

**MEDICAL EMERGENCY RESILIENCE FOUNDATION**

**AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**ILYAS SAEED & CO.**

**CHARTERED ACCOUNTANTS**

A member of

**mg**iworldwide 

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**INDEPENDENT AUDITORS' REPORT**  
**TO THE MEMBERS OF MEDICAL EMERGENCY RESILIENCE FOUNDATION**  
**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

**Opinion**

We have audited the annexed financial statements of Medical Emergency Resilience Foundation (the Foundation), which comprise the statement of financial position as at June 30, 2022 and the related income and expenditure account, the statement of comprehensive income, the statement of changes in funds and the statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanation which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanation given to us, the statement of financial position, the income and expenditure account, the statement of comprehensive income, the statement of changes in funds and the statement of cash flows together with the notes forming part thereof conform with the accounting and financial reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017) in the manner so required and respectively give a true and fair view of the state of the Foundation's affairs as at June 30, 2022 and of the surplus and comprehensive income, its cash flows and changes in funds for the year then ended.

**Basis For Opinion**

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

**Information Other Than The Financial Statements And Auditors' Report Thereon**

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based



on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have not been provided with any other information and thus, we have nothing to report in this regard.

### **Responsibilities Of The Management For The Financial Statements**

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

In preparing the financial statements, management is responsible for assessing the Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Board of Directors is responsible for overseeing the Foundation's financial reporting process.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of the 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 Foundation's internal control.
- Evaluate the appropriateness of the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by the 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 Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.

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

We communicate with the management 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.


### **Report On Other Legal And Regulatory Requirements**

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

- a) proper books of account have been kept by the Foundation as required by the Companies Act, 2017 (XIX of 2017);
- b) the financial statements together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Foundation's business; and
- d) no Zakat was deductible at source under Zakat & Ushr Ordinance, 1980 (XVIII of 1980).

### **Other Matters**

The financial statements for the previous period were audited by another firm of chartered accountants who expressed an un-modified opinion thereon.

  
**CHARTERED ACCOUNTANTS**  
**Engagement Partner: IMRAN ILYAS**  
**ISLAMABAD: 29/05/2023.**  
**UDIN: AR202210247nONT3qSRs**

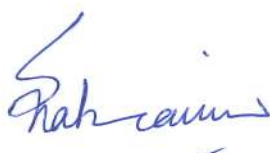


**MEDICAL EMERGENCY RESILIENCE FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2022**

<b>ASSETS</b>	<b><u>NOTE</u></b>	<b><u>2022</u> <u>RUPEES</u></b>	<b><u>2021</u> <u>RUPEES</u></b>
<b>Non-Current Assets</b>			
Property, plant and equipment	6	449,782	1,025,257
<b>Current Assets</b>			
Advances	7	3,328,327	3,128,592
Deposits, receivables and prepayments	8	404,584,289	151,736,340
Cash and bank	9	164,293,070	243,912,369
		572,205,685	398,777,301
<b>TOTAL ASSETS</b>		<b>572,655,467</b>	<b>399,802,558</b>
<b>FUNDS AND LIABILITIES</b>	<b><u>NOTE</u></b>	<b><u>2022</u> <u>RUPEES</u></b>	<b><u>2021</u> <u>RUPEES</u></b>
<b>Funds</b>			
Accumulated surplus	SCF	77,336,697	70,685,717
Restricted funds	10	234,470,286	52,697,757
		311,806,983	123,383,474
<b>Non-Current Liabilities</b>			
Deferred income	11	108,532	369,007
<b>Current Liabilities</b>			
Trade and other payables	12	260,739,952	276,050,077
Provision for taxation	13	-	-
		260,739,952	276,050,077
<b>Contingencies And Commitments</b>	14	-	-
<b>TOTAL FUNDS AND LIABILITIES</b>		<b>572,655,467</b>	<b>399,802,558</b>

The annexed notes from 1 to 28 form an integral part of these financial statements.

CHIEF EXECUTIVE



DIRECTOR

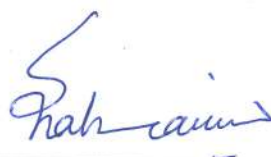


**MEDICAL EMERGENCY RESILIENCE FOUNDATION**  
**INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED JUNE 30, 2022**

<b>PARTICULARS</b>	<b>NOTE</b>	<b>2022 RUPEES</b>	<b>2021 RUPEES</b>
<b>INCOME</b>			
Grants	15	1,609,327,078	2,154,109,055
Overhead charge and interest income	16	69,553,321	75,374,478
Amortized income	11	260,475	260,475
		1,679,140,874	2,229,744,008
<b>EXPENDITURE</b>			
Project expenses	17	(1,609,327,078)	(2,154,109,055)
Administrative and general expenses	18	(63,162,817)	(21,481,484)
		(1,672,489,894)	(2,175,590,539)
<b>Operating surplus before taxation</b>		<b>6,650,980</b>	<b>54,153,469</b>
Taxation	19	-	-
<b>NET SURPLUS FOR THE YEAR</b>		<b>6,650,980</b>	<b>54,153,469</b>

The annexed notes from 1 to 28 form an integral part of these financial statements.

CHIEF EXECUTIVE



DIRECTOR



**MEDICAL EMERGENCY RESILIENCE FOUNDATION**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2022**

PARTICULARS	<u>NOTE</u>	<u>2022</u> <u>RUPEES</u>	<u>2021</u> <u>RUPEES</u>
Surplus for the year		6,650,980	54,153,469
Other comprehensive income:			
Items that will not be reclassified to income and expenditure account		-	-
Items that will be reclassified to income and expenditure account		-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<u><u>6,650,980</u></u>	<u><u>54,153,469</u></u>

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The annexed notes from 1 to 28 form an integral part of these financial statements.

