SHAUKAT KHANUM MEMORIAL TRUST

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF SHAUKAT KHANUM MEMORIAL TRUST

Opinion

We have audited the financial statements of Shaukat Khanum Memorial Trust (the 'Trust'), which comprise the statement of financial position as at December 31, 2022, and the income and expenditure account, the statement of comprehensive income, the statement of changes in fund balances and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified by the Securities and Exchange Commission of Pakistan (SECP).

Basis for Opinion

We conducted our audit in accordance with the 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 Trust in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Board of Governors is responsible for the preparation and fair presentation of the financial statements in accordance with the IFRS issued by IASB as notified by the SECP, and for such internal control as the Board of Governors determine 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, the Board of Governors is responsible for assessing the Trust'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 Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust'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.

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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 Trust'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 Trust'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 Trust to cease to continue as a going concern.

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

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

A. F. Ferguson & Co.
Chartered Accountants

Lahore, June 22, 2023

Name of the engagement partner: Khurram Akbar Khan

UDIN: AR202210070fyTiG5WvJ

SHAUKAT KHANUM MEMORIAL TRUST

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2022

	Note	General fund Rupees	Endowment fund Rupees	2022 Rupees	2021 Rupees
FUND BALANCE		23,364,038,038	5,791,848,852	29,155,886,890	23,129,857,483
REPRESENTED BY					
NON-CURRENT ASSETS					
Operating fixed assets	7	12,285,545,828	-	12,285,545,828	11,744,196,021
Right-of-use assets	8	21,850,843	-	21,850,843	420,577,950
Capital work-in-progress	9	6,514,875,686	-	6,514,875,686	3,339,892,216
Long term loans and deposits	10	31,224,209	-	31,224,209	30,025,900
Long term investments	11	1,351,372	220,584,295	221,935,667	32,299,623
Total non-current assets		18,854,847,938	220,584,295	19,075,432,233	15,566,991,710
CURRENT ASSETS					
Stores and spares		46,474,604	-	46,474,604	12,148,080
Inventories	12	1,542,402,276	-	1,542,402,276	1,501,346,195
Donations in kind	13	1,508,547,250	-	1,508,547,250	1,208,332,500
Trade receivables	14	307,407,553	-	307,407,553	276,896,989
Loans, advances, deposits, prepayments and other receivables	15	716,853,323	80,646,906	797,500,229	451,975,581
Income tax receivable		29,721,817	2,475,902	32,197,719	27,243,775
Short term investments	16	230,405,000	5,327,686,446	5,558,091,446	4,688,444,638
Cash and bank balances	17	3,871,885,448	160,455,303	4,032,340,751	2,788,440,142
Total current assets		8,253,697,271	5,571,264,557	13,824,961,828	10,954,827,900
Total assets		27,108,545,209	5,791,848,852	32,900,394,061	26,521,819,610
LESS:					
NON-CURRENT LIABILITIES					
Long term security deposits	18	22,250,000	-	22,250,000	21,350,000
Long term loans - secured	19	54,753,447	-	54,753,447	90,491,685
Lease liabilities	20	6,133,676	-	6,133,676	19,478,796
Employee benefit obligation	21	195,504,285	-	195,504,285	167,062,692
Deferred contributions	22	355,793,938	-	355,793,938	409,663,155
Deferred government grants	23	124,902,200	-	124,902,200	131,152,200
Total non-current liabilities		759,337,546	-	759,337,546	839,198,528
CURRENT LIABILITIES					
Current portion of non-current liabilities	24	281,989,296	-	281,989,296	412,214,207
Trade and other payables	25	2,703,180,329	-	2,703,180,329	2,140,549,392
Total current liabilities		2,985,169,625	-	2,985,169,625	2,552,763,599
Total liabilities		3,744,507,171	-	3,744,507,171	3,391,962,127
NET ASSETS		23,364,038,038	5,791,848,852	29,155,886,890	23,129,857,483

CONTINGENCIES AND COMMITMENTS 26

The annexed notes 1 to 40 form an integral part of these financial statements.

Member **Member**

SHAUKAT KHANUM MEMORIAL TRUST

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2022

	Note.	General fund Rupees	Endowment fund Rupees	2022 Rupees	2021 Rupees
Income					
Clinical income	28	7,001,400,504	-	7,001,400,504	8,234,707,577
Donations and Zakat income	29	14,287,564,166	20,000	14,287,584,166	10,471,816,040
Other income	30	1,477,131,332	949,270,310	2,426,401,642	1,051,541,893
Total income for the year		22,766,096,002	949,290,310	23,715,386,312	19,758,065,510
Expenditure					
Clinical expenses	31	12,646,299,454	-	12,646,299,454	11,923,986,265
General and administrative expenses	32	3,660,269,332	-	3,660,269,332	3,007,618,516
Marketing expenses	33	1,342,415,647	-	1,342,415,647	1,006,985,476
Finance cost	34	36,548,621	-	36,548,621	57,330,282
Total expenditure for the year		17,685,533,054	-	17,685,533,054	15,995,920,539
Surplus of income over expenditure before taxation		5,080,562,948	949,290,310	6,029,853,258	3,762,144,971
Taxation	4.3	-	-	-	-
Surplus of income over expenditure after taxation		5,080,562,948	949,290,310	6,029,853,258	3,762,144,971

The annexed notes 1 to 40 form an integral part of these financial statements.

Member **Member**

SHAUKAT KHANUM MEMORIAL TRUST

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	General fund Rupees	Endowment fund Rupees	2022 Rupees	2021 Rupees
Surplus of income over expenditure after taxation		5,080,562,948	949,290,310	6,029,853,258	3,762,144,971
Other comprehensive (loss)/income for the year:					
Items that may be reclassified subsequently to income and expenditure account		-	-	-	-
Items that will not be reclassified subsequently to income and expenditure account:					
Change in fair value of equity investments at fair value through other comprehensive income (FVOCI)		(272,050)	(3,551,801)	(3,823,851)	(3,434,999)
Unrealized gain on revaluation of land	5	-	-	-	689,554,000
		(272,050)	(3,551,801)	(3,823,851)	686,119,001
Total comprehensive income for the year		5,080,290,898	945,738,509	6,026,029,407	4,448,263,972

The annexed notes 1 to 40 form an integral part of these financial statements.

Member **Member**

SHAUKAT KHANUM MEMORIAL TRUST

STATEMENT OF CHANGES IN FUND BALANCES FOR THE YEAR ENDED DECEMBER 31, 2022

	General Fund				Endowment Fund			
	Revaluation surplus on land - note 5	**FVOCI reserve**	**Accumulated surplus of income over expenditure**	**Total general fund - note 4.1**	**FVOCI reserve**	**Accumulated surplus of income over expenditure**	**Total endowment fund**	**Grand total**
	Rupees							
Balance as on January 1, 2021	2,953,718,550	142,928	11,853,462,271	14,807,323,749	25,344,540	3,848,925,222	3,874,269,762	18,681,593,511
Surplus of income over expenditure after taxation for the year	-	-	3,386,868,690	3,386,868,690	-	375,276,281	375,276,281	3,762,144,971
Other comprehensive income/(loss) for the year	689,554,000	701	-	689,554,701	(3,435,700)	-	(3,435,700)	686,119,001
Total comprehensive income/(loss) for the year	689,554,000	701	3,386,868,690	4,076,423,391	(3,435,700)	375,276,281	371,840,581	4,448,263,972
Transfer from General Fund to Endowment Fund			(450,000,000)	(450,000,000)		450,000,000	450,000,000	-
Balance as at December 31, 2021	3,643,272,550	143,629	14,790,330,961	18,433,747,140	21,908,840	4,674,201,503	4,696,110,343	23,129,857,483
Surplus of income over expenditure after taxation for the year	-	-	5,080,562,948	5,080,562,948	-	949,290,310	949,290,310	6,029,853,258
Other comprehensive loss for the year	-	(272,050)	-	(272,050)	(3,551,801)	-	(3,551,801)	(3,823,851)
Total comprehensive (loss)/income for the year	-	(272,050)	5,080,562,948	5,080,290,898	(3,551,801)	949,290,310	945,738,509	6,026,029,407
Transfer from General Fund to Endowment Fund	-	-	(150,000,000)	(150,000,000)	-	150,000,000	150,000,000	-
Balance as at December 31, 2022	3,643,272,550	(128,421)	19,720,893,909	23,364,038,038	18,357,039	5,773,491,813	5,791,848,852	29,155,886,890

The annexed notes 1 to 40 form an integral part of these financial statements.

Member **Member**

SHAUKAT KHANUM MEMORIAL TRUST

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022 Rupees	2021 Rupees
Cash flows from operating activities			
Surplus of income over expenditure before taxation		6,029,853,258	3,762,144,971
Adjustments for non-cash charges and other items:			
Depreciation on operating fixed assets	7.1	1,617,876,109	1,359,928,637
Depreciation on right-of-use assets	8	60,035,109	97,870,500
Amortization of intangible assets		-	1,314,176
Amortization of deferred grants	23	(6,250,000)	(6,250,000)
Amortization of deferred contributions	22.1	(194,035,264)	(139,479,474)
Gain on disposal of operating fixed assets	30	(47,602,532)	(7,082,362)
Gain on sale of donated properties	30	(20,736,586)	(15,545,355)
Finance cost	34	36,548,621	57,330,282
Inventories donated		(169,246,781)	(372,236,429)
Inventories written off	31.1	11,649,309	9,301,070
Provision for slow moving inventories		24,468,104	-
Exchange gain - net	30	(1,121,418,479)	(312,127,723)
Income from deposits and investments	30	(500,793,194)	(238,959,439)
Provision for accumulating compensated absences	21	67,317,927	35,658,920
Net impairment gain on financial assets	14.1	(8,266,597)	-
Receivables written off	32	648,330	73,000
Liabilities no longer payable written back	30	(13,490,964)	(23,772,804)
Donations in kind - net	13	(372,870,217)	(79,705,207)
		(636,167,105)	366,317,792
Surplus before working capital changes		5,393,686,153	4,128,462,763
Effect on cash flow due to working capital changes:			
Increase in stores and spares		(34,326,524)	(2,482,459)
Decrease in inventories		92,073,287	19,400,409
Increase in trade receivables		(22,563,797)	(17,341,374)
Increase in loans, advances, deposits, prepayments and other receivables		(365,599,791)	(150,023,051)
Increase/(decrease) in trade and other payables		578,735,439	(184,035,659)
		248,318,614	(334,482,134)
Cash generated from operations		5,642,004,767	3,793,980,629
Finance cost paid		(39,162,159)	(58,619,461)
Payment of accumulating compensated absences		(38,876,334)	(22,774,894)
Income taxes paid		(4,953,944)	(3,353,743)
Proceeds from disposal of donations in kind		93,392,053	63,243,062
Net increase in long term loans and deposits		(1,198,309)	(7,088,848)
Net increase in long term security deposits		900,000	5,750,000
Net cash inflow from operating activities		5,652,106,074	3,771,136,745
Cash flows from investing activities			
Fixed capital expenditure		(4,752,463,185)	(3,444,487,538)
Long term investments made during the year		(183,041,527)	-
Short term investments made during the year		(14,142,066,496)	(4,257,288,750)
Proceeds from disposal of operating fixed assets		8,105,802	46,762,935
Proceeds on maturity of short term investments		13,711,880,637	3,595,660,309
Interest received		352,553,540	263,738,813
Net cash outflow from investing activities		(5,005,031,229)	(3,795,614,231)
Cash flows from financing activities			
Repayment of long term loans		(79,929,675)	(79,204,016)
Payment of lease liabilities		(189,335,788)	(278,810,108)
Net cash outflow from financing activities		(269,265,463)	(358,014,124)
Net increase/(decrease) in cash and cash equivalents		377,809,382	(382,491,610)
Cash and cash equivalents at the beginning of the year		3,053,846,270	3,292,153,851
Effects of exchange rate on cash and cash equivalents		600,685,099	144,184,029
Cash and cash equivalents at the end of the year	36	4,032,340,751	3,053,846,270

Refer notes 19 and 20 for reconciliation of liabilities arising from financing activities.

