,004)
As at June 30, 2025	460,934,882	371,300,730	14,887,292	15,528,864	51,546,023	20,224,095	53,493,874	22,208,316	1,010,124,076	-	1,010,124,076

Description	Land	Building	Furniture and fixtures	Computer equipment	Office & electric equipment	Lab equipment	Medical equipment	Vehicles	Sub-total	Right of use assets	
										Leasehold	Leasehold
RESTATED											
Note - 4.1.2											
Cost / Revalued Amount											
As at July 1, 2023	-	65,014,513	2,897,949	9,091,878	14,637,727	5,522,116	13,517,131	4,234,182	114,915,496	4,503,498	119,418,994
Charge for the year	-	11,432,736	721,260	1,546,752	2,756,293	1,227,168	2,771,609	2,748,447	23,204,265	2,799,039	26,003,304
As at June 30, 2024	-	76,447,249	3,619,209	10,638,630	17,394,020	6,749,284	16,288,740	6,982,629	138,119,761	7,302,537	145,422,298
As at July 1, 2024	-	76,447,249	3,619,209	10,638,630	17,394,020	6,749,284	16,288,740	6,982,629	138,119,761	7,302,537	145,422,298
Charge for the year	-	11,971,303	897,163	1,392,738	2,737,742	1,261,010	2,736,921	3,045,137	24,042,014	(8,397,118)	(8,397,118)
Disposal/Adjustment	-	88,418,552	4,516,372	12,031,368	20,131,762	8,010,294	19,025,661	10,027,766	162,161,775	-	162,161,775
As at June 30, 2025	460,934,882	282,882,178	10,370,920	3,497,496	31,414,261	12,213,801	34,468,213	12,180,550	847,962,301	-	847,962,301
Carrying amount as at June 30, 2025	368,518,286	239,426,061	6,602,725	3,465,474	25,993,634	11,044,515	26,000,339	15,225,687	696,366,721	1,094,581	697,461,302
Rate of depreciation per annum %	-	5%	10%	33%	10%	10%	10%	10%	20%	33.33%	33.33%

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

Note	2025	2024
	Rupees	Rupees
Clinical expenses	21,366,106	22,102,808
Administrative expenses	3,770,489	3,900,496
	25,136,595	26,003,304

4.1.2 The carrying value of land is the fair value based on valuation carried by independent valuer Uppal Associate on June 30, 2025. Fair value was determined based on detailed inspection of land and inquiries from the local market. Previously the revaluation of freehold land was carried on by an independent valuer Axis Consultants (SMC-Private) Limited on June 30, 2021 to replace the carrying amount with current market price.

4.1.3 Had there been no revaluation, the related figure of carrying amount of freehold land as on June 30, 2025 would have been Rs 338,684,782/- (2024: Rs.276,409,900/-).

4.1.4 This includes acquisition of lands by the company in Islamabad, Sahiwal, Lahore, Kashmir and Karachi for hospital building. The land in Sahiwal costing Rs 160 Million has been donated to the Company through gift deed dated November 13, 2021. The other land in model town Lahore has been purchased by the Company at a price of Rs. 90,034 million.

4.1.5 Forced sale value of revalued land on date of revaluation i.e. June 30, 2025 was Rs. 376,339,649/-

4.1.6 Revaluation surplus on land is a capital reserve and is not available for distribution as per section 241 of Companies Act, 2017.

4.1.7 Particulars of asset disposed having NBV greater than Rs. 5,000,000/- are:

Description	Cost	Accumulated Depreciation	Net Book Value	Sales Proceeds	Gain	Mode of disposal	Particulars of buyer	Location
Land and building	10,467,886	-	10,467,886	27,724,949	17,257,063	As per company policy	Muhammad Yaqoob	Faisalabad
Chak No. 120 JB, Faisalabad								