CHIEF EXECUTIVE

*Fahim*

DIRECTOR

*Shahid*

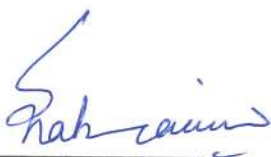


**MEDICAL EMERGENCY RESILIENCE FOUNDATION**  
**STATEMENT OF CHANGES IN FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

PARTICULARS	RESTRICTED FUNDS	ACCUMULATED SURPLUS	TOTAL
	RUPEES	RUPEES	RUPEES
Balance as at July 01, 2020	432,449,172	16,532,248	448,981,420
Surplus for the year	-	54,153,469	54,153,469
Transfer (from) restricted funds	(4,412,310)	-	(4,412,310)
Transfer (from) income	(482,563,486)	-	(482,563,486)
Adjustment for due from donor	107,224,381	-	107,224,381
<b>Balance as at June 30, 2021</b>	<b><u>52,697,757</u></b>	<b><u>70,685,717</u></b>	<b><u>123,383,474</u></b>
Balance as at July 01, 2021	52,697,757	70,685,717	123,383,474
Surplus for the year	-	6,650,980	6,650,980
Transfer (from) restricted funds	-	-	-
Transfer (from) income	(42,421,990)	-	(42,421,990)
Adjustment for due from donor	224,194,520	-	224,194,520
<b>BALANCE AS AT JUNE 30, 2022</b>	<b><u>234,470,286</u></b>	<b><u>77,336,697</u></b>	<b><u>311,806,983</u></b>

The annexed notes from 1 to 28 form an integral part of these financial statements.

CHIEF EXECUTIVE



DIRECTOR



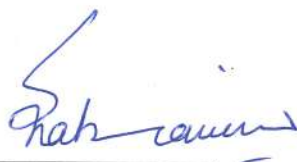


**MEDICAL EMERGENCY RESILIENCE FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

PARTICULARS	NOTE	2022 RUPEES	2021 RUPEES
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net surplus for the year	I&E	6,650,980	54,153,469
<b>Adjustments for non cash items:</b>			
Depreciation	6	575,475	575,475
Amortized income	11	(260,475)	(260,475)
<b>Operating cash flow before working capital changes</b>		6,965,980	54,468,469
<b>Working capital changes:</b>			
(Increase) / decrease in current assets			
Advances	7	(199,735)	(1,057,482)
Deposits, receivables and prepayments	8	(252,847,949)	(105,922,287)
Increase / (decrease) in current liabilities			
Trade and other payables	12	(15,310,125)	183,933,251
Provision for taxation	13	-	-
<b>Net working capital changes</b>		(268,357,808)	76,953,482
Less: Taxes paid		-	-
<b>Net cash flow from operating activities</b>		(261,391,828)	131,421,951
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	6	-	-
<b>Net cash flow from investing activities</b>		-	-
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Increase / (decrease) in restricted funds	10	181,772,529	(379,751,415)
<b>Net cash flow from financing activities</b>		181,772,529	(379,751,415)
<b>Net changes in cash and equivalents during the year</b>		(79,619,299)	(248,329,464)
<b>Cash and equivalents at the start of the year</b>	9	243,912,369	492,241,833
<b>CASH AND EQUIVALENTS AT END OF YEAR</b>		164,293,070	243,912,369

The annexed notes from 1 to 28 form an integral part of these financial statements.

CHIEF EXECUTIVE



DIRECTOR



# **MEDICAL EMERGENCY RESILIENCE FOUNDATION**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED JUNE 30, 2022**

#### **1 LEGAL STATUS AND OPERATIONS**

Medical Emergency Resilience Foundation (the "Foundation") was incorporated in Pakistan on November 02, 2015 as a 'Company Limited by Guarantee' under Section 42 of the repealed Companies Ordinance, 1984 now, the Companies Act, 2017. The registered office of the Foundation is situated at 1st Floor, Plot # 40-A, I&T Center, Sector G-8/1, Islamabad. All assets of the Foundation are also located in Islamabad, Pakistan.

The main objective of the Foundation is to improve health status of population by human resource development through capacity building and strengthening the health system including effective management of health information system and efficient supply chain system for better health outcomes. It also aimed at improving hospitals, rural health centers, basic health units and support provision in case of emergencies delivering relief in response to a natural and man made disaster including health and nutrition services.

#### **1.1 Geographical locations and addresses of business units**

The registered office of the Foundation is situated at 1st Floor, Plot # 40-A, I&T Center, Sector G-8/1, Islamabad. The other business units / operations are situated / carried at the following districts:

##### **1 Islamabad**

##### **2 Peshawar**

- 2.1 Orakzai – Mishti Mela
- 2.2 Orakzai – Ghiljo
- 2.3 Mohmand
- 2.4 Kurram
- 2.5 Khyber
- 2.6 Bajaur
- 2.7 North Waziristan
- 2.8 South Waziristan
- 2.9 Bannu
- 2.10 Lakki Marwat
- 2.11 Tank
- 2.12 Tor Ghar
- 2.13 Karak

##### **3 Sindh**

- 3.1 Karachi
- 3.2 Thatta
- 3.3 Sujawal

##### **4 Balochistan**

- 4.1 Quetta
- 4.2 Kalat
- 4.3 Lasbela
- 4.4 Surab



## **2 STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting standards applicable in Pakistan comprise of the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and the Accounting & Reporting Standards for Not For Profit Organizations (NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017 and the provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Companies Act, 2017 differ from the IFRS or AFRS for NPOs, the provisions of and / or directives issued under the Companies Act, 2017 have been followed.

## **3 BASIS OF PREPARATION**

### **3.1 Measurement**

These financial statements have been prepared under the historical cost convention on accrual basis except for the amounts reflected in the statement of cash flows.

### **3.2 Significant accounting judgments and estimates**

The preparation of financial statements in conformity with approved accounting standards require the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying Foundation's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas involving higher degree of judgments or complexity or areas where assumptions and estimates made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements are:

#### **a) Useful lives and residual values of property, plant and equipment**

The Foundation reviews the useful lives of property and equipment on regular basis. Any change in estimates in future years might affect the carrying amounts of respective items of property and equipment with a corresponding effect on the depreciation charge / impairment.