The annexed notes 1 to 40 form an integral part of these financial statements.

Member **Member**

SHAUKAT KHANUM MEMORIAL TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

1. Legal status and nature of business

Shaukat Khanum Memorial Trust (hereinafter referred to as 'SKMT' or the 'Trust') is a not for profit organization that was registered in Pakistan on February 27, 1990 under the Societies Registration Act, XXI of 1860. The Board of Governors of the Trust serve in an honorary capacity. The primary purpose of the Trust is to raise funds in Pakistan and abroad for establishing and maintaining general hospitals and medical centers with emphasis on cancer specialist centers in Pakistan. The Trust is also running medical centers, pharmacies and lab collection points in different cities of Pakistan. The registered office of the Trust is situated at 7-A, Block R-3, M.A. Johar Town, Lahore.

The Trust also has a branch office in Dubai which is registered with International Humanitarian City, Free Zone Authority, Dubai and various sales and marketing offices throughout Pakistan for creating awareness about the Trust, its hospitals and for fundraising. Currently, the Trust is managing Shaukat Khanum Memorial Cancer Hospital and Research Centers in Lahore and Peshawar. The Shaukat Khanum Memorial Cancer Hospital and Research Centre in Karachi is under construction. Moreover, diagnostic centers in Lahore, Rahim Yar Khan and Karachi and a chemotherapy facility in Karachi are also being managed by the Trust.

The funds raised in the United Kingdom, United States of America, Canada, Australia and Norway are incorporated in the accounts of charitable trusts, that are separate legal entities registered in the respective countries.

2. Basis of preparation

2.1 Statement of compliance

These financial statements of the Trust have been prepared in accordance with the requirements of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified by the Securities and Exchange Commission of Pakistan (SECP).

2.2 Initial application of standards, amendments or an interpretation to existing standards

The following amendments to existing standards have been published that are applicable to the Trust's financial statements covering annual periods, beginning on or after the following dates:

2.2.1 Standards, amendments and interpretations to accounting standards that are effective in current year

Certain standards, amendments and interpretations to IFRS are effective for accounting period beginning on January 1, 2022 but are considered not to be relevant or to have any significant effect on the Trust's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements.

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

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Trust's accounting periods beginning on or after January 1, 2023 but are considered not to be relevant or to have any significant effect on the Trust's operations and are, therefore, not detailed in these financial statements, except for the following:

a) Narrow scope amendments to International Accounting Standard (IAS) 1 Practice Statement 2 and International Accounting Standard (IAS) 8 (effective for annual period beginning on January 01,

The IASB has issued narrow-scope amendments to IFRS Standards. The amendments will help entities:

- improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements; and

- distinguish changes in accounting estimates from changes in accounting policies.

The amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies.

The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the Trust applies the amendments.

b) Classification of Liabilities - Amendments to IAS 1 (effective for annual period beginning on January 01, 2024)

The narrow-scope amendments to IAS 1, 'Presentation of Financial Statements' clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. In particular, the amendment clarifies that:

- liabilities are classified as non-current if the entity has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The amendment no longer refers to unconditional rights.

- the assessment determines whether a right exists, but it does not consider whether the entity will exercise the right. So, management's expectations do not affect the classification.

- the right to defer only exists if the entity complies with any relevant conditions at the reporting date. A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date.

- 'Settlement' is defined as the extinguishment of a liability with cash, other economic resources or an entity's own equity instruments.

The Trust is yet to assess the impact of these amendments on its financial statements.

3. Basis of measurement

3.1 These financial statements have been prepared on a historical cost basis, except for the following:

i) Certain financial instruments, land and donations in kind - measured at fair value

ii) Certain employee benefit obligations - measured at present value

iii) Lease liabilities - measured at present value

3.2 Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Trust's accounting policies.

This note provides an overview of the area that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to the estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements. The areas involving significant estimates or judgements are:

i) Useful lives and residual values of operating fixed assets - notes 4.4.1 and 7
ii) Fair valuation of land - notes 4.4.1, 7 and 38.2
iii) Fair valuation of donations in kind - notes 4.13, 13 and 38.2

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Trust and that are believed to be reasonable under the circumstances.

4. Summary of significant accounting policies

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

4.1 General Fund

This is a general purpose unrestricted fund. All donations and zakat, other than those which are required to be retained for the benefit of the Trust as a capital fund, are recognized in this fund.

4.2 Endowment Fund

This is a form of restricted fund which is held on trust to be retained for the benefit of the Trust as a capital fund. The income generated from this capital fund is also credited to this fund. The main objective of the fund is to generate income for the operating expenses of Trust.

4.3 Taxation

Income tax comprises current and deferred tax. Income tax is recognized in the income and expenditure account except to the extent that it relates to items recognized directly in fund balance, in which case it is recognized directly in the fund balance.

Current

The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to surplus for the year if enacted or substantively enacted at the end of the reporting period in accordance with the prevailing law for taxation of income, after taking into account tax credits, rebates and exemptions, if any. Management periodically evaluates position taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that the tax authorities will accept an uncertain tax treatment. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years. The Trust measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty. Current tax assets and tax liabilities are offset where the Trust has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Any income derived by the Trust is exempt from income tax under clause 66 (1) (xxxv) of Part I of the Second Schedule of the Income Tax Ordinance, 2001. Consequently, no provision for current taxation was made in these financial statements.

Deferred

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable surplus or deficit. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable surpluses will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

Deferred tax is charged or credited to income and expenditure account, except to the extent that it relates to items recognised in other comprehensive income or statement of changes in fund balances. In this case, the tax is also recognised in other comprehensive income or directly in statement of changes in fund balances, respectively.

Deferred tax has not been provided in these financial statements as Trust's income is exempt under the Income Tax Ordinance, 2001 and consequently temporary differences do not arise.

4.4 Property, plant and equipment

4.4.1 Operating fixed assets

Operating fixed assets, except for land, are stated at historical cost less accumulated depreciation and any identified impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Land is stated at revalued amount less any identified impairment loss. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of land does not differ materially from its fair value. Revalued amount is determined by an external independent professional valuer. Increases in the carrying amount arising on revaluation of land is recognized in other comprehensive income and are credited to 'revaluation surplus on land' in the fund balance. Any decrease in carrying amount arising on the revaluation of land is charged to income and expenditure account 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.

Depreciation on all items of owned assets, except for land, is charged to income and expenditure account using the straight line method so as to write off the depreciable amount of the assets over their estimated useful lives, at the annual rates given in note 7.

The assets' residual values and useful lives are continually reviewed by the Trust and adjusted if impact on depreciation is significant. The Trust's estimate of the residual values and useful lives of its owned assets as at December 31, 2022 has not required any adjustment as its impact is considered insignificant.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 4.6).

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 Trust and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income and expenditure account during the period in which they are incurred.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

4.4.2 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 operating fixed assets as and when these are available for use.

4.5 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 are amortized using the straight line method over a period of three years.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 4.6).

4.6 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested 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 its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

4.7 Leases

The Trust is the lessee:

At inception of a contract, the Trust assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Trust.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Trust, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Trust:

- where possible, uses the recent third party financing received by the Trust as a starting point, adjusted to reflect the changes in financing conditions since third party financing was received;

- uses expected terms of third party financing based on correspondence with the third party financial institutions, where third party financing was not received recently; and

- makes adjustments specific to the lease e.g. terms and security.

Lease payments include the following:

- fixed payments, less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Trust under residual value guarantees;
- the exercise price of a purchase option if the Trust is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease liability is subsequently measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Trust's estimate of the amount expected to be payable under a residual value guarantee, or if the Trust changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the income and expenditure account if the carrying amount of right-of-use asset has been reduced to zero.

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease, it is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increases the scope of lease by adding the right to use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Payments associated with short-term leases and all leases of low-value assets are recognized on a straight-line basis as an expense in income and expenditure account. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

4.8 Investments

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

Investments, for the purpose of measurement, are classified into different categories as explained in note 4.9.

4.9 Financial assets

4.9.1 Classification

The Trust classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value [either through other comprehensive income ('OCI') or through profit or loss]; and

- those to be measured at amortized cost.

The classification depends on the Trust's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Trust has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Trust reclassifies debt investments when and only when its business model for managing those assets changes.

4.9.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade date, being the date on which the Trust commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Trust has transferred substantially all the risks and rewards of ownership.

4.9.3 Measurement

At initial recognition, the Trust measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in income and expenditure account.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Trust's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Trust classifies its debt instruments:

i) Amortized cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in income and expenditure account. Impairment losses are presented as a separate line item in the income and expenditure account.

ii) FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognized in income and expenditure account. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from fund balance to income and expenditure account. Interest income from these financial assets is included in other income using the effective interest rate method. Impairment expenses are presented as a separate line item in the income and expenditure account.

iii) FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in income and expenditure account in the period in which it arises.

Equity instruments

The Trust subsequently measures all equity investments at fair value. Where the Trust's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to income and expenditure account following the derecognition of the investment. Dividends from such investments continue to be recognized in income and expenditure account as other income when the Trust's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in the income and expenditure account. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

4.9.4 Impairment of financial assets other than investment in equity instruments

The Trust assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade debts, the Trust applies IFRS 9 simplified approach to measure the expected credit losses (loss allowance) which uses a life time expected loss allowance to be recognized from initial recognition of the receivables, while general 3-stage approach for loans, deposits, other receivables and bank balances i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition.

Following are the financial assets that are subject to the ECL model:

- Trade receivables;
- Long term loans and deposits;
- Bank balances;
- Short term and long term investments held at amortized cost; and
- Deposits and other receivables

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 (adjusted for factors that are specific to the counterparty, 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). As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

The Trust recognizes life time ECL on trade debts, using the simplified approach. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Trust recognizes an impairment loss in the income and expenditure account for financial assets with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, 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.

The Trust writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of counterparty's sources of income or assets to generate sufficient future cash flows to repay the amount. The Trust may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

4.10 Financial liabilities

All financial liabilities are recognized at the time when the Trust becomes a party to the contractual provisions of the instrument. Financial liabilities at amortized cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognized at fair value and transaction costs are charged to the income and expenditure account.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortized cost using the effective yield method.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the income and expenditure account.

4.11 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Trust intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.12 Employee benefits

4.12.1 Short term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

4.12.2 Post employment benefit - Defined contribution plan - Provident fund

The Trust operates a defined contributory provident fund for all permanent employees. Equal monthly contributions are made by the Trust and the employees, at the rate of 7.5% per annum of the gross salary, subject to the completion of minimum qualifying period of service as determined under the rules of the fund. The Trust has no further payment obligations once the contributions have been paid. Obligations for contributions to defined contribution plan are recognized as an employee benefit expense in the income and expenditure account when they are due.

4.12.3 Other long term employee benefit obligations - Accumulating compensated absences

The Trust has a policy to provide employee benefits to its employees in the form of vesting accumulating compensated leave absences. As per Trust's policy, employees are entitled to 24 days of paid leaves each year after completion of one year of service. The unused entitlement can be carried forward subject to the condition that the total unused accumulated leaves shall not exceed the prescribed limit i.e. 36 leaves. Any unused leaves in excess of the limit are lapsed and are not available for carry forward. Accumulated balance of unused earned leaves up to 36 shall be encashable at the rate of gross salary at the time of final settlement of an employee.

Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to income and expenditure account. The most recent valuation was carried out as at December 31, 2022 using the Projected Unit Credit Method.

The amount recognized in the statement of financial position represents the present value of the defined benefit obligations. Actuarial gains and losses are charged to the income and expenditure account immediately in the period when these occur.

Projected Unit Credit Method, using the following significant assumptions, has been used for valuation of accumulating compensated absences:

	2022	2021
Discount rate per annum	14.25%	12.25%
Expected rate of increase in salary level per annum	13.25%	11.25%
Expected mortality rate	SLIC (2001-2005) mortality	SLIC (2001-2005) mortality
Retirement age - years	65	65

4.13 Donations in kind

Land, properties and other valuable items (including donated inventories like medicines, consumables etc.) received as donations are initially measured at the market value prevailing at the time of recognition of donation income. At subsequent reporting dates, items other than donated inventories are remeasured at their fair value prevailing at the statement of financial position date and the difference in the fair values is charged/credited to income and expenditure account.

4.14 Stores and spares

Usable stores and spares are valued principally at weighted average cost. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

4.15 Inventories

Inventories comprise of medicines, consumables and general supplies such as laboratory, nursing and surgical supplies, stationery, diesel, food items, etc. These are valued principally at the lower of weighted average cost and net realizable value. Cost is arrived at on a moving average basis. Cost comprises the purchase cost and other related costs incurred in bringing the inventories to their present location and condition and are determined after deducting rebates and discounts. As referred to in note 4.13, the cost of donated inventories is the fair value at the time of recognition.

Materials in transit are stated at cost comprising invoice value plus other charges incurred thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs necessary to be incurred in order to make a sale. If the expected net realizable value is lower than the carrying amount, a write-down is recognized for the amount by which the carrying amount exceeds its net realizable value.

Provision is made for slow moving and expired stock where necessary.

4.16 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4.17 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

4.18 Provisions

Provisions for legal claims and make good obligations are recognized when the Trust has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

4.19 Government grants

Government grants are transfers of resources to an entity by a government entity in return for compliance with certain past or future conditions related to the entity's operating activities - e.g. donated lands.

Government grants are recognized at fair value, as deferred income, when there is reasonable assurance that the grants will be received and the Trust will be able to comply with all the conditions associated with the grants.

Government grants relating to costs are deferred and recognized in the income and expenditure account over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to operating fixed assets are included in non-current liabilities as deferred government grants and are credited to the income and expenditure account on a straight-line basis over the expected lives of the related assets.

4.20 Income recognition

Income is recognized when it is probable that the economic benefits associated with the transaction will flow to the Trust and the amount of income can be measured reliably. Clinical income consists of income from inpatient revenue, outpatient revenue and pharmacy and other income comprises income from cafeteria, zakat, donation and other services. Trust's contract performance obligations are fulfilled at point in time when the services are provided to customer in case of inpatient, outpatient and other services and goods are delivered to customer in case of pharmacy and cafeteria revenue. Income is recognized at that point in time, as the control has been transferred to the customers. Income is measured at the fair value of the consideration received or receivable excluding discounts, commissions and government levies on the following basis:

- Donations received against depreciable assets are deferred as non-current liabilities and recognized as income when related expenses are incurred.
- Donations and Zakat income are recognized when received or when there is no uncertainty as to its collection.
- Service revenue in respect of sale of software is recognized in the accounting period in which the services are rendered by reference to the stage of completion of the specific transaction and in accordance with the contractual terms of the assignment.

4.21 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income and expenditure account over the period of the borrowings using the effective interest method.

Borrowings are derecognised from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognized in the income and expenditure account as other income or finance costs.

Borrowings are classified as current liabilities unless the Trust has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

4.22 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized income and expenditure account in the period in which they are incurred.

4.23 Foreign currency transactions and translation

a) Functional and presentation currency

Items included in the financial statements of the Trust are measured using the currency of the primary economic environment in which the Trust operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Trust's functional and presentation currency.

b) Transactions and balances

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the statement of financial position date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to income and expenditure account.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined.

4.24 Expenses

Expenses are recognized in the income and expenditure account when incurred.

4.25 Deferred contributions

Restricted contributions are the contributions which are received under the contractual arrangements and are recognized as deferred contributions under non-current liabilities in the General Fund. These are recognized as income in the same period or periods as the related expenses are recognized.

4.26 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognized at fair value. The Trust holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method, less loss allowance. See note 4.9.4 for a description of the Trust's impairment policies.

4.27 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Trust; or

- there is present 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.

4.28 Contract asset and contract liability

A contract asset is recognized for the Trust's right to consideration in exchange for goods or services that it has transferred to a customer. If the Trust performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the Trust presents the amount as a contract asset, excluding any amounts presented as a receivable.

A contract liability is recognized for the Trust's obligation to transfer goods or services to a customer for which the Trust has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration, or the Trust has a right to an amount of consideration that is unconditional (i.e. a receivable), before the Trust transfers a good or service to the customer, the entity shall present the contract as a contract liability when the payment is made or the payment is due (whichever is earlier).

4.29 Rounding of amounts

All amounts disclosed in the narrative notes to the financial statements have been rounded off to the nearest thousand Rupees.

5. Revaluation reserve on land

This represents the surplus on revaluation of the following lands:

- donated to the Trust by the Government of Punjab for the purpose of construction of a cancer hospital only, in Johar Town, Lahore (Lahore Hospital);
- used for the diagnostic center at Jail Road, Lahore (Diagnostic Centre, Jail Road, Lahore);
- donated to the Trust for the accommodation of the patients and their relatives in Johar Town, Lahore (Lahore hospital - Patients and attendent residence);
- donated to the Trust by the Government of Khyber Pakhtunkhwa for the purpose of construction of a cancer hospital only, in Hayatabad, Peshawar (Peshawar hospital);
- designated for the purpose of construction of a cancer hospital, in Bin Qasim Town, Education City, Karachi;
- used for diagnostic center in Defence Housing Authority (DHA), Karachi (Karachi Diagnostic Centre);
- designated for the purpose of construction of a diagnostic center at Naclas No. 24, Deh Din, Tappo Ibrahim Hydri Taluka, Karachi; and
- donated to the Trust by the DHA for the purpose of construction of a cancer hospital, in Karachi (Karachi hospital).

These lands were revalued as at December 31, 2021 by an independent professional valuer on the basis of open market value. The Trust has a policy to revalue its lands at least every five years.

	2022 Rupees	2021 Rupees
The movement in revaluation surplus is as follows:		
Opening balance	3,643,272,550	2,953,718,550
Revaluation surplus during the year	-	689,554,000
Closing balance	3,643,272,550	3,643,272,550

6. General fund - Clinical research

Included in the General Fund is Rs 87.306 million (2021: Rs 86.380 million) pertaining to Clinical Research Fund for research related activities or other general activities of the Trust.

7. Operating fixed assets

Rupees

	Land - note 7.2	Buildings	Medical and surgical equipment	Support services equipment	Office equipment	*HVAC and electrical equipment	Furniture and fixtures	Vehicles	Total
COST/REVALUED AMOUNT									
Balance as at January 1, 2021	3,251,792,000	3,733,116,152	7,032,967,401	424,965,550	651,749,610	2,224,572,158	305,126,572	146,642,992	17,770,932,435
Additions during the year	24,640,000	931,450	571,896,476	2,990,416	86,934,260	64,768,440	34,400,932	20,312,388	806,874,362
Surplus on revaluation - note 5	689,554,000	-	-	-	-	-	-	-	689,554,000
Transferred from right-of-use assets - note 8	-	-	-	-	-	-	-	-	-
Transfers during the year - note 9	-	236,297,865	277,482,772	-	-	406,876,599	-	-	920,657,236
Derecognised during the year	-	(3,709,426)	(387,611,672)	(43,941,735)	(12,923,952)	(32,271,546)	(5,324,468)	(2,990,284)	(488,773,083)
Balance as at December 31, 2021	3,965,986,000	3,966,636,041	7,494,734,977	384,014,231	725,759,918	2,663,945,651	334,203,036	163,965,096	19,699,244,950
Balance as at January 1, 2022	3,965,986,000	3,966,636,041	7,494,734,977	384,014,231	725,759,918	2,663,945,651	334,203,036	163,965,096	19,699,244,950
Additions during the year	-	4,586,196	747,073,108	23,975,552	100,818,871	428,767,783	45,472,861	27,779,351	1,378,473,722
Surplus on revaluation - note 5	-	-	-	-	-	-	-	-	-
Transferred from right-of-use assets - note 8	-	-	543,492,080	-	-	-	-	-	543,492,080
Transfers during the year - note 9	-	-	451,980,993	-	-	-	-	-	451,980,993
Derecognised during the year	-	(614,047)	(240,606,934)	(18,852,224)	(8,652,904)	(103,874,296)	(1,858,560)	(6,877,573)	(381,336,538)
Balance as at December 31, 2022	3,965,986,000	3,970,608,190	8,996,674,224	389,137,559	817,925,885	2,988,839,138	377,817,337	184,866,874	21,691,855,207
DEPRECIATION									
Balance as at January 1, 2021	-	1,131,169,965	3,848,902,233	333,287,961	453,760,247	1,094,915,555	111,188,233	89,307,157	7,062,531,351
Charge for the year	-	180,449,870	797,961,745	28,476,486	93,077,362	208,136,261	29,479,019	22,347,894	1,359,928,637
Transferred from right-of-use assets - note 8	-	-	-	-	-	-	-	-	-
Depreciation on disposals	-	(3,702,325)	(372,526,987)	(43,916,515)	(11,765,145)	(28,162,115)	(4,488,938)	(2,849,034)	(467,411,059)
Balance as at December 31, 2021	-	1,307,917,510	4,274,336,991	317,847,932	535,072,464	1,274,889,701	136,178,314	108,806,017	7,955,048,929
Balance as at January 1, 2022	-	1,307,917,510	4,274,336,991	317,847,932	535,072,464	1,274,889,701	136,178,314	108,806,017	7,955,048,929
Charge for the year	-	186,153,418	997,218,825	24,302,373	95,079,533	260,267,048	33,200,616	21,654,296	1,617,876,109
Transferred from right-of-use assets - note 8	-	-	203,622,609	-	-	-	-	-	203,622,609
Depreciation on disposals	-	(419,517)	(236,226,289)	(18,625,572)	(6,934,846)	(100,376,992)	(777,412)	(6,877,640)	(370,238,268)
Balance as at December 31, 2022	-	1,493,651,411	5,238,952,136	323,524,733	623,217,151	1,434,779,757	168,601,518	123,582,673	9,406,309,379
Book value as at December 31, 2021	3,965,986,000	2,658,718,531	3,220,397,986	66,166,299	190,687,454	1,389,055,950	198,024,722	55,159,079	11,744,196,021
Book value as at December 31, 2022	3,965,986,000	2,476,956,779	3,757,722,088	65,612,826	194,708,734	1,554,059,381	209,215,819	61,284,201	12,285,545,828
Annual depreciation rate %	-	5	15	15	20 to 33	10	10	20	

*Heating, Ventilation, and Air Conditioning (HVAC)

7.1 The depreciation charge for the year has been allocated as follows:

		2022 Rupees	2021 Rupees
Clinical expenses	- note 31	1,079,039,763	876,794,967
General and administrative expenses	- note 32	523,443,047	467,129,753
Marketing expenses	- note 33	15,393,299	16,003,917
		1,617,876,109	1,359,928,637

7.2 Had there been no revaluation, the carrying value of land would have been Rs 322.713 million (2021: Rs 322.713 million).