		2025	2024
	Note	-----Rupees-----	
<b>4.2 Capital work in progress</b>			
Opening balance as at July,01		120,566,932	10,836,487
Additions during the year		88,647,676	133,953,083
Less: Transfer during the year		(57,411,920)	(24,222,638)
Closing balance as at June 30,	4.2.1	<u>151,802,688</u>	<u>120,566,932</u>
<b>4.2.1</b> This includes work in progress related to the construction of hospitals in Sahiwal, Lahore and software development.			
<b>5 Stock</b>			
This represents medicines and medical consumable items carried at lower of cost and net realizable value (NRV).			
<b>6 Prepayments, deposits, advances, and other receivables</b>			
Prepayments		378,011	941,010
Security deposits		420,000	450,000
Advances - unsecured			
Supplier		23,316,262	25,479,669
Staff against - interest free			
Salary		450,000	495,000
Expenses		2,217,678	782,185
Withholding tax receivables		4,486,571	3,196,075
Others		331,900	1,575,230
		<u>31,600,422</u>	<u>32,919,169</u>
<b>7 Cash and bank balances</b>			
Cash in hand		1,067,137	1,359,465
Cash with banks - local currency			
- in deposit accounts	7.1	48,094,925	17,150,849
- in current accounts		87,889,236	33,481,044
Cash with banks - foreign currency			
- in current accounts		97,666	96,346
		<u>137,148,964</u>	<u>52,087,704</u>
<b>7.1</b> Deposit account carries effective markup ranging from 5.55% to 7.46%(2024:5.5% to 18.17%) per annum.			
<b>8 Deferred government grant</b>			
Opening balance as at July 01,		63,023,137	68,064,549
Less: Amortization charged during the year		(4,559,309)	(5,041,412)
Closing balance as at June 30,	8.1	<u>58,463,828</u>	<u>63,023,137</u>

- 8.1 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.

	Note	2025	2024
-----Rupees-----			
<b>9 Lease liability</b>			
Opening balance as at July 01,		1,489,053	4,609,945
Accretion of interest	17	71,847	367,208
Less: Paid during the year		<u>(1,560,900)</u>	<u>(3,488,100)</u>
		-	1,489,053
Less: Current portion shown under current liabilities		<u>-</u>	<u>(1,489,053)</u>
		-	-

Reconciliation of minimum lease payment and their present value	2025		2024	
	Not later than one year	Later than one year but not later than five years	Not later than one year	Later than one year but not later than five years
	-----RUPEES-----		-----RUPEES-----	
Future minimum lease payments	-	-	1,560,900	-
Less: Interest cost on lease liabilities	-	-	(71,847)	-
Present value of future minimum lease payments	-	-	<u>1,489,053</u>	-

- 9.1 This represents lease liability against lease contracts for pharmacy and clinic building in G-8 Markaz Islamabad. The liability represents total minimum lease payments discounted at the rate implicit in lease i.e. KIBOR + 2%.

**10 Trade and other payables**

Trade creditors	42,255,118	25,646,044
Accrued liabilities	1,784,876	3,081,293
Salaries	9,335,051	9,771,337
Auditors' remuneration	657,750	1,060,000
Withholding taxes	6,611,166	396,383
	<u>60,643,961</u>	<u>39,955,057</u>

**11 Contingencies and commitments**

**11.1 Contingencies**

Company has no contingency as at June 30, 2025 (2024: Nil).

**11.2 Commitments**

The company has entered into a memorandum of agreement for the lease with occupancy rights only of the land on January 13, 2023 with Anjuman Ikhwan-e-islam, for the purpose of establishing a state of the art Diabetic Centre at Khasra No. 1704, situated at Mouza Barki, Lahore for wellbeing of general public on charitable and non for profit basis.

<b>12 Clinical income</b>	12.1	<u>186,681,214</u>	<u>195,965,361</u>
12.1 This represents income earned in respect of fees charged to patients.			
<b>13 Donations</b>		<u>45,941,262</u>	<u>52,674,352</u>
Donations			