#### **b) Impairment**

The management reviews the carrying amounts of the assets including receivables and advances for possible impairment and makes formal estimates of recoverable amounts if there is any such indication of impairment.





**MEDICAL EMERGENCY RESILIENCE FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**c) Provision for advances and other receivables**

The management reviews the carrying amounts of advances and other receivables on a regular basis and if there is any doubt about the recovery of these receivables, appropriate provision is made.

**d) Provisions**

Provisions are based on best estimates of the expenditure required to settle the present obligation at the reporting date i.e. the amount that the Foundation would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

**e) Taxation**

The Foundation takes into account the current income tax law and the decisions taken by the appellate authorities. Instances where the Foundation's view differs from the view taken by the income tax department at the assessment stage and where the Foundation considers that its views on items of material nature are in accordance with the law, the amounts are shown as contingent liabilities.

The income of the Foundation, under Section 100C of the Income Tax Ordinance, 2001 is allowed 100% tax credit subject to fulfilment of certain requirements as set forth by the Federal Board of Revenue. The Foundation has successfully secured the tax exemption as per the aforementioned Section. Consequently, no provision for taxation has been made in these financial statements.

**3.3 Functional and presentation currency**

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

**3.4 Statement of cash flows**

The statement of cash flows is prepared using indirect method.

**4 STANDARDS, AMENDMENTS AND INTERPRETATIONS TO IFRS**

**4.1 Standards, amendments and interpretations to approved accounting standards which became effective during the year**

There are new standards, amended standards and interpretations to the existing standards that are mandatory for accounting periods beginning on or after July 01, 2021, other than those disclosed in note 5 to these financial statements. These are considered either not relevant to the Foundation's operations or do not have any significant effect on the Foundation's financial statements during initial or subsequent application of the same and are, therefore, not stated in these financial statements.



**MEDICAL EMERGENCY RESILIENCE FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**4.2 New standards, amendments to approved accounting standards and interpretations that are effective for the accounting periods beginning on or after July 01, 2022**

There are certain amendments to the approved accounting standards and interpretations that will be mandatory for the Foundation's annual accounting periods beginning on or after July 01, 2022. However, these amendments and interpretations will not have any significant impact on the financial reporting of the Foundation and, are therefore, not detailed in these financial statements except for the following;

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after January 01, 2022 amends IAS 1 by, mainly, adding paragraphs which clarifies what comprises the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The following annual improvements to IFRS 2018-2020 are effective for annual reporting periods beginning on or after January 01, 2022:

IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease.

IAS 41 – The amendment removes the requirement in para 22 of IAS for entities to exclude taxation cash flow when measuring fair value of a biological asset using present value.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after January 01, 2022 clarifies that sale proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc. are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The Standard also removes the requirement of deducting the net sale proceeds from cost of testing.

An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by the management on or after the beginning of





**MEDICAL EMERGENCY RESILIENCE FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 01, 2022. Earlier application is permitted if, at the same time or earlier, an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS.

Classification of liabilities as current or non-current (Amendments to IAS 1): Amendments apply retrospectively for the annual periods beginning on or after January 01, 2023. These amendments in the Standards have been added to further clarify when a liability is classified as current. The Standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to an entity's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after January 01, 2023 with earlier application permitted.

Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that these 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 are effective for periods beginning on or after January 01, 2023 and 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 entity applies the amendment.





**MEDICAL EMERGENCY RESILIENCE FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12) – The amendments narrow the scope of initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, entities will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liability will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual periods beginning on or after January 01, 2023 with earlier application permitted.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

Classification of liabilities - Amendment to International Accounting Standards: (effective for period beginning on January 01, 2021.)

The IASB issued a narrow-scope amendment to IAS 1 - 'Presentation of Financial Statements' to 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:

- i) 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;
- ii) the assessment determines whether a right exists, but it does not consider whether the entity will exercise the right. So, the management's expectations do not affect classification;
- iii) 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;
- iv) 'settlement' is defined as the extinguishment of a liability with cash, other economic resources or an entity's own equity instruments.

The Foundation is yet to assess the impact of this amendment.

## **5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.



**MEDICAL EMERGENCY RESILIENCE FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**5.1 Property, Plant And Equipment**

**a) Donated Assets**

Fixed assets received as donation in kind are recognized as property & equipment at the time of acquisition at fair value and the corresponding amount is credited to deferred income.

Renewals and replacements are recognized in the carrying amounts of the property and equipment if it is probable that future embodied economic benefits will flow to the Foundation. Other maintenance and repairs are charged to the income and expenditure account. Gain or loss on disposal is taken to the income and expenditure account.

Depreciation of an asset begins when it is available for use i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management. Depreciation of an asset ceases the date when the asset is derecognized. Therefore, depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. Depreciation is calculated on a straight line basis and charged to income and expenditure account so as to write off the depreciable amount of each asset over its estimated useful life at the rate specified in note 6.

The carrying amounts are reviewed at each reporting date to assess whether these are recorded in excess of their recoverable amounts and where carrying value exceeds estimated recoverable amount, these are written down to their estimated recoverable amount.

**b) Owned Assets**

Fixed assets purchased from the Foundation's own funds for own use are capitalized and are stated at cost less accumulated depreciation and impairment loss, if any. Cost includes expenditure that are directly attributable to the acquisition of items of fixed assets.

Depreciation is calculated on straight line basis and charged to income and expenditure account so as to write off the depreciable amount of each asset over its estimated useful life at the rate specified in note 6. Depreciation of an asset begins when it is available for use i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management. Depreciation of an asset ceases the date when the asset is derecognized. Therefore, depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

Renewals and replacements are recognized in the carrying amounts of the property and equipment if it is probable that future embodied economic benefits will flow to the Foundation. Other maintenance and repairs are charged to the income and expenditure account. Gain or loss on disposal is taken to the income and expenditure account.

**5.2 Financial Instruments**

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity of another entity.