7.3 Operating fixed assets of the Trust are encumbered under an aggregate charge of Rs 1,058 million (2021: Rs 1,058 million) in favour of entities under various financing arrangements as disclosed in notes 19 and 27.

7.4 During the year, vehicles having a cost of Rs 5.819 million (2021: Rs.2.990 million), accumulated depreciation of Rs 5.819 million (2021: Rs 2.846 million) and net book value of Nil (2021: Rs 0.144 million) were sold to key management personnel in accordance with the Trust's policy.

8. Right-of-use assets

This represents right-of-use assets obtained on leases as referred to in note 20. These are being depreciated over their lease terms. Reconciliation of the carrying amount is as follows:

	Rupees		
	Medical and surgical equipment	**Buildings**	**Total**
COST			
Balance as at January 1, 2021	543,492,080	81,755,960	625,248,040
Additions during the year	-	-	-
Transfer to operating fixed assets - note 7	-	-	-
Lease terminated during the year	-	-	-
Balance as at December 31, 2021	543,492,080	81,755,960	625,248,040
Balance as at January 1, 2022	543,492,080	81,755,960	625,248,040
Additions during the year	-	6,130,983	6,130,983
Adjustment of lease modification	-	1,053,100	1,053,100
Transfer to operating fixed assets - note 7	(543,492,080)	-	(543,492,080)
Lease terminated during the year	-	(6,006,610)	(6,006,610)
Balance as at December 31, 2022	-	82,933,433	82,933,433
DEPRECIATION			
Balance as at January 1, 2021	74,337,089	32,462,501	106,799,590
Charge for the year	81,519,311	16,351,189	97,870,500
Balance as at December 31, 2021	155,856,400	48,813,690	204,670,090
Balance as at January 1, 2022	155,856,400	48,813,690	204,670,090
Charge for the year	47,766,209	17,202,300	64,968,509
Transfer to operating fixed assets - note 7	(203,622,609)	-	(203,622,609)
Depreciation on lease terminated	-	(4,933,400)	(4,933,400)
Balance as at December 31, 2022	-	61,082,590	61,082,590
Book value as at December 31, 2021	387,635,680	32,942,270	420,577,950
Book value as at December 31, 2022	-	21,850,843	21,850,843
Annual depreciation rate %	15	20	

		2022	2021
		Rupees	Rupees

8.1 The depreciation charge for the year has been allocated as follows:

Clinical expenses	- note 31	55,141,275	88,385,986
General and administrative expenses	- note 32	8,637,039	8,294,321
Marketing expenses	- note 33	1,190,195	1,190,193
		64,968,509	97,870,500

9. Capital work-in-progress

Advances to suppliers		1,038,537,921	274,389,718
Equipment and machinery		134,183,256	578,986,649
Civil works:			
- Karachi hospital		4,651,030,323	2,399,768,771
- Lahore hospital		691,124,186	86,747,078
		5,342,154,509	2,486,515,849
	- note 9.1	6,514,875,686	3,339,892,216

9.1 The reconciliation of the carrying amount of capital work-in-progress is as follows:

Opening balance		3,339,892,216	1,604,617,727
Add: Additions during the year		3,626,964,463	2,655,931,725
		6,966,856,679	4,260,549,452
Less: Transfers during the year	- note 7	451,980,993	920,657,236
Closing balance		6,514,875,686	3,339,892,216

10. Long term loans and deposits

Loans to employees - unsecured	- note 10.1	21,029,480	22,760,028
Less: Current portion shown under current assets	- note 15	7,807,833	9,852,708
		13,221,647	12,907,320
Security deposits		18,002,562	17,118,580
		31,224,209	30,025,900

10.1 These represent un-secured interest free car loans given to employees. The car loans given are recoverable within a period of 4 years commencing from the date of disbursement through monthly deductions from salaries. These loans have not been carried at amortized cost as the effect of discounting is not considered material.

11. Long term investments		General fund Rupees	Endowment fund Rupees	2022 Rupees	2021 Rupees
At Amortized Cost:					
Pakistan Investment Bonds ('PIBs')	- note 11.1	-	193,459,895	193,459,895	-
At fair value through OCI:					
Hub Power Company Limited - quoted 430,000 (2021: 430,000) fully paid ordinary shares of Rs 10 each Equity held 0.04% (2021: 0.04%) Market value - Rs 63.08 per share (2021: Rs 71.34 per share)		-	27,124,400	27,124,400	30,676,200
National Investment Trust 23,372 (2021: 23,372) units Market value - Rs 57.82 per unit (2021: Rs 69.46 per unit)		1,351,372	-	1,351,372	1,623,423
		1,351,372	27,124,400	28,475,772	32,299,623
		1,351,372	220,584,295	221,935,667	32,299,623

11.1 These carry mark-up at coupon rates ranging from 7.00% to 10.00% per annum (2021: Nil), maturing in 2-3 years.

12. Inventories	2022 Rupees	2021 Rupees
Medicines	481,839,336	508,239,516
Nursing and surgical supplies [including stock in transit Rs 17.449 million (2021: Nil]	474,108,673	442,332,611
Laboratory supplies [including stock in transit Rs 43.937 million (2021: Nil)]	574,336,182	522,913,693
Others	12,118,085	27,860,375
	1,542,402,276	1,501,346,195

13. Donations in kind

This includes land, properties and other items donated to the Trust. The reconciliation of carrying amount is as follows:

		2022 Rupees	2021 Rupees
Opening balance		1,228,772,500	1,039,687,000
Add: Additions during the year		25,804,467	79,705,207
Add: Revaluation gain during the year - net	- note 13.1	347,065,750	157,078,000
		1,601,642,717	1,276,470,207
Less: Disposals during the year		72,655,467	47,697,707
		1,528,987,250	1,228,772,500
Less: Provision for unrealized donations	- note 13.3	20,440,000	20,440,000
Closing balance		1,508,547,250	1,208,332,500

The breakup of donations in kind is as follows:

		2022 Rupees	2021 Rupees
Land and properties:			
House No. 44-A, Block-A, Satellite Town, Rawalpindi		199,452,500	159,240,000
49/1-B, Valancia Town, Lahore		24,000,000	34,300,000
House No. 29, Victoria Park, 60- Shahrah-e-Quaid-e-Azam, The Mall Lahore		33,008,400	37,200,000
House No. 228, Block-B Unit 9, Latifabad, Hyderabad		-	26,200,000
Plot No. 21, Block - K, Gulberg-III, Lahore		166,950,000	144,690,000
Plot No. 108-B, Faisal Town, Lahore	- note 13.3	7,500,000	7,500,000
Plot No. 498, Bahria Orchard, Raiwind Road, Lahore		20,000,000	13,000,000
Zamindar Hotel, Mcleod Road, Lahore	- note 13.3	6,000,000	6,000,000
3-D Block-C, Samanabad, Lahore	- note 13.3	5,500,000	5,500,000
132-E, Eden Cottages, Iqbal Park, Mouza Koray, Lahore Cantt		12,327,500	10,470,000
Khasra No. 471, Khata No. 193, Khatooni No. 675, Warsik Road, Peshawar	- note 13.2	123,386,500	46,032,000
House No. 94, Street No. 7, Sector E-3, Phase-I, Hayatabad, Peshawar	- note 13.2	43,875,000	24,055,000
Plot No. 486-C, Central Commercial Area, Block No. 2, P.E.C.H Society, Karachi	- note 13.2	31,530,000	10,230,000
House No. 160-E, Eden Cottage Iqbal Park, Lahore		17,558,250	12,614,000
House No. 819, Street No.35, Sector D-4, Phase-1, Hayatabad, Peshawar	- note 13.2	15,500,000	8,055,000
Khasra No. 58, Khata No. 1985/1988, Khatooni No. 2045, Scheme # 3 Civil Park, Tehsil Burewala, District Vehari	- note 13.2	9,064,350	7,649,000
H. No. 15 Street No. 25, Bhoond Pura, Momin Street Mozang, Lahore		8,550,000	7,187,000
Plot No. 4-A, Shop No 9, Pakistan Expatriates Coop. Housing Society Limited, Lahore	- note 13.3	1,440,000	1,440,000
Plot No. 1563, Phase 2 in Jammu & Kashmir, Cooperative Housing Society, Kashmir Model Chakari Road, Rawalpindi		-	694,000
Plot No. 32-A, Naz Town, Tehsil Model Town, Mouza, Sadhoki, Lahore	- note 13.4	30,000,000	16,000,000
Plot No. 382-E, Phase 9 DHA Lahore		-	16,000,000
Plot No. 123-R, Phase 9 DHA Lahore		22,000,000	15,000,000
House No. 11 Street No. 5 Eden Palace Villas, Raiwind Road, Lahore	- note 13.2	17,839,500	14,729,000
House No. 20, Block H, Gulberg II, Lahore	- note 13.2	581,648,250	456,092,000
House No. 217-B, Block W, Street W, Model Town Housing Bahawalnagar	- note 13.2	9,625,750	11,448,000
House No. 209, Block G-III, Johar Town, Lahore	- note 13.2	51,802,000	41,996,000
Plot No. 183, Block G-5, Wapda Employees Co-operative Housing Society, Lahore	- note 13.2	12,127,500	10,315,000
Plot No. 5, Zone B, Canal Bank Co-operative Housing Society Gulbahar Park, Lahore		18,037,500	18,675,000
Khasra No. 1260/1253/1237, Mohal Chashma Hudda, Mouza Houda, Tappa Saddar, District Quetta		39,456,250	42,274,500
Shop No. S-061 B, Floor 2 A, Souk Al Bahar Tower, Giga Mall, DHA-II, GT Road, Islamabad		20,808,000	-
House No. 158, Block E, Phase V, DHA Lahore, Cantt		-	24,187,000
		1,528,987,250	1,228,772,500
Jewellery and others		-	-
		1,528,987,250	1,228,772,500
Less: Provision for unrealizable donations		20,440,000	20,440,000
		1,508,547,250	1,208,332,500

13.1 The revaluation of land and properties was carried out at December 31, 2022 by an independent professional valuer, M/s KG Traders (Private) Limited.

13.2 The titles of these properties are held in the name of Trust, however, the properties are currently occupied by donors under license agreements entered with Trust, whereby the donors are allowed to occupy the property during their lifetime.

13.3 Provision has been recognised against these donated properties as the title is disputed.

13.4 The title of this property is held in the name of the Chief Executive Officer of Shaukat Khanum Memorial Cancer Hospital & Research Centre (Dr Faisal Sultan) on behalf of the Trust.