	Note	2025	2024
		-----Rupees-----	
<b>14 Other income</b>			
From financial assets			
Interest on bank deposits	7.1	2,547,494	2,870,662
From non-financial assets			
Rental income		840,000	840,000
Cafeteria income		230,000	20,000
Others		1,487,558	1,654,014
Gain on disposal of land		17,257,063	-
		<u>22,362,115</u>	<u>5,384,676</u>
<b>15 Clinical expenses</b>			
Salaries, wages and benefits		114,839,914	112,745,015
Medical supplies and consumables		163,169,421	154,489,338
Depreciation	4.1.1	21,366,106	22,102,808
Zakat management system fee		2,530,222	1,999,200
Utilities		14,278,273	13,685,125
Security		4,217,898	3,891,671
Printing and stationery		1,353,701	1,979,304
Professional fees and charges		5,840,382	3,046,638
Entertainment		1,542,343	1,570,520
Communication		4,016,909	4,529,795
Travelling and conveyance		5,299,427	7,578,343
Repair and maintenance		3,976,889	7,114,088
Vehicle running and maintenance		3,461,107	2,076,121
Fuel for generator		1,224,510	2,968,566
Insurance		2,604,762	1,733,135
Miscellaneous		2,271,900	3,345,204
Office rent		5,005,502	1,660,297
Office supplies		1,714,709	2,118,509
		<u>358,713,975</u>	<u>348,633,677</u>
<b>16 Administrative expenses</b>			
Salaries, wages and benefits		20,265,867	16,458,363
Utilities		2,519,695	2,415,022
Security		744,335	686,765
Marketing		4,042,217	6,723,475
Printing and stationery		238,888	349,289
Professional fees and charges		1,030,656	537,642
Auditors' remuneration	16.1	657,750	560,000
Entertainment		272,178	277,151
Communication		708,866	799,376
Travelling and conveyance		935,193	1,337,355
Repair and maintenance		701,804	1,255,427
Vehicle running and maintenance		610,784	366,374
Fuel for generator		610,784	366,374
Insurance		216,090	523,865
Depreciation	4.1.1	459,664	305,847
Miscellaneous		3,770,489	3,900,496
Office rent		400,923	590,329
Office supplies		883,324	292,994
		<u>302,596</u>	<u>373,855</u>
		<u>38,761,319</u>	<u>37,753,625</u>

	Note	2025	2024
		-----Rupees-----	
<b>16.1 Auditors' remuneration</b>			
Annual audit fee		442,750	385,000
Tax and secretarial services		115,000	100,000
Out of pocket		100,000	75,000
		<u>657,750</u>	<u>560,000</u>
<b>17 Finance cost</b>			
Interest on lease liabilities	9	71,847	367,208
Bank charges		862,831	858,547
		<u>934,678</u>	<u>1,225,755</u>

## 18 Transactions with related parties

18.1 Related parties of the Company comprises of chief executive, directors, associated entities and key management personnel.

Key Management Personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any director (executive or otherwise) of that company. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements are as follows:

Basis of relationship	Nature of transaction	2025 RUPEES	2024 RUPEES
Chief executive officer / Directors (Key management personnel)	Donations received from directors	60,193,547	27,371,610
	Rental income/received from directors	840,000	840,000
	Managerial Remuneration	700,000	2,970,000
	Allowances	35,000	1,980,000
	Rent and Security Deposit	1,400,000	-
TDC AUSTRALIA	Donations	71,187,485	107,294,399
TDC USA	Donations	-	366,098

18.2 All transactions with related parties are entered into at agreed terms duly approved by the Board of Directors of the Company.

18.3 Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place during the year.

S.No	Name of Related Party	Basis of Relationship	% of shareholding
1	Mr. Asjad Hameed	Chairman	N/A
2	Zaheer Ud din Muhammad Babar	CEO	N/A
3	Mr. Ehtesham Uddin	Member of board of Directors	N/A
4	Mr. Mahood Moosa	Member of board of Directors	N/A
5	Mr. Muhammad Ghulam Mustafa	Member of board of Directors	N/A
6	Mr. Imran Mirza	Member of board of Directors	N/A
7	Mr. Asrar Hussain	Member of board of Directors	N/A
8	Mr. Tahir Mehmood Abbasi	Member of board of Directors	N/A
9	Mr. Muhammad Amin Nath	Member of board of Directors	N/A
10	Mr. Moazzam Ahmad Khan	Member of board of Directors	N/A
11	Mr. Mohammad Sarwar	Member of board of Directors	N/A
12	TDC Australia	Common directorship	N/A
13	TDC USA	Common directorship	N/A
14	TDC UK	Common directorship	N/A

18.4 None of the key management personnel had any arrangements with the Company other than the employment contract.

**19 Financial instruments and related disclosures**

**19.1 Financial assets and liabilities**

	2025	2024
Note	-----Rupees-----	

**19.2 Financial assets - at amortized cost**

Security deposits	1,529,096	1,359,096
Other receivables	331,900	1,575,230
Cash and bank balances	<u>137,148,964</u>	<u>52,087,704</u>
	<u>139,009,960</u>	<u>55,022,030</u>

**19.3 Financial liabilities - at amortized cost**

Lease liability	-	1,489,053
Trade and other payables	<u>54,032,795</u>	<u>39,558,674</u>
	<u>54,032,795</u>	<u>41,047,727</u>

**19.4 Fair value of assets and liabilities**

a) 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. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values as the items are short term nature.

b) Fair value estimation

The Company discloses the financial instruments measured in the statement of financial position at fair value in accordance with the following fair value hierarchy:

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

As at year end, there are no financial instruments carried at fair value which require classification in the above mentioned levels.