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**MEDICAL EMERGENCY RESILIENCE FOUNDATION  
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**5.2.1 Financial Assets**

**Classification**

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

- i) amortized cost where the effective interest rate method will apply;
- ii) fair value through profit or loss;
- iii) fair value through other comprehensive income.

The classification depends on the entity'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 income and expenditure account or other comprehensive income (OCI). For investment in equity instruments, if any, that are not held for trading, this will depend on whether the Foundation 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 Foundation reclassifies debt investments, if any, when and only when its' business model for managing those assets changes.

**Recognition and derecognition**

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

**Measurement**

At initial recognition, the Foundation measures financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed during the year.

**Debt instruments**

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

**a) Amortized cost**

Assets that are held for collection of contractual cash flows where the contractual terms of the financial assets give rise on specified dates to cash flows that represent solely payments of principal or principal and interest, are measured at amortized cost. Interest income, if any, from these financial assets is included in finance income using the effective interest rate





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method. Any gain or loss arising on derecognition is recognized directly in income and expenditure account and presented in other income together with foreign exchange gains and losses. Impairment losses are presented as separate line item in income & expenditure

**b) Fair value through other comprehensive income (FVTOCI)**

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the contractual terms of the financial asset give rise on specified dates to cash flows that represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amounts are taken through OCI except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit and loss account. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to income and expenditure account and recognized in other income. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income and impairment expenses are presented as separate line item in the income and expenditure account.

**c) Fair value through profit or loss (FVTPL)**

Assets that do not meet the criteria for amortized cost or FVTOCI are measured at fair value through income and expenditure account. A gain or loss on a debt investment that is subsequently measured at fair value through income and expenditure account is recognized in the income and expenditure account and presented in finance income / cost in the period in which it arises.

**Equity instruments**

The Foundation subsequently measures all equity investments at fair value. Where the Foundation'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 Foundation's right to receive payments is established.

**Impairment of financial assets**

The Foundation assess on a historical as well as forward-looking basis, the expected credit loss (ECL) as associated with its trade debts, deposits and bank balances carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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

- Deposits
- Bank Balances



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**General approach for deposits and bank balances**

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 counter party, 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. Loss allowances are forward looking, based on 12 months expected credit losses where there has not been a significant increase in credit risk rating, otherwise allowances are based on lifetime expected losses.

Expected credit losses are a probability weighted estimate of credit losses. The probability is determined by the risk of default which is applied to the cash flow estimates. In the absence of a change in credit rating, allowances are recognized when there is reduction in the net present value of expected cash flows. On a significant increase in credit risk, allowances are recognized without a change in the expected cash flows, although typically expected cash flows do also change and expected credit losses are rebased from 12 months to lifetime.

**Significant increase in credit risk**

The Foundation considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis through out each reporting period. To assess whether there is a significant increase in credit risk, the Foundation compares the risk of a default occurring on the instrument as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are considered while assessing credit risk:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor;
- significant increase in credit risk on other financial instruments of the same debtor; and
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees, if applicable.

**Definition of default**

The Foundation considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

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





**MEDICAL EMERGENCY RESILIENCE FOUNDATION  
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**Credit - impaired financial assets**

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

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

**5.2.2 Financial Liabilities**

**Classification, initial recognition and subsequent measurement**

Financial liabilities are classified into the following categories:

- fair value through profit or loss; and
- other financial liabilities.

The Foundation determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in case of other financial liabilities also include directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification, as follows:

**a) Fair value through profit or loss (FVTPL)**

Financial liabilities at fair value through profit or loss include financial liabilities held-for trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss. The Foundation has not designated any financial liability upon recognition as being at fair value through profit or loss.

**b) Other financial liabilities**

After initial recognition, other financial liabilities which are interest bearing, are subsequently measured at amortized cost, using the effective interest rate method. Gains and losses are recognized in income and expenditure account for the year, when the liabilities are derecognized as well as through effective interest rate amortization process.

**Derecognition of financial liabilities**

The Foundation derecognizes financial liabilities when and only when the Foundation's obligations are discharged, cancelled or expires.





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**5.2.3 Offsetting financial assets and financial liabilities**

Financial assets and liabilities are offset and the net amounts are presented in the statement of financial position if there is a currently enforceable legal right to offset the recognized amount and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

**5.3 Impairment**

**Financial assets**

The Foundation assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is an objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event or events has an impact on the estimated future cash flows of the financial asset or a group of financial assets that can be reliably estimated.

All impairment losses are recognized in income and expenditure account. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss was recognized.

**Non - financial assets**

Assets that are subject to depreciation are reviewed for impairment at each reporting date or wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which the asset's carrying amount exceeds its recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Reversals of the impairment loss are restricted to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no new impairment loss had been recognized. An impairment loss or reversal of impairment loss is recognized in income for the year.

**5.4 Cash And Cash Equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents comprise cash in hand, demand deposits and other short term highly liquid investments that are readily convertible to the known amounts of cash and are subject to an insignificant risk of change in value.



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**5.5 Trade Debts And Other Receivables**

**Measurement**

Trade receivables and other receivables are recognized at transaction price less an allowance for impairment / bad debts.

**Impairment**

A provision for impairment of trade receivables is established when there is an objective evidence that the Foundation will not be able to collect all amounts due according to the original terms of the receivables. The amount of provision is recognized in the income and expenditure account. Bad debts are written-off when identified.

**5.6 Advances, Deposits And Other Receivables**

These are classified at amortized cost and are initially recognized when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit losses, if any.

**5.7 Restricted Funds**

Funds received as grants for specific purposes are classified as restricted funds with separate accounting records being maintained for each and every account / project.

**5.8 Trade And Other Payables**

Trade and other payables are carried at cost which is the fair value of the consideration to be paid in future for goods and services, whether or not billed to the Foundation.

**5.9 Income Recognition**

Grants and donations in kind are recognized when goods become available for distribution on the basis of performa invoices submitted by the donor. Un-restricted grants are included in income when received. Restricted grants / funds are recognized in the statement of financial position at the time of receipt. Restricted grant in kind is recognized in income and expenditure account to the extent of relief activities / distribution undertaken by the Foundation. Restricted grant in cash is recognized to the extent of project expenditure.

**5.10 Provisions And Contingencies**

Provisions are recognized when the Foundation has a legal and constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provision is recognized at an amount that is the best estimate of the expenditure required to settle the present obligation at the reporting date. Where outflow of

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resources embodying economic benefits is not probable or where a reliable estimate of the amount of obligation cannot be made, a contingent liability is disclosed till the possibility of the outflow remains remote.

**5.11 Related Party Transactions**

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible, except in extremely rare circumstances where, subject to the approval of the board of directors, it is in the interest of the Foundation to do so.

**5.12 Taxation**

The income of the Foundation, under Section 100C of the Income Tax Ordinance, 2001 is allowed 100% tax credit subject to fulfilments of certain requirements as set forth by the Federal Board of Revenue. The Foundation has successfully secured the tax exemption as per the aforementioned Section. Consequently, no provision for taxation has been made in these financial statements.

**5.13 Employees' Benefits**


The Foundation entitles gratuity to its' staff on completion of three months employment, equivalent to one month's salary calculated on the basis of proportionate monthly salary. Staff leaving prior to completion of calendar year will be compensated by gratuity on pro-rata basis. In case of any misconduct, the Foundation will hold employee's gratuity. Staff working with the Foundation through public private partnership / contracting out will only be eligible for gratuity until and unless budgeted and instructed by the relevant provincial government. Contracting out staff recruited against the sanctioned vacant positions are given lump sum salary inclusive of all benefits i.e. salary and medical and health allowances. The liability of the Foundation is limited to the amount calculated based on the formula i.e. One Month Salary X Service Period and is payable at the completion of each year.

**5.14 Foreign Currency Transactions**

Foreign currency transactions are recorded at the official exchange rate applicable at the transaction date. Monetary assets and liabilities are translated into rupees using official exchange rates applicable at the statement of financial position date. All gains and losses on settlement and transaction at year-end are charged to income.

**5.15 Government Grant**

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. The Foundation recognizes government grants where there is reasonable assurance that grant will be received and the Foundation will be able to comply with conditions associated with grants. Government grants are recognized at fair value, as deferred income.





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	<u>NOTE</u>	<u>2022</u> <u>RUPEES</u>	<u>2021</u> <u>RUPEES</u>
Donated assets	6.1	108,532	369,007
Owned assets	6.2	341,250	656,250
		<u>449,782</u>	<u>1,025,257</u>

**6 PROPERTY, PLANT AND EQUIPMENT**

**6.1 Donated Assets**

<b>PARTICULARS</b>	<b>Furniture &amp; Fixture</b>	<b>Office &amp; Electrical Equipment</b>	<b>Computers &amp; Accessories</b>	<b>Total</b>
<b>Cost</b>	<u>RUPEES</u>	<u>RUPEES</u>	<u>RUPEES</u>	<u>RUPEES</u>
Balance as at July 01, 2020	698,000	1,038,500	1,120,000	2,856,500
Additions during the year	-	-	-	-
Balance as at June 30, 2021	698,000	1,038,500	1,120,000	2,856,500
Additions during the year	-	-	-	-
Balance as at June 30, 2022	698,000	1,038,500	1,120,000	2,856,500
<b>Depreciation</b>				
Balance as at July 01, 2020	444,975	662,044	1,119,999	2,227,018
Charge for the year	104,700	155,775	-	260,475
Balance as at June 30, 2021	549,675	817,819	1,119,999	2,487,493
Charge for the year	104,700	155,775	-	260,475
Balance as at June 30, 2022	654,375	973,594	1,119,999	2,747,968
W.D.V. as at June 30, 2021	148,325	220,681	1	369,007
W.D.V. as at June 30, 2022	<u>43,625</u>	<u>64,906</u>	<u>1</u>	<u>108,532</u>

**6.2 Owned Assets**

<b>PARTICULARS</b>	<b>Furniture &amp; Fixture</b>	<b>Office &amp; Electrical Equipment</b>	<b>Computers &amp; Accessories</b>	<b>Total</b>
<b>Cost</b>	<u>RUPEES</u>	<u>RUPEES</u>	<u>RUPEES</u>	<u>RUPEES</u>
Balance as at July 01, 2020	-	2,100,000	-	2,100,000
Additions during the year	-	-	-	-
Balance as at June 30, 2021	-	2,100,000	-	2,100,000
Additions during the year	-	-	-	-
Balance as at June 30, 2022	-	2,100,000	-	2,100,000
<b>Depreciation</b>				
Balance as at July 01, 2020	-	1,128,750	-	1,128,750
Charge for the year	-	315,000	-	315,000
Balance as at June 30, 2021	-	1,443,750	-	1,443,750
Charge for the year	-	315,000	-	315,000
Balance as at June 30, 2022	-	1,758,750	-	1,758,750
W.D.V. as at June 30, 2021	-	656,250	-	656,250
W.D.V. as at June 30, 2022	-	<u>341,250</u>	-	<u>341,250</u>

**6.3 Depreciation rate (%)**

15%	15%	33%
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**2021**  
**RUPEES**

**6.4 Depreciation charge for the year:**

Donated assets	<b>6.1</b>	<b>260,475</b>	260,475
Owned assets	<b>6.2</b>	<b>315,000</b>	315,000
		<b><u>575,475</u></b>	<u>575,475</u>

**6.5 Depreciation is charged to general and administrative expenses only.**

**7 ADVANCES - unsecured - considered good**

Advances to employees	<b>7.1</b>	<b>4,626,635</b>	3,881,720
Less: Provision for bad debts	<b>7.2</b>	<b>(1,298,309)</b>	(753,128)
		<b><u>3,328,327</u></b>	<u>3,128,592</u>

**7.1 The advances represent the amounts given to employees for incurring day to day expenditure during the project execution in the fields.**

**7.2 Provision for bad debts is calculated as per the following table:**

<u>Period</u>	<u>Amount</u>	<u>Allowance</u>		
0 - 1 month	1,212,942	0%	-	-
1 - 6 months	2,056,628	0%	-	-
6 - 12 months	59,350	1%	<b>594</b>	24,283
Over 1 year	<u>1,297,715</u>	100%	<b>1,297,715</b>	728,845
	<b><u>4,626,635</u></b>		<b><u>1,298,309</u></b>	<u>753,128</u>

**8 DEPOSITS, RECEIVABLES AND PREPAYMENTS - unsecured - considered good**

Security deposits	<b>8.1</b>	<b>62,648,795</b>	10,752,049
Receivables	<b>8.2</b>	-	1,489,661
Other receivable	<b>8.3</b>	<b>331,418,901</b>	107,224,381
Prepayments	<b>8.4</b>	<b>10,516,593</b>	32,270,249
		<b><u>404,584,289</u></b>	<u>151,736,340</u>

**8.1 Security Deposits**

Gross amount due	<b>62,648,795</b>	10,752,049
Less: Impairment allowance for expected credit loss	-	-
	<b><u>62,648,795</u></b>	<u>10,752,049</u>

**8.1.1 Security deposits represent the amounts of deposits placed with property owners under lease agreements, fuel stations and call deposit receipt issued in favor of various organizations.**

**8.1.2 No impairment allowance for expected credit loss is required to be provided for during the year. The aging analysis of security deposits is as follows:**

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<u>Period</u>			
0 - 1 month		27,150,428	50,000
1 - 6 months		3,480,000	3,838,399
6 - 9 months		22,874,717	1,774,000
Over 9 months		9,143,650	5,089,650
		<u>62,648,795</u>	<u>10,752,049</u>

- 8.2 Receivables represent the insurance premium paid for and on behalf of the employees and is recoverable through monthly deductions from their salaries.
- 8.3 Other receivable represent the amounts spent by the Foundation for project activities. These amounts are receivable from the project donors.
- 8.4 Prepayments represent the amounts paid in advance for renovation and construction works at different offices which include an amount of Rs. 14,400,000/- that was paid to M/S Wilayat Wazir Constructions (Private) Limited, a non-related party. Prepayments also include the amounts paid for purchase of medicines, consumables and medical equipment's for health facilities and health oriented projects.

**9 CASH AND BANK**

Cash in hand		1,342,362	1,257,356
Cash at bank	9.1	<u>162,950,708</u>	<u>242,655,013</u>
		<u>164,293,070</u>	<u>243,912,369</u>

**9.1 Cash At Bank**

Current accounts		68,701,142	82,549,712
Saving accounts	9.2	<u>94,249,566</u>	<u>160,105,301</u>
		<u>162,950,708</u>	<u>242,655,013</u>

- 9.2 Profit rates on saving bank accounts range between 3.94 % to 7.75% per annum.
- 9.3 Cash in hand and cash at bank equals to cash & cash equivalents in the statement of cash flow and approximates to the fair value as represented in the statement of financial position.

**10 RESTRICTED FUNDS**

Opening balance		52,697,757	432,449,172
Opening receivables		(107,224,381)	-
Transferred to income & expenditure		(42,421,990)	(482,563,486)
Transferred to general funds - closed projects		-	(4,412,310)
Closing receivables		<u>331,418,901</u>	<u>107,224,381</u>
Closing balance		<u>234,470,286</u>	<u>52,697,757</u>

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MEDICAL EMERGENCY RESILIENCE FOUNDATION  
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10.1 Restricted Funds - Schedule

Project Name

Contract Under PPP- THT hospital-SINDH

Contract under PPP- Mishtimela Hospital

Contract under PPP- Mishtimela Hospital 2022-26

Contract under PPP- Dogar, District Kurram

Contract under PPP- Ghiljo, District Orakzai

Contract under PPP- Mola Khan Sarai Sarokai, District South Waziristan

Contract under PPP- Mamad Gat, District Mohmand

Contract under PPP- WANA, District South Waziristan

Contract under PPP- Bazar Zaka Khel, District Khyber

WFP - Ehsas Nashonuma Stunting Prevention Program - Kalat and Surab

WFP - Ehsas Nashonuma Stunting Prevention Program - Label

International Medical Corps

WB- COVID HOSPITAL NISHTARABAD

UNICEF Funded- Social Mobilization and Community Outreach Activities to Promote Immunization in KP

BMGF- Management of Peshawar Dispensaries

Distribution of LINNs - Indus Hospital & Health Network

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**Project Name**

Paramedics Training under FATA Youth Skills Development Programme

Social Mobilization and Community Outreach Activities to Promote Routine/ Essential Immunization

CMW Training under FATA Youth Skills Development Prog

Containing the Spread of COVID-19 and Strengthening Exist Capacities of Health System In Pakistan

"Integrated Protection, Health, Nutrition and Education Assistance for Afghan Refugees in Balochistan

Strengthening Healthcare including Nutrition in Emergencies (SHiNE) PAKISTAN

Nutrition Stabilization Centre (NSCs) PINS-ACF

Nurses Training Under FATA Youth Skills Development Pro

Quetta Urban Survey

Review and Training of International Catholic Migration Commission's Supply Chain Management System"

Contract Under Public Private Partnership- COVID Response

Providing Lifesaving Health and Nutrition Services to the Conflict Affected Temporary Displaced People (TDP) and Ho Populations

National Nutrition Survey 2017-18

Quetta Nutrition Survey

**TOTAL**

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**11 DEFERRED INCOME**

Opening balance		369,007	629,482
Add: Received during the year		-	-
		369,007	629,482
Less: Amortized during the year	11.1	(260,475)	(260,475)
		108,532	369,007

**11.1** Deferred income represents donation in kind - non current assets and is amortized / credited to income with respect to the useful life of assets i.e. equal to depreciation charged.