		2022 Rupees	2021 Rupees
14. Trade receivables			
Receivable from patients		14,885,972	6,417,522
Receivable from corporate clients		100,530,993	100,649,797
Receivable from collection centers		189,457,174	152,845,673
Receivable against software sales		4,900,000	27,617,180
		309,774,139	287,530,172
Less: Loss allowance	- note 14.1	2,366,586	10,633,183
		307,407,553	276,896,989

14.1 The reconciliation of loss allowance during the year is as follows:

Opening balance	10,633,183	10,633,183
Less: Reversal during the year	8,266,597	-
Balance as at end of the year	2,366,586	10,633,183

		General fund Rupees	Endowment fund Rupees	2022 Rupees	2021 Rupees
15. Loans, advances, deposits, prepayments and other receivables					
Current portion of long term loans to employees	- note 10	7,807,833	-	7,807,833	9,852,708
Advances to employees		1,556,169	-	1,556,169	3,217,251
Advances to suppliers		574,718,664	-	574,718,664	268,220,097
Prepayments		56,819,555	-	56,819,555	840,348
Interest/mark-up receivable		16,758,593	80,646,906	97,405,499	117,480,642
Advances for letters of credit		16,453,396	-	16,453,396	15,158,475
Others		45,223,504	-	45,223,504	39,690,451
		719,337,714	80,646,906	799,984,620	454,459,972
Less: Loss allowance	- note 15.1	2,484,391	-	2,484,391	2,484,391
		716,853,323	80,646,906	797,500,229	451,975,581

15.1 The reconciliation of loss allowance during the year is as follows:

	2022 Rupees	2021 Rupees
Opening balance	2,484,391	2,484,391
Impairment loss during the year	-	-
Balance as at end of the year	2,484,391	2,484,391

		General fund Rupees	Endowment fund Rupees	2022 Rupees	2021 Rupees
16. Short term investments					
At amortized cost:					
Term Deposit Receipts	- note 16.1	230,405,000	2,689,640,508	2,920,045,508	4,309,721,724
Market Treasury Bills ('MTBs')	- note 16.2	-	2,698,945,938	2,698,945,938	439,622,914
		230,405,000	5,388,586,446	5,618,991,446	4,749,344,638
Less: Loss allowance	- note 16.3	-	60,900,000	60,900,000	60,900,000
		230,405,000	5,327,686,446	5,558,091,446	4,688,444,638

16.1 Term Deposit Receipts (TDRs) are of the following banks:

		General fund Rupees	Endowment fund Rupees	2022 Rupees	2021 Rupees
- Trust Investment Bank Limited		-	60,900,000	60,900,000	60,900,000
- Bank Alfalah Limited [includes USD 6,375,692 (2021: USD 6,277,137)]		181,065,000	1,443,456,668	1,624,521,668	1,516,279,254
- Allied Bank Limited	- note 16.1.1	49,340,000	292,000,000	341,340,000	805,332,297
- United Bank Limited [includes USD 3,945,600 (2021: USD 3,878,468)]	- note 16.1.1	-	893,283,840	893,283,840	683,774,085
- Faysal Bank Limited		-	-	-	1,243,436,088
	- notes 16.1.2 and 16.1.3	230,405,000	2,689,640,508	2,920,045,508	4,309,721,724

16.1.1 Included in these are TDRs of Rs 99.405 million (2021: Rs 84.973 million) in respect of Physicians Collegiality Fund as referred to in note 25.

16.1.2 These carry mark-up at coupon rates ranging from 7.66% to 15.80% (2021: 7.15 to 9.02%) per annum for PKR TDRs.

16.1.3 These carry mark-up at coupon rates ranging from 0.80% to 8.75% (2021: 0.80% to 1.95%) per annum for USD TDRs.

16.2 These carry mark-up at coupon rates ranging from 10.00% to 16.05% (2021: 7.41% to 15.98%) per annum for Treasury Bills, maturing in 6 months and 1 year.

16.3 Loss allowance has been recognized against the following investments:

	General fund Rupees	Endowment fund Rupees	2022 Rupees	2021 Rupees
Trust Investment Bank Limited	-	60,900,000	60,900,000	60,900,000

16.4 Included in these are short term investments of maturity up to three months amounting to Nil (2021: Rs 265.406 million) that are part of cash and cash equivalents for the purpose of statement of cash flows.

17. Cash and bank balances		General fund Rupees	Endowment fund Rupees	2022 Rupees	2021 Rupees
At banks:					
In savings accounts - includes USD 11,091,185 (2021: USD 8,523,449) - and GBP 2,292,522 (2021: GBP 2,789,188)]	- notes 17.1 and 17.2	3,351,718,290	160,455,303	3,512,173,593	2,459,053,744
In current accounts - includes AED 841,089 (2021: AED 706,765)		478,620,485	-	478,620,485	286,745,462
Cash in hand		24,646,374	-	24,646,374	31,242,845
Cheques and other instruments in hand		16,900,299	-	16,900,299	11,398,091
		3,871,885,448	160,455,303	4,032,340,751	2,788,440,142

17.1 The balances in savings accounts bear mark up which ranges from 0.10% to 14.5% (2021: 0.10% to 8.25%) per annum.

17.2 This includes bank account of Rs 0.159 million (2021: Rs 0.794 million) for physician's collegiality fund.

18. These represent interest free security deposits from collection centers and are repayable on cancellation/withdrawal of the agreement or on cessation of business with the Trust. These deposits have not been carried at amortized cost as the effect of discounting is not considered material.

19. Long term loans - secured		2022 Rupees	2021 Rupees
French protocol loan	- note 19.1	54,753,447	56,402,685
Term loan	- note 19.2	-	34,089,000
		54,753,447	90,491,685

19.1 French protocol loan

		2022	2021
French protocol loan	- note 19.1.1	68,441,976	67,768,711
Less: Current portion shown under current liabilities	- note 24	13,688,529	11,366,026
	- note 19.1.2	54,753,447	56,402,685

19.1.1 French protocol loan

2022 (French Francs)	2021 (French Francs)	2022 (Rupee equivalent)	2021 (Rupee equivalent)	Rate of interest per annum	Number of installments payable
1,847,812	2,217,378	68,441,976	67,768,711	1.4% payable semi annually	10 equal semi annual installments ending on November 7, 2027

This loan was obtained by the Government of Pakistan from the French Government under Pak French Protocol and was re-lent to the Trust. The loan comprises of 50% state credit and 50% commercial credit. Commercial credit has been fully repaid. This loan is secured by way of a hypothecation charge on the medical and surgical equipment of the Trust in favour of the Government of Pakistan.

19.1.2 The reconciliation of the carrying amount is as follows:		**2022 Rupees**	**2021 Rupees**
Opening balance		67,768,711	77,478,477
Add: Exchange loss during the year		12,424,940	1,316,250
Less: Repayments during the year		11,751,675	11,026,016
		68,441,976	67,768,711
Less: Current portion shown under current liabilities	- note 24	13,688,529	11,366,026
	- note 19.1	54,753,447	56,402,685

19.2 Term loan

Term loan	- note 19.2.1	34,089,000	102,267,000
Less: Current portion shown under current liabilities	- note 24	34,089,000	68,178,000
	- note 19.2.2	-	34,089,000

19.2.1 Term loan

Lender	**Total facility amount (Rupees)**	**2022**	**2021**	**Rate of interest per annum**	**Number of installments payable**
		(Rupees)			
Habib Bank Limited	275,000,000	34,089,000	102,267,000	3 months Karachi Inter-Bank Offered Rate ('KIBOR') + 1% payable quarterly	2 equal quarterly installments ending on June 23, 2023

The effective mark-up rate charged during the year ranged from 11.54% to 16.77% (2021: 8.29% to 8.78%) per annum.

Security

This loan is secured through first exclusive hypothecation charge of Rs 367 million on PET CT ('Positron Emission Tomography Computed Tomography') machine and MRI ('Magnetic Resonance Imaging') machine. The PET CT machine is financed through this loan.

19.2.2 The reconciliation of the carrying amount is as follows:		**2022 Rupees**	**2021 Rupees**
Opening balance		102,267,000	170,445,000
Less: Repayments during the year		68,178,000	68,178,000
		34,089,000	102,267,000
Less: Current portion shown under current liabilities	- note 24	34,089,000	68,178,000
	- note 19.2	-	34,089,000

19.3 Compliance with loan covenants

The Trust has complied with the financial covenants of its borrowing facilities during the 2022 and 2021 reporting periods.

Under the terms of the major borrowing facilities, the Trust is required to comply with the following financial covenants:

- the current ratio must be at least 1:1;
- the debt service coverage ratio must be at least 1;
- the interest service coverage ratio must be at least 1;and
- leverage to be at less than or equal to 2.

The Trust has complied with these covenants throughout the reporting period. As at December 31, 2022, the current ratio was 4.63, debt service coverage ratio was 35.70, interest service coverage ratio was 166 and leverage was 0.004 respectively.

20. Lease liabilities

The Trust had obtained medical equipment from Meezan Bank Limited under Ijarah leasing agreement and buildings on lease from various lessors. The lease term ranges between 3 to 5 years for medical equipment and buildings. Lease liabilities relating to medical equipment are effectively secured as the rights to the leased assets recognized in the financial statements revert to the lessor in the event of default. Internal rate of return ('IRR') has been used as the implicit rate for medical equipment's lease and Trust's incremental borrowing rate has been used in the case of buildings. Reconciliation of the carrying amount is as follows:

		2022 Rupees	2021 Rupees
Opening balance		203,881,151	453,448,203
Lease liability recognized during the year		6,130,984	-
Lease modification		1,053,099	-
Lease termination		(2,297,530)	-
Unwinding of lease liability	- note 34	10,431,748	29,243,056
Payments during the year		(189,335,788)	(278,810,108)
Closing balance		29,863,664	203,881,151
Less: Current portion shown under current liabilities	- note 24	23,729,988	184,402,355
		6,133,676	19,478,796

20.1 Maturity analysis

The amount of the future payments of the leases as shown in the statement of financial position and the period in which these payments will become due are as follows:

	Gross lease liabilities - minimum lease payments Rupees	Future finance charge Rupees	Present value of lease liabilities 2022 Rupees	 2021 Rupees
Not later than one year	26,621,133	2,891,195	23,729,938	184,402,355
Later than one year and not later than five years	7,483,660	1,349,934	6,133,726	19,478,796
	34,104,793	4,241,129	29,863,664	203,881,151

20.2 The statement of financial position shows the following amounts related to leases:

		2022 Rupees	2021 Rupees
Right-of-use assets			
Medical & Surgical equipment		-	387,635,680
Buildings		21,850,843	32,942,270
		21,850,843	420,577,950
Lease liabilities			
Current	- note 24	23,729,988	184,402,355
Non-current		6,133,676	19,478,796
		29,863,664	203,881,151

20.3 The income and expenditure account shows the following amounts relating to leases:

	2022 Rupees	2021 Rupees
Depreciation charge of right-of-use assets		
Medical & Surgical equipment	47,766,209	81,519,311
Buildings	17,202,300	16,351,189
	64,968,509	97,870,500
Interest expense (included in finance cost)	10,431,748	29,243,056
Total expense charged to income and expenditure account	75,400,257	127,113,556

20.4 Variable lease payments

The Trust is no longer exposed to potential future increases in variable lease payments of medical equipment based on KIBOR as of the reporting date.

21. Employee benefit obligation

This represents provision made to cover the obligation for accumulating compensated absences. The leave obligations cover the Trust's liabilities for annual leaves which are classified as other long-term benefits.

		2022 Rupees	2021 Rupees
Opening balance		167,062,692	154,178,666
Add: Provision for the year charged to income and expenditure account	- note 21.2	67,317,927	35,658,920
Less: Payments made during the year		38,876,334	22,774,894
Closing balance		195,504,285	167,062,692

21.1 Movement in liability for accumulating compensated absences

	2022	2021
Present value of obligation as at January 1	167,062,692	154,178,666
Current service cost	19,608,668	18,804,164
Interest cost on defined benefit obligation	18,084,004	14,636,100
Remeasurement during the year	29,625,255	2,218,656
Benefits paid during the year	(38,876,334)	(22,774,894)
Present value of obligation as at December 31	195,504,285	167,062,692

	2022 Rupees	2021 Rupees
21.2 Charged during the year		
Current service cost	19,608,668	18,804,164
Interest cost	18,084,004	14,636,100
Remeasurement during the year	29,625,255	2,218,656
Expense charged to the income and expenditure account	67,317,927	35,658,920

21.3 Sensitivity analysis

Year end sensitivity analysis on defined benefit obligation are as follows:

Discount rate + 100 bps	(19,836,615)	(17,340,988)
Discount rate - 100 bps	23,672,989	20,991,976
Salary increases + 100 bps	23,596,274	20,721,357
Salary increases - 100 bps	(19,879,401)	(17,382,280)

21.4 Risks associated with the benefit plan

The Trust faces the following risks on account of accumulating compensated absences:

- Discount rate risk - the risk that the plan liability will increase if there is any decrease in bond yields, since the discount rate is based on corporate / government bonds.