The carrying value of land is the fair value based on valuation carried by independent valuer Uppal Associates on June 30, 2025 which was previously valued by Axis Consultants (SMC-Private) Limited on June 30, 2021. Fair value was determined based on detailed inspection of land and inquiries from the local market.

Fair value of land is based on assumptions considered to be level 2 in the fair value hierarchy due to significant observable inputs used in the valuation.

**19.5 Valuation techniques used to derive level 2 fair value - Land**

Fair value of land has been derived using a sales comparison approach. Sale prices of comparable land in close proximity are adjusted for differences in key attributes such as location and size of the property. The most significant input in this valuation approach is price / rate per square foot in particular locality. This valuation is considered to be level 2 in fair value hierarchy due to significant observable inputs used in the valuation.

## 20 Remuneration of chief executive and executives

The aggregate amount charged in the Financial Statements for the year for remuneration including certain benefits to Executives is as follows:

Particulars	2025		2024	
	Chief executive officer	Executives	Chief executive officer	Executives
	-----RUPEES-----			
Managerial remuneration	700,000	13,459,575	2,970,000	18,426,310
Other Allowances:				
House rent	-	5,608,156	1,237,537	7,677,859
Utilities	-	2,243,264	495,074	3,071,512
Transportation	35,000	1,121,631	247,389	1,534,835
<b>Total</b>	<b>735,000</b>	<b>22,432,626</b>	<b>4,950,000</b>	<b>30,710,516</b>
<b>Number of persons</b>	<b>1</b>	<b>8</b>	<b>1</b>	<b>17</b>

- 20.1 No remuneration is paid to the Directors of the Company except Chief Executive officer.
- 20.2 No remuneration or meeting fee was paid to Chief Executive officer and Directors during the year other than stated above.
- 20.3 Executive means an employee, other than chief executive and directors, whose basic salary is equal to or exceeds twelve hundred thousand rupees in a financial year.

## 21 Financial risk management objectives and policies

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

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

### Financial risk factors and risk management framework

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 and concentration of credit risk

Credit risk is the risk representing accounting loss that would be recognized at reporting date, if one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss without taking into account the fair value of any collateral. Out of the total financial assets of Rs. 139.009 million (2024: 55.02 million), the financial assets subject to credit risk amounted to Rs. 137.93 million (2024: Rs. 53.66 million).

The Company is exposed to credit risk from its operating activities (primary balances with banks, and other receivables) and from its investing activities, including deposits with banks and other financial instruments. The credit risk on liquid funds (cash and bank balances) is limited because the counter parties are banks with reasonably high credit rating. The names and the credit rating of major banks where the Company maintains its bank balances are as follows:

### 21.1.1 Counter parties with external credit rating

#### Banks

The Company limits its exposure to credit risk by maintaining bank accounts only with counterparties that have a high credit rating.. 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:

Name of banks	Rating Agency	Rating	
		Short term	Long term
Bank Alfalah Limited	PACRA	AA+	AA+
Allied Bank Limited	PACRA	A1+	AAA
Dubai Islamic Bank Limited	JCR-VIS	A1+	AA
Faysal Bank Limited	PACRA	A1+	AA
Habib Bank Limited	JCR-VIS	A1+	AAA
Telenor Microfinance Bank Limited	PACRA	A1	A+
Meezan Bank Limited	JCR-VIS	A1+	AAA
		2025	2024
	Note	-----Rupees-----	

### 21.1.2 Counter parties without external credit rating

#### Financial assets

Security deposits	1,529,096	1,359,096
Other receivables	331,900	1,575,230
	<u>1,860,996</u>	<u>2,934,326</u>

### 21.1.3 Credit risk realted to receivables

The Company has adopted a policy of only dealing with credit worthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counter parties. Credit exposure is controlled by counter party limits that are reviewed and approved by the management annually.