**12 TRADE AND OTHER PAYABLES**

Payable to staff		3,616,532	2,614,203
EOBI payable		1,347,684	536,510
Gratuity payable - contracted employees		57,904,614	52,637,763
Audit fee payable		690,000	550,000
Withholding tax payable	12.1	1,692,258	8,108,040
Accrued expenses		195,488,864	211,603,561
		260,739,952	276,050,077

**12.1 Withholding Tax Payable**

Income tax withheld on payment of salaries		-	1,484,879
Income tax withheld on payment of supplies		779,906	4,046,144
Sales tax withheld on payment of supplies		282,594	908,105
Income tax withheld on payment of services		558,354	757,045
Sales tax withheld on payment of services		71,404	911,867
		1,692,258	8,108,040

**13 PROVISION FOR TAXATION**

Provision for the year		-	-
		-	-

**14 CONTINGENCIES AND COMMITMENTS**

**14.1 Contingencies**

There are no contingencies as at reporting date (2021: Nil).

**14.2 Commitments**

The Foundation has entered into operating lease for its office premises. The amount of future payments under operating lease agreements and the period for each office location for which these payments will become due are as follow:

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	<b>NOTE</b>		<b>2022</b> <b><u>RUPEES</u></b>	<b>2021</b> <b><u>RUPEES</u></b>
	<b>2022</b>			
	<b>Within 1 year</b>	<b>Later than 1 year</b>		
	<b><u>RUPEES</u></b>	<b><u>RUPEES</u></b>		
Islamabad	7,719,000	8,490,900	<b>16,209,900</b>	14,736,273
Peshawar	2,021,250	2,223,375	<b>4,244,625</b>	3,858,750
Thatta	1,645,958	1,810,553	<b>3,456,511</b>	3,142,283
Quetta	1,293,188	1,422,506	<b>2,715,694</b>	2,468,813
	<b>12,679,395</b>	<b>13,947,335</b>	<b>26,626,730</b>	<b>24,206,118</b>

**15 GRANTS**

Grant received	<b>10.1</b>	<b>1,566,905,087</b>	1,671,545,569
Transferred from restricted funds	<b>10.1</b>	<b>42,421,990</b>	482,563,486
		<b>1,609,327,078</b>	<b>2,154,109,055</b>

**16 OVERHEAD CHARGE AND INTEREST INCOME**

Overhead charge / management fee	<b>16.1</b>	<b>57,206,726</b>	65,350,873
Other income		-	2,082,667
Interest income	<b>16.2</b>	<b>12,346,595</b>	7,940,938
		<b>69,553,321</b>	<b>75,374,478</b>

**16.1** Overhead charge / management fee represents amount of reimbursements from Projects with FATA Secretariate under Public Private Partnership for operationalization of various hospitals in NMDs. This amount is calculated at 10% of total amount spent during the year.

**16.2** Profit on deposit bank accounts is recognized on time proportionate basis. Interest income is recognized when it is probable that the economic benefits will flow to the Foundation and amount can be measured reliably.

**17 PROJECT EXPENSES**

Salaries, wages and other benefits	<b>926,160,607</b>	789,459,595
Program cost- medicines, drugs and consumables	<b>337,937,342</b>	511,156,306
Program cost- medical equipments	<b>103,931,112</b>	574,797,488
Program cost- rehabilitation, repair and maintenance	<b>42,555,810</b>	98,931,065
Casual labour	<b>1,156,030</b>	2,534,304
Communication and courier cost	<b>6,277,363</b>	5,801,173
Enumerator charges for survey	-	6,315,800
Field and health facilities running costs	<b>20,676,452</b>	16,612,689
Hospital staff uniform	<b>268,570</b>	2,274,165
Insurance charges	<b>7,660,856</b>	10,485,740
Legal and professional fee	<b>2,993,001</b>	5,330,853
Rent expense	<b>9,275,561</b>	9,929,146
PBIs for government staff	-	11,228,300
POL and rent for vehicles	<b>56,364,821</b>	49,101,891

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Printing, stationery and newspaper	17,253,740	13,781,120
Program cost- tuition, stipend, food and hostel charges	-	5,096,333
Income tax withheld	2,315,933	462,380
Bank charges	88,932	143,624
Training costs	14,751,180	1,476,006
Travelling and accomodation costs	11,196,035	8,047,568
Utilities	48,463,736	31,143,509
	<u>1,609,327,078</u>	<u>2,154,109,055</u>

**18 ADMINISTRATIVE AND GENERAL EXPENSES**

Salaries, wages and other benefits		37,124,181	10,725,564
Printing, stationery and newspaper		1,865,144	50,083
Communication and courier cost		238,675	154,585
Office running costs		1,422,874	186,543
Insurance charges		4,717,475	294,943
Legal and professional fee		804,991	119,730
Travelling and accomodation costs		449,437	399,443
Office furniture and equipment	18.1	3,754,527	520,287
Rent expense		3,489,592	4,694,850
POL and rent for vehicles		4,718,730	2,053,393
Casual labour		84,400	-
Utilities		689,062	139,058
Repair and maintenance		839,691	42,800
Income tax withheld		304,879	221,602
Bank charges		14,808	-
Provision for bad debt		545,181	753,128
Donation - Medicines, drugs and consumables		833,697	-
Depreciation	6	575,475	575,475
Auditor's remuneration	18.2	690,000	550,000
		<u>63,162,817</u>	<u>21,481,484</u>

**18.1** These represent assets purchased from own funds for use on projects. These are not capitalized as these assets become the property of the project on completion.

**18.2 Auditor's Remuneration**

Annual audit fee	600,000	500,000
Out of pocket	-	50,000
Sales tax on services	90,000	-
	<u>690,000</u>	<u>550,000</u>

**19 TAXATION**

Current year tax	19.1	-	-
		<u>-</u>	<u>-</u>

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- 19.1** Income of the Foundation was exempt under Clause (58) of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001. Now, the income of the Foundation is exempt from tax i.e. subject to 100% tax credits. However, this 100% tax credit is allowed under Section 100C subject to fulfilment of certain requirements as stipulated therein. The Foundation has successfully secured the tax exemption as per aforementioned Section. Thus, no provision for taxation has been accounted for in these financial statements.

**20 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS & EXECUTIVES**

The aggregate amounts charged in these financial statements with respect to remuneration and allowances, including all benefits, to the Directors and Executives of the Foundation are given as under:

	<b>Directors</b>		<b>Chief Executive Officer</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b><u>RUPEES</u></b>	<b><u>RUPEES</u></b>	<b><u>RUPEES</u></b>	<b><u>RUPEES</u></b>
Remuneration	-	-	13,200,000	12,960,000
Allowances	-	-	-	-
Benefits	-	-	-	-
Reimbursements	-	-	638,527	561,664
	<b>-</b>	<b>-</b>	<b>13,838,527</b>	<b>13,521,664</b>
No. of Person	<b>4</b>	<b>4</b>	<b>1</b>	<b>1</b>

- 20.1** No meeting fee and / or allowance was paid to the Chief Executive and / or the Directors during the year.
- 20.2** The Foundation provides an all expenses paid motor vehicle to the Chief Executive for official use, whenever required.

**21 NUMBER OF EMPLOYEES**

Average number of employees during the year	<b>1299</b>	<b>1027</b>
Total number of employees as at year end	<b>1244</b>	<b>1354</b>

**22 RELATED PARTY TRANSACTIONS**

Related parties comprise of key management personnel, directors and chief executive officer of the Company. Transactions with related parties carried during the year are as

**Key Management Personnel**

- Remuneration and other benefits paid to CEO	<b>13,838,527</b>	<b>13,521,664</b>
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There are no transactions with related parties other than those which have been specifically disclosed elsewhere in these financial statements.

**23 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

- 23.1** Expected credit losses are a probability weighted estimate of credit losses. The probability is determined by the risk of default which is applied to the cash flow estimates. In the absence of a change in credit rating, allowances are recognized when there is a reduction in the net present value of expected cash flows. On a significant increase in credit risk, allowances are recognized without a change in the expected cash flows, although, typically expected cash flows do also change and expected credit losses are rebased from 12 months to lifetime expectations.

**Financial Assets as per Statement of Financial Position**

**Amortized cost**

Security deposits	<b>62,648,795</b>	10,752,049
Receivables	-	1,489,661
Other receivable	<b>331,418,901</b>	107,224,381
Bank balances	<b>162,950,708</b>	242,655,013

**Financial Liabilities as per Statement of Financial Position**

**Amortized cost**

Trade and other payables	<b>259,047,694</b>	267,942,037
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**Fair Value of Financial Instruments**

Fair value is the amount for which an asset could be exchanged or a liability could be settled between the knowledgeable willing parties in an arms length transaction. The carrying value of all financial assets and financial liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each year end date.

The Board of Directors of the Foundation has overall responsibility for the establishment and oversight of the Foundation's risk management framework. The Foundation has exposure to the following risks from its use of financial instruments:

- i) Credit risk
- ii) Liquidity risk
- iii) Market risk

**i) Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter

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parties have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Foundation's performance to developments affecting a particular industry.

The Foundation reviews the recoverable amount of each financial asset on an individual basis at each reporting date to ensure that adequate loss allowance is made in accordance with the assessment of credit risk for each financial asset.

The Foundation considers a financial asset to have low credit risk when the asset has reasonably high external credit rating or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counter party has no past due amounts or otherwise there is no significant increase in credit risk if the amounts are past due in the normal course of business based on history with the counter party.

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Foundation compares the risk of a default occurring on the financial asset at the reporting date with the risk of a default occurring on the financial asset at the date of initial recognition. In making this assessment, the Foundation considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward looking information that is available without undue cost or effort. Irrespective of the outcome of the above assessment, the Foundation presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Foundation has reasonable and supportable information that demonstrates otherwise. This is usually the case with various customers of the Foundation where the Foundation has long standing business relationship with these customers and any amounts that are past due by more than 30 days in the normal course of business are considered 'performing' based on history with the customers. Therefore, despite the foregoing, the Foundation considers some past due trade debts to have low credit risk where the counter party has a good history of meeting its contractual cash flow obligations and is expected to maintain the same in future.

The Foundation regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk.

The Foundation considers default to have occurred when the financial asset is credit-impaired. A financial asset is considered to be credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

The Foundation writes off a financial asset when there is information indicating that the counter party is in severe financial condition and there is no realistic prospect of recovery.

**Exposure to credit risk**

The maximum exposure to credit risk as at the reporting date is as follows:



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Security deposits	62,648,795	10,752,049
Receivables	-	1,489,661
Other receivable	331,418,901	107,224,381
Bank balances	162,950,708	242,655,013
	<u>557,018,404</u>	<u>362,121,104</u>

Financial assets do not contain any impaired or non-performing assets.

**Credit quality and impairment**

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to internal credit risk grading. The credit quality of the Foundation's financial assets exposed to credit risk is as follows:

<u>Asset</u>	<u>Long Term</u>	<u>Agency</u>		
Security deposit	N/A	N/A	62,648,795	10,752,049
Habib Bank	AAA	VIS	101,664,963	209,461,114
Meezan Bank	AAA	VIS	10,386,560	10,026,502
Habib Metro	AA+	PACRA	50,899,186	23,167,397
			<u>225,599,504</u>	<u>253,407,062</u>

**a) Security deposits**

These are placed with financial institutions with reasonably high credit ratings and therefore, no credit loss is expected. Accordingly, no loss allowance has been made.

**b) Bank balances**

The bankers of the Foundation have reasonably high credit ratings as determined by various independent credit rating agencies. Due to long standing business relationships with these counter parties and considering their strong financial standing, management does not expect any credit loss.

**Concentrations of credit risk**

The Foundation determines concentration of credit risk by type of counter parties. Maximum exposure to credit risk, as at the reporting date, by type of counter party is as follows:

Banking companies	162,950,708	242,655,013
Others	62,648,795	10,752,049
	<u>225,599,503</u>	<u>253,407,062</u>

**Collateral held