- Final salary risk (linked to inflation risk) - the risk that the final salary at the time of cessation of service is greater than the assumed salary. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

- Mortality risk - the risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

- Withdrawal risk - the risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

		2022 Rupees	2021 Rupees
22. Deferred contributions			
Contributions for depreciable operating fixed assets	- note 22.1	355,793,938	409,663,155

22.1 Contributions for depreciable operating fixed assets

This comprises of amounts representing certain depreciable operating fixed assets of the Trust. If a depreciable asset is received in kind, an amount equal to the fair value of the donated asset is recognized directly in this head. Amortization is recognized accordingly to match the depreciation charge on the corresponding assets.

The reconciliation of the carrying amount is as follows:

		2022 Rupees	2021 Rupees
Opening balance		551,680,981	691,160,455
Add: Assets received during the year		202,380,000	-
Less: Amortization during the year - transferred to income	- note 29	194,035,264	139,479,474
Closing balance		560,025,717	551,680,981
Less: Current portion shown under current liabilities	- note 24	204,231,779	142,017,826
		355,793,938	409,663,155

23. Deferred government grants		2022 Rupees	2021 Rupees
Opening balance		137,402,200	143,652,200
Less: Amortization during the year - transferred to income	- note 29	6,250,000	6,250,000
Closing balance	- note 23.1	131,152,200	137,402,200
Less: Current portion shown under current liabilities	- note 24	6,250,000	6,250,000
		124,902,200	131,152,200

23.1 This represents the closing carrying amount of following government grants:

		2022 Rupees	2021 Rupees
Grant of land for Peshawar Hospital	- note 23.1.1	81,250,000	87,500,000
Grant of land for Karachi Hospital	- note 23.1.2	49,902,200	49,902,200
		131,152,200	137,402,200

23.1.1 This is in respect of grant of land measuring 50 kanals located at Hayatabad, Phase V, Peshawar by the Government of Khyber Pakhtunkhwa ('GOKP') to develop, build and operate a cancer hospital. According to the Memorandum of Understanding ('MOU') signed between GOKP and the Trust, the Trust has developed the cancer hospital as per the terms of the MOU signed between GOKP and the Trust. The conditions associated with grant have been met and the Trust will continue to comply with the conditions of the agreement in future.

23.1.2 This represents the differential amount of the fair value and the consideration paid for the land measuring 20 acres by Pakistan Defence Officers Housing Authority (DHA), Karachi, located at DHA City Health Care District, Karachi to develop, build and operate a cancer hospital. The Trust is currently constructing the cancer hospital on this location. The land cannot be used for any purpose inconsistent with the objectives of the Trust.

24. Current portion of non-current liabilities		2022 Rupees	2021 Rupees
Current portion of long term loans from financial institutions	- note 19.1 and 19.2	47,777,529	79,544,026
Current portion of lease liabilities	- note 20	23,729,988	184,402,355
Current portion of deferred contributions	- note 22.1	204,231,779	142,017,826
Current portion of deferred government grants	- note 23	6,250,000	6,250,000
		281,989,296	412,214,207

25. Trade and other payables		2022 Rupees	2021 Rupees
Trade creditors		699,440,438	559,615,831
Accounts payable		441,209,955	409,829,693
Accrued liabilities		947,180,499	599,730,357
Retention money payable		174,554,334	159,060,965
Contract liabilities	- note 25.1	206,843,654	197,451,916
Physicians' collegiality fund		96,775,202	90,964,589
Withholding income tax payable		5,838,060	8,480,831
Withholding sales tax payable		17,934,447	16,118,727
Security deposits		17,569,300	16,589,300
Payable to employees' provident fund		33,794,972	17,148,106
Interest payable on long term loans		229,144	2,842,682
Continuing medical education food fund		5,239,077	5,409,177
Advances against sale of donation in kind		2,000,000	21,400,000
Other payables	- note 25.2	54,571,247	35,907,218
		2,703,180,329	2,140,549,392

25.1 This represents advances from patients received by the Trust against which services will be provided. The following table shows how much of the clinical income recognised in the current year relates to carried-forward contract liabilities:

	2022 Rupees	2021 Rupees
Clinical income recognised that was included in the contract liability balance at the beginning of the period	67,676,000	83,533,000

25.2 This includes an amount of Rs 8.646 million (2021: Rs 12.089 million) payable to Employees' Old Age Benefits Institution.

26. Contingencies and commitments

26.1 Contingencies

(i) The Trust purchased radiology, radiotherapy and operation theatre equipment financed by the French protocol loan and failed to make payments on the due dates resulting in penal interest of French Francs 1.624 million (2021: French Francs 1.624 million) equivalent to Rs 59.864 million (2021: Rs 48.941 million). No provision has been made in these financial statements as the management of the Trust is of the opinion that there are meritorious grounds that the liability is not expected to materialize.

(ii) Guarantees issued by banks on behalf of the Trust in favour of:

(a) Sui Northern Gas Pipelines Limited amounting to Rs 79.769 million (2021: Rs 79.769 million).

(b) The Collector of Customs, Lahore amounting to Nil (2021: Rs 2.204 million).

(c) The Controller of Military Accounts amounting to Rs 0.900 million (2021: Rs 0.900 million).

26.2 Commitments

(i) Letters of credit in respect of capital expenditure Rs 108.758 million (2021: Rs 498.891 million).

(ii) Letters of credit other than for capital expenditure Rs 76.201 million (2021: Rs 102.378 million).

(iii) Commitments in respect of contracts for capital expenditure for Peshawar hospital amount to Rs 2.071 million (2021: Nil).

(iv) Commitments in respect of contracts for capital expenditure for Lahore hospital amount to Rs 390.568 million (2021: Rs 55.726 million).

(v) Commitments in respect of contracts for capital expenditure for Karachi hospital amount to Rs 7,863.664 million (2021: Rs 1,141.608 million).

27. Facilities from financial institutions

(i) Running finances

Short term running finance of Rs 400 million (2021: Rs 400 million) is available from a commercial bank under mark-up arrangements at the reporting date at mark-up rates based on KIBOR plus spread of 0.85% per annum, payable quarterly, on the balance outstanding. The aggregate facility is secured against first exclusive hypothecation charge on medical and surgical equipment of the Trust amounting to Rs 462 million (2021: Rs 462 million) and first hypothecation charge on current assets of the Trust amounting to Rs 267 million (2021: Rs 267 million).

(ii) **Letters of credit and bank guarantees**

The main facilities available from various commercial banks for opening letters of credit aggregate to Rs 1,000 million (2021: Rs 1,075 million) and letters of guarantee aggregate to Rs 150 million (2021: Rs 100 million). The amount utilized as at December 31, 2022, for letters of credit was Rs 601.269 million (2021: Rs 601.269 million) and for letters of guarantee was Rs 80.668 million (2021: Rs 82.872 million). The aggregate facilities for opening letters of credit and guarantee are secured against lien on import documents and first exclusive hypothecation charge on medical and surgical equipment of the Trust amounting to Rs 462 million (2021: Rs 462 million).

28. Clinical income			**2022 Rupees**	**2021 Rupees**
Diagnostic services			4,673,758,867	5,860,772,864
Treatment services			2,327,641,637	2,373,934,713
		- note 28.1	7,001,400,504	8,234,707,577

28.1 Clinical income is net of the following:

Gross income			18,980,920,716	19,080,914,502
Less:	Waived as financial support to indigent patients			
	- Radiology		1,106,651,925	973,873,584
	- Nuclear medicine		227,901,976	192,778,191
	- Pathology		1,715,218,275	1,541,983,541
	- Medical oncology		964,863,133	768,375,435
	- Radiation therapy		1,161,717,589	1,112,981,155
	- Internal medicine		752,255,216	613,981,662
	- Ancillary health services		34,961,140	33,763,903
	- Surgery		2,494,983,864	2,242,648,879
	- Pharmacy		2,553,340,329	2,267,603,673
		- note 28.2	11,011,893,447	9,747,990,023
			7,969,027,269	9,332,924,479
Less:	Discount to corporate clients		50,264,752	48,833,951
	Services charges		29,948,122	50,497,315
	Promotional discount		1,095,929	-
	Commission to franchised collection centers		886,317,962	998,885,636
			967,626,765	1,098,216,902
Net clinical income			7,001,400,504	8,234,707,577

28.2 This represents the sale value of the services rendered and goods provided to indigent patients under financial support.

29. Donations and Zakat income		**General fund Rupees**	**Endowment fund Rupees**	**2022 Rupees**	**2021 Rupees**
Donations		8,223,500,574	20,000	8,223,520,574	5,182,500,792
Zakat		5,863,778,328	-	5,863,778,328	5,143,585,774
Amortization of deferred contributions	- note 22.1	194,035,264	-	194,035,264	139,479,474
Amortization of government grants	- note 23	6,250,000	-	6,250,000	6,250,000
		14,287,564,166	20,000	14,287,584,166	10,471,816,040

30. Other income		General fund Rupees	Endowment fund Rupees	2022 Rupees	2021 Rupees
Income from deposits and investments:					
- Foreign currency		6,545,839	78,049,085	84,594,924	30,130,881
- Local currency		56,938,798	352,537,444	409,476,242	208,790,929
Dividend income		57,028	6,665,000	6,722,028	3,477,629
Exchange gain - net		609,399,696	512,018,783	1,121,418,479	312,127,723
Net income from Qurbani campaign	- note 30.1	114,242,360	-	114,242,360	93,818,763
Gain on disposal of operating fixed assets		47,602,532	-	47,602,532	7,082,362
Sale of software	- note 30.2	29,918,555	-	29,918,555	49,879,783
Cafeteria sales		197,873,513	-	197,873,513	137,485,332
Unclaimed liabilities written back		13,490,964	-	13,490,964	23,772,804
Revaluation gain on donations in kind	- note 13	347,065,750	-	347,065,750	157,078,000
Gain on sale of donated properties		20,736,586	-	20,736,586	15,545,355
Miscellaneous		33,259,711	-	33,259,711	12,352,332
		1,477,131,332	949,270,312	2,426,401,644	1,051,541,893

30.1 The breakup of income and expense related to Qurbani (sacrificial animals) campaign is as follows:

	2022 Rupees	2021 Rupees
Gross income from Qurbani campaign	696,793,610	524,591,113
Less: Direct expenses incurred on Qurbani campaign	582,551,250	430,772,350
	114,242,360	93,818,763

30.1.1 Indirect expenses related to the Qurbani campaign are included in relevant heads of Marketing expenses.

30.2 This amount is exclusive of sales tax charged amounting to Rs 2.557 million (2021: Rs 2.995 million).

31. Clinical expenses		2022 Rupees	2021 Rupees
Medicines and drugs consumed	- note 31.1	2,048,777,720	1,872,199,433
Pathology, nursing and other supplies consumed		3,582,706,734	3,734,961,509
Salaries and benefits	- note 31.2	3,085,998,902	2,687,701,352
Consultants' fee		1,227,755,501	1,185,143,732
Utilities		922,897,793	630,824,141
Repairs and maintenance		462,781,452	694,427,868
Telephone, postage and courier		20,183,771	20,713,265
Printing, stationery and periodicals		21,391,042	16,606,181
Travelling and entertainment		10,295,657	6,771,650
Insurance		31,935,443	24,920,172
Recruitment and training		2,795,938	2,972,154
Subscriptions, legal and professional charges		47,843,732	39,209,833
Uniforms for staff		4,155,595	4,661,453
Outsourced medical services		41,768,772	37,094,594
Rent, rates and taxes		-	557,050
Depreciation on operating fixed assets	- note 7.1	1,079,039,763	876,794,967
Depreciation on right-of-use assets	- note 8.1	55,141,275	88,385,986
Miscellaneous		830,364	40,925
		12,646,299,454	11,923,986,265

31.1 Medicines and drugs consumed include Rs 11.649 million (2021: Rs 9.301 million) in respect of expired stock written off.

31.2 Salaries and benefits include Rs 115.468 million (2021: Rs 99.320 million) and Rs 41.989 million (2021: Rs 23.973 million) in respect of provident fund contributions by the Trust and accumulating compensated absences, respectively.

32. General and administrative expenses

		2022 Rupees	2021 Rupees
Food, laundry and other supplies		394,618,007	287,938,183
Salaries and benefits	- note 32.1	1,668,137,932	1,434,268,597
Utilities		436,594,156	316,354,813
Repairs and maintenance		379,342,222	308,515,919
Vehicle running		23,475,688	13,300,940
Telephone, postage and courier		25,290,412	18,686,587
Printing, stationery and periodicals		18,356,717	16,632,290
Travelling and entertainment		21,198,526	15,575,382
Insurance		15,795,841	14,294,066
Recruitment and training		9,291,432	2,242,216
Conferences and seminars		13,556,898	351,846
Uniforms for staff		3,355,558	4,009,615
Outsourced administrative services		57,655,512	52,613,572
Subscriptions, legal and professional charges		58,603,034	45,441,086
Rent, rates and taxes		200,139	120,000
Depreciation on operating fixed assets	- note 7.1	523,443,047	467,129,753
Depreciation on right-of-use assets	- note 8.1	8,637,039	8,294,321
Receivables written off		648,330	73,000
Amortization on intangible assets		-	1,314,176
Miscellaneous		2,068,842	462,154
		3,660,269,332	3,007,618,516

32.1 Salaries and benefits include Rs 81.441 million (2021: Rs 72.010 million) and Rs 21.743 million (2021: Rs 10.829 million) in respect of provident fund contributions by the Trust and accumulating compensated absences, respectively.

33. Marketing expenses

		2022 Rupees	2021 Rupees
Marketing and resource development	- note 33.1	1,140,548,598	816,502,020
Business operations - clinical services	- note 33.2	201,867,049	190,483,456
		1,342,415,647	1,006,985,476

33.1 Marketing and resource development

Salaries and benefits	- note 33.3	185,159,316	169,602,467
Utilities		3,390,515	1,982,568
Repairs and maintenance		3,078,150	2,121,616
Telephone, postage and courier		10,060,564	10,618,530
Printing, stationery and periodicals		1,722,490	1,043,770
Travelling and entertainment		27,196,131	15,773,664
Advertisements, events and campaigns- fundraising		889,065,855	595,115,826
Insurance		1,689,920	1,378,166
Recruitment and training		190,000	-
Subscriptions, legal and professional charges		7,845,869	7,260,840
Depreciation on operating fixed assets	- note 7.1	9,959,593	10,414,380
Depreciation on right-of-use assets	- note 8.1	1,190,195	1,190,193
		1,140,548,598	816,502,020

33.2 Business operations - clinical services

		2022 Rupees	2021 Rupees
Salaries and benefits	- note 33.3	111,473,831	108,578,032
Utilities		681,161	457,215
Repairs and maintenance		5,196,489	4,999,170
Telephone, postage and courier		2,045,145	1,501,137
Printing, stationery and periodicals		845,724	1,083,048
Travelling and entertainment		26,593,604	12,372,159
Advertisements, events and campaigns - medical services		44,791,394	47,423,295
Insurance		706,396	657,962
Subscriptions, legal and professional charges		4,081,599	7,821,901
Depreciation on operating fixed assets	- note 7.1	5,433,706	5,589,537
Miscellaneous		18,000	-
		201,867,049	190,483,456

33.3 Salaries and benefits include Rs 11.694 million (2021: Rs 10.781 million) and Rs 6.459 million (2021: Rs 2.159 million) in respect of provident fund contributions by the Trust and accumulating compensated absences, respectively.

34. Finance cost

		General fund Rupees	Endowment fund Rupees	2022 Rupees	2021 Rupees
Interest/markup on:					
- Long term loans		11,324,548	-	11,324,548	13,202,256
- Lease liabilities	- note 20	10,431,748	-	10,431,748	29,243,056
Bank charges		14,792,325	-	14,792,325	14,884,970
		36,548,621	-	36,548,621	57,330,282

35. Remuneration of key management personnel

Key management personnel are the persons having authority and responsibility for planning, directing and controlling the activities of the Trust, directly or indirectly. The aggregate amounts charged in the financial statements for the year for remuneration, including certain benefits, to the key management personnel of the Trust are as follows:

	2022 Rupees	2021 Rupees
Short term employee benefits	214,780,802	169,528,671
Post-employment benefits	14,491,971	11,267,885
	229,272,773	180,796,556

The Trust also provides the key management personnel with Trust maintained cars.

36. Cash and cash equivalents

		2022 Rupees	2021 Rupees
Cash and bank balances	- note 17	4,032,340,751	2,788,440,142
Short term investment	- note 16.4	-	265,406,128
		4,032,340,751	3,053,846,270

37. **Transactions with related parties**

The related parties comprise of affiliates, Board of Governors of the Trust, key management personnel and post employment benefit plan (Employees' Provident Fund). Affiliates are entities which have a person common on their Board of Directors/ Governors/ Trustees with the Trust. The Trust in the normal course of business carries out transactions with various related parties. Remuneration of key management personnel is disclosed in note 35. Amounts due from and to related parties, if any, are shown under receivables and payables. Related party transactions other than those disclosed elsewhere in these financial statements, are as follows:

	Nature of transactions	**2022 Rupees**	**2021 Rupees**
i. Post-employment benefit plan	Expense charged in respect of retirement benefit plan	208,603,539	182,110,863
ii. Affiliates	Purchase of goods	1,027,500	24,531,035
	Donations	3,236,500	-
	Interest income	57,028	-

37.1 Transactions with related parties have been carried out on mutually agreed terms and conditions.

38. **Financial risk management**

38.1 **Financial risk factors**

The Trust's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Trust's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

Risk management is carried out by the Trust's Board of Governors (the Board). The Trust's finance department evaluates and hedges financial risks. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as currency risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

The Trust's overall risk management procedures to minimize the potential adverse effects of financial market on the Trust's performance are as follows:

a) Market risk

i) 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. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Trust is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD), Pound Sterling (GBP), Euro and UAE Dirham. Currently, the Trust's foreign exchange risk exposure is restricted to foreign currency investments, foreign currency bank balances, foreign currency loans and amounts receivable from/payable to the foreign entities.

	2022	2021
	USD	USD
Cash and bank balances	11,091,185	8,523,449
Short term investments	10,321,292	10,155,605
Net asset exposure	21,412,477	18,679,054

	2022	2021
	GBP	GBP
Cash and bank balances	2,292,522	2,789,188
Net asset exposure	2,292,522	2,789,188

	2022	2021
	Euro	Euro
Long term loan	281,697	338,037
Net liability exposure	281,697	338,037

	2022	2021
	AED	AED
Cash and bank balances	841,089	706,765
Net asset exposure	841,089	706,765

At December 31, 2022 if the Rupee had weakened/strengthened by 5% against the USD with all other variables held constant, the impact on surplus for the year would have been Rs 241.961 million (2021: Rs 164.376 million) higher/lower respectively, mainly as a result of exchange gains/losses on translation of US Dollar-denominated financial assets and liabilities.

At December 31, 2022 if the Rupee had weakened/strengthened by 5% against the GBP with all other variables held constant, the impact on surplus for the year would have been Rs 31.247 million (2021: Rs 33.191 million) higher/lower respectively, mainly as a result of exchange gains/losses on translation of GBP-denominated financial assets and liabilities.

At December 31, 2022 if the Rupee had weakened/strengthened by 5% against the Euro with all other variables held constant, the impact on surplus for the year would have been Rs 3.414 million (2021: Rs 3.374 million) lower/higher respectively, mainly as a result of exchange losses/gains on translation of French Francs-denominated financial assets and liabilities.

At December 31, 2022 if the Rupee had weakened/strengthened by 5% against the UAE Dirhams (AED) with all other variables held constant, the impact on surplus for the year would have been Rs 2.607 million (2021: Rs 1.696 million) higher/lower respectively, mainly as a result of exchange gains/losses on translation of UAE Dirhams - denominated financial assets and liabilities.

The Trust is not exposed to any significant currency risk on account of other foreign currencies.

ii) Other price risk

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

The Trust is not exposed to commodity price risk since it does not hold any financial instrument based on commodity prices. The Trust is exposed to equity securities price risk because of investments held by the Trust and classified as fair value through other comprehensive income. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Investment Committee. The primary goal of the Trust's investment strategy is to maximize investment returns. To manage its price risk arising from investments in equity securities, the Trust diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Board.

The Trust's certain investments in equity instruments of other entities are publicly traded on the Pakistan Stock Exchange Limited.

The table below summarizes the impact of increases/ decreases of the KSE-100 index on the Trust's surplus for the year and on fund balance. The analysis is based on the assumption that the KSE-100 index had increased / decreased by 10% with all other variables held constant and all the Trust's equity investments moved according to the historical correlation with the index:

	Impact on surplus for the year		Impact on other components of fund balance	
	2022	2021	2022	2021
	Rupees			
Pakistan Stock Exchange Limited	-	-	(382,385)	(328,305)

Other components of fund balances would increase/(decrease) as a result of gains/(losses) on equity securities classified as FVOCI. As at December 31, 2022, the Trust had no investments classified at fair value through profit or loss.

(iii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As the Trust has no floating interest rate assets, the Trust's income is not materially effected with the change in market rates.

The Trust's interest rate risk arises from bank balances, short term investments in Term Deposit Receipts, long term loans and lease liabilities.

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

	2022 Rupees	2021 Rupees
Fixed rate instruments:		
Financial assets		
Short term investments	5,558,091,446	4,688,444,638
Bank balances - savings accounts	3,512,173,593	2,459,053,744
	9,070,265,039	7,147,498,382
Financial liabilities		
French protocol loan	68,441,976	67,768,711
Lease liabilities - building	29,863,664	38,553,876
	98,305,640	106,322,587
Net asset exposure	8,971,959,399	7,041,175,795

	2022 Rupees	2021 Rupees
Floating rate instruments:		
Financial assets		
Long term investments	221,935,667	-
Financial liabilities		
Lease liabilities - medical equipment	-	165,327,275
Term loan	34,089,000	102,267,000
	34,089,000	267,594,275
Net assets/(liability) exposure	187,846,667	(267,594,275)

Fair value sensitivity analysis for fixed rate instruments

The Trust does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect the surplus of the Trust.

Cash flow sensitivity analysis for variable rate instruments

If interest rates on both financial assets and liabilities, at the year end date, had been 1% higher / lower with all other variables held constant, surplus for the year would have been Rs 0.341 million (2021: Rs 2.676 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate instruments.

b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk of the Trust arises from investments in TDRs, PIBs, MTBs, cash in transit, deposits with banks and financial institutions, as well as credit exposures to collection centers, corporate clients and patients, including outstanding receivables and committed transactions. The management assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

i) Exposure to credit risk

The Trust monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets exposed to credit risk are as under:

	2022 Rupees	2021 Rupees
Short term investments	5,618,991,446	4,749,344,638
Long term investments held at amortised cost	193,459,895	-
Long term loans and deposits	31,224,209	30,025,900
Trade receivables	309,774,139	287,530,172
Loans, deposits and other receivables	150,436,836	167,023,801
Bank balances	4,007,694,377	2,757,197,297
	10,311,580,902	7,991,121,808

(ii) Impairment of financial assets

The Trust's trade debts and other receivables are subject to the expected credit loss model. While bank balances and debt investments carried at amortized cost are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Trust applies general 3-stage approach for deposits, loans, other receivables and bank balances i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition.

On that basis, the loss allowance as at December 31, 2022 has only been accounted for in respect of trade debts and other receivables.

Trade debts and other receivables

The Trust applies the IFRS-9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debts.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The management has provided for expected credit losses on the balances that are greater than 90 days.

The expected loss rates are based on the payment profiles of sales over a period of 24 months before December 31, 2022 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the trade debts. The Trust has identified the Gross Domestic Product and the Consumer Price Index of Pakistan i.e. where it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at December 31, 2022 was determined as follows:

December 31, 2022	**Expected loss rate**	**Gross carrying amount - Trade debts and other receivables**	**Loss allowance**
		Rupees	**Rupees**
365 days and over	100%	4,850,977	4,850,977
Total		4,850,977	4,850,977
December 31, 2021			
365 days and over	100%	13,117,574	13,117,574
Total		13,117,574	13,117,574

(iii) Credit quality of financial assets

The credit quality of Trust's financial assets that are neither past due nor impaired (mainly bank balances) can be assessed with reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Ratings		Rating	2022	2021
	Short term	Long term	Agency	Rupees	Rupees
Balances at the following banks classified under cash and bank balances:					
Allied Bank Limited	A1+	AAA	PACRA	51,922,762	44,961,077
Askari Bank Limited	A1+	AA+	PACRA	9,977,613	4,711,213
Bank Alfalah Limited	A1+	AA+	PACRA	137,156,266	153,571,824
Bank Alfalah Limited Islamic Banking	A1+	AA+	PACRA	2,465,003	364,492
Bank Al-Habib Limited	A1+	AAA	PACRA	3,121,583,608	2,095,231,887
Bank Islami Pakistan Limited	A1	A+	PACRA	732,995	493,314
Dubai Islamic Bank Limited	A-1+	AA	PACRA	787,371	2,397,600
Al-Baraka Bank (Pakistan) Limited	A-1	A+	JCR-VIS	1,041,955	612,952
Faysal Bank Limited	A1+	AA	PACRA	15,309,327	8,580,784
First Women Bank Limited	A2	A-	PACRA	78,259	32,839
Habib Bank Limited	A-1+	AAA	JCR-VIS	437,349,742	228,686,125
Habib Bank Limited Islamic Banking	A-1+	AAA	JCR-VIS	2,484,588	-
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	1,399,356	1,518,783
Meezan Bank Limited	A-1+	AAA	JCR-VIS	34,988,624	50,586,710
MCB Bank Limited	A1+	AAA	PACRA	18,141,452	55,422,516
National Bank of Pakistan	A1+	AAA	PACRA	37,611,006	28,484,646
Silk Bank Limited	A-2	A-	JCR-VIS	401,289	334,951
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	34,864,516	13,374,454
Soneri Bank Limited	A1+	AA-	PACRA	656,655	534,326
Summit Bank Limited	A-3	BBB-	SBP	475,110	178,483
Telenor Microfinance Bank Limited	A1	A	PACRA	1,741,532	1,518,291
The Bank of Punjab	A1+	AA+	PACRA	14,749,812	3,472,368
The Bank of Khyber	A1	A+	PACRA	225,876	90,953
U Microfinance Bank Limited	A-1	A+	JCR-VIS	167,612	169,989
United Bank Limited	A-1+	AAA	JCR-VIS	34,294,931	23,084,670
Mobilink Microfinance Bank Limited	A1	A	PACRA	90,147	619,875
JS Bank Limited	A1+	AA-	PACRA	198,677	1,151,136
First Abu Dhabi Bank	A-1+	AA-	S&P	29,861,353	25,540,039
Khushhali Bank Limited	A-2	A	JCR-VIS	36,641	72,909
				3,990,794,078	2,745,799,206
TDRs at the following banks classified under short term investments:					
Allied Bank Limited	A1+	AAA	PACRA	341,340,000	805,332,297
Bank Alfalah Limited	A1+	AA+	PACRA	1,624,521,668	1,516,279,253
Faysal Bank Limited	A1+	AA	PACRA	-	1,243,436,089
United Bank Limited	A-1+	AAA	JCR-VIS	893,283,840	683,774,085
				2,859,145,508	4,248,821,724
				6,849,939,586	6,994,620,930

Due to the Trust's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Trust. Accordingly, the credit risk is minimal.

c) Liquidity risk

Liquidity risk represents the risk that the Trust shall encounter difficulties in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

Management monitors the forecasts of the Trust's cash and cash equivalents on the basis of expected cash flow. This is generally carried out in accordance with practice and limits set by the Trust. These limits vary by location to take into account the liquidity of the market in which the entity operates. The Trust's approach to managing liquidity is to ensure that, as far as possible, it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable loss or risking damage to the Trust's reputation. The Trust manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of donor funding.

The following are the contractual maturities of financial liabilities as at reporting date:

	Rupees				
	Carrying amount	**Less than one year**	**One to five years**	**More than five years**	**Total contractual cashflows**
At December 31, 2022					
Long term loans from financial institutions	102,530,976	47,777,529	54,753,447	-	102,530,976
Lease liabilities	29,863,664	26,621,133	7,483,660	-	34,104,793
Long term security deposits	22,250,000	-	-	22,250,000	22,250,000
Trade and other payables	2,470,564,168	2,470,564,168	-	-	2,470,564,168
	2,625,208,808	2,544,962,830	62,237,107	22,250,000	2,629,449,937
At December 31, 2021					
Long term loans from financial institutions	170,035,711	79,544,026	90,491,685	-	170,035,711
Lease liabilities	203,881,151	192,667,555	20,983,857	-	213,651,412
Long term security deposits	21,350,000	-	-	21,350,000	21,350,000
Trade and other payables	1,897,097,918	1,897,097,918	-	-	1,897,097,918
	2,292,364,780	2,169,309,499	111,475,542	21,350,000	2,302,135,041

38.2 Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The table below analyses the financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

The following table presents the Trust's assets that are measured at fair value:

	As at December 31, 2022			
	Rupees			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Financial assets				
Investments - FVOCI				
Long term investments	28,475,772	-	-	28,475,772
Non-financial assets measured at fair value				
Land	-	3,965,986,000	-	3,965,986,000
Donations in kind	-	271,890,000	1,257,097,250	1,528,987,250
Total assets	28,475,772	4,237,876,000	1,257,097,250	5,523,449,022

	As at December 31, 2021			
	Rupees			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Financial assets				
Investments - FVOCI				
Long term investments	32,299,623	-	-	32,299,623
Non-financial assets measured at fair value				
Land	-	3,965,986,000	-	3,965,986,000
Donations in kind	-	253,544,000	975,228,500	1,228,772,500
Total assets	32,299,623	4,219,530,000	975,228,500	5,227,058,123

Movement in the above mentioned assets has been disclosed in respective notes to these financial statements. The Trust's policy is to recognize transfers into and out of different fair value hierarchy levels at the date the event or change in circumstances that cause the transfer occurred. There were no transfers between level 1 and 2 and level 2 and 3 during the year and there were no changes in valuation techniques during the year.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Trust is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Valuation techniques and inputs used in determination of fair values

The Trust obtains independent valuations for its land at least every five years and for donations in kind at the end of each reporting period. The management updates its assessment of the fair value of each asset mentioned above, taking into account the most recent independent valuation. The management determines an asset's value within a range of reasonable fair value estimates. The Trust has a policy to revalue its land at least after every five years, however, to ensure that the carrying amount of these lands does not differ materially from their fair value, the Trust has revalued these lands as at December 31, 2021. Moreover, the fair values of the donations in kind have been determined by KG Traders (Private) Limited, an independent professional valuer.

Items	Valuation techniques and input used
Investment in listed securities level 1	Fair value of investments in listed securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange.
Land - level 2	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 into this valuation approach is price per square foot.
Donations in kind (Land classified under level 2 and buildings classified under level 3)	Fair value of properties received as donations in kind has been derived using a sales comparison approach. The best evidence of fair value is current prices in an active market for similar properties. Sale prices of comparable properties in close proximity are adjusted for differences in key attributes such as location and size of the property. The most significant input into this valuation approach is price per square foot. The fair value of buildings have been determined using a depreciated replacement cost approach, whereby, the cost of construction of a new similar building has been considered. The market value has been determined by using a suitable depreciation factor on cost of constructing a similar new building. Higher, the estimated cost of construction of a new building, higher the fair value. Further, higher the depreciation rate, the lower the fair value of the building.

38.3 Financial instruments by categories

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at reporting date.

As at December 31, 2022	At fair value through other comprehensive income	At amortized cost	Total
		Rupees	
Assets as per statement of financial position			
Long term investments	28,475,772	193,459,895	221,935,667
Long term loans and deposits	-	31,224,209	31,224,209
Trade receivables	-	307,407,553	307,407,553
Loans, deposits and other receivables	-	150,436,836	150,436,836
Short term investments	-	5,558,091,446	5,558,091,446
Cash and bank balances	-	4,032,340,751	4,032,340,751
	28,475,772	10,272,960,690	10,301,436,462

As at December 31, 2022	Financial liabilities at amortized cost
	Rupees
Liabilities as per statement of financial position	
Long term loans - secured	102,530,976
Lease liabilities	29,863,664
Long term security deposits	22,250,000
Trade and other payables	2,470,564,168
	2,625,208,808

As at December 31, 2021	At fair value through other comprehensive income	At amortized cost	Total
		Rupees	
Assets as per statement of financial position			
Long term investments	32,299,623	-	32,299,623
Long term loans and deposits	-	30,025,900	30,025,900
Trade receivables	-	276,896,989	276,896,989
Loans, deposits and other receivables	-	167,023,801	167,023,801
Short term investments	-	4,688,444,638	4,688,444,638
Cash and bank balances	-	2,788,440,142	2,788,440,142
	32,299,623	7,950,831,470	7,983,131,093

As at December 31, 2021	Financial liabilities at amortized cost
	Rupees
Liabilities as per statement of financial position	
Long term loans - secured	170,035,711
Lease liabilities	203,881,151
Long term security deposits	21,350,000
Trade and other payables	1,897,097,918
	2,292,364,780

38.4 Offsetting financial assets and financial liabilities

There are no significant financial assets and financial liabilities that are subject to offsetting, enforceable master netting arrangements and similar agreements.

39. Corresponding figures

Corresponding figures have been re-arranged wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison. However, no significant re-arrangements have been made except for the following:

	Rupees
Dividend income previously included in 'Others' in Other income, now presented separately in Other income	3,477,629
Donations and Zakat income previously presented under 'Other income', now presented separately on the face of income and expenditure account	10,471,816,040
Advances from Corporate Customers previously presented as a separate line item under 'Trade and other payables', now classified in 'Contract liabilities' in 'Trade and other payables'	19,870,175
'Amortization of deferred contributions' previously presented under 'Other Income', now presented under Donations and Zakat income	139,479,474
'Amortization of government grants' previously presented under 'Other Income', now presented under Donations and Zakat income	6,250,000

40. Date of authorization for issue of financial statements

These financial statements were authorized for issue on June 14, 2023 by the Board of Governors of the Trust.

Member **Member**