Based on company's past history and performance no impairment allowance is necessary in respect of deposits and other receivables.

The company does not have any significant credit risk exposure to any single counter party or any group of counter parties having similar characteristics

### 21.2 Liquidity risk

Liquidity risk reflects an company 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 meets its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or damage to the Company's reputation. The maturity profile of the Company's financial liabilities based on the contractual amounts is as follows:

The Company's objective is to maintain a balance between continuity of funding and flexibility through maintaining sufficient level of liquidity by holding highly liquid assets and maintaining adequate reserve. 100% of the Company's debt will mature in less than one year at June 30, 2025 (2024 : 100%) based on the carrying value of financial liabilities reflected in the financial statements.

	2025		
	Carrying amount	Contractual cash flows	
		Up to 1 year	1 to 5 years
	-----Rupees-----		
Lease liability	-	-	-
Trade and other payables	54,032,795	54,032,795	-
	<u>54,032,795</u>	<u>54,032,795</u>	<u>-</u>
	2024		
	Carrying amount	Contractual cash flows	
		Up to 1 year	1 to 5 years
	-----Rupees-----		
Lease liability	1,489,053	1,489,053	-
Trade and other payables	39,558,674	39,558,674	-
	<u>41,047,727</u>	<u>41,047,727</u>	<u>-</u>

## 22 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, foreign exchange rates or the equity prices due to a 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.

Under market risk the Company is exposed to currency risk, interest rate risk and other price risk (equity price risk).

### (a) 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. As of the reporting date, the Company is exposed to currency risk as the company has cash in a foreign currency bank account. Had Pakistani rupees strengthened/weakened by 5% against the AED with all other variables held constant, the deficit/surplus for the year would have been higher / lower by Rs. 4,883 (2024: Rs.4,817). This may result in foreign gain / (loss) on the translation of AED.

Foreign exchange risk arises from commercial transactions and recognized assets and liabilities. The Company's exposure to foreign currency risk at the reporting date is as follows:

	2025	2024
	-----AED-----	
Bank balances	<u>1,264</u>	<u>1,264</u>
	2025	2024
	-----Rupees-----	
Bank balances	<u>97,666</u>	<u>96,346</u>
The following significant exchange rates have been applied:		
Closing rate of Pakistani Rupee to AED at the year end	<u>77.27</u>	<u>76.23</u>
Average rate of Pakistani Rupee to AED for the year end	<u>76.75</u>	<u>77.07</u>

### b) Interest rate risk

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

The Company is exposed to interest / markup rate risk on balances with banks in saving deposit accounts. Deposits issued at variable rates expose the Company to cash flow risk and deposits issued at fixed rates expose the Company to fair value interest rate risk. Significant interest rate risk exposures are primarily managed by a suitable mix of deposits. At June 30, 2025, the Company's interest bearing financial assets amounted to Rs. 48.095 million (2024: Rs.17.151 million). On June 30, 2025, if the interest rate on the Company's deposits had been higher / lower by 100 bps with other variables held constant, deficit for the year would have been higher / (lower) by Rs. 0.48 million (2024: Rs. 0.17 million) mainly as a result of higher / (lower) interest income.

At the reporting date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

Variable rate instruments	2025	2024	2025	2024
	%	%	-----Rupees-----	
Financial assets				
Deposit account	5.55% to 7.46%	5.5% to 18.17%	48,094,925	17,150,849
Total financial assets at variable rate risk			48,094,925	17,150,849

### (c) Equity price risk

Equity price risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in the market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market.

As at year end, there are no financial instruments which are subject to equity price risk.

## 22.1 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 Company's activities, either internally within the Company or externally at the Company'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 operational behavior. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation while achieving its business objective and generating returns for investors.

Primary responsibility for the development and implementation of controls over operational risk rests with the management of the Company. 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.
- Operational and qualitative track record of the plant and equipment supplier and related service providers.

**23 Number of employees**

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

	2025	2024
	----- (Number) -----	
Total employees at year end	<u>142</u>	<u>154</u>
Average employees during the year	<u>147</u>	<u>149</u>

**24 Date of authorization**

These financial statements have been authorized for issue on Nov 06, 2025 by the board of directors of the Company.

**25 General**

25.1 Figures have been rounded off to the nearest rupee unless otherwise stated.



**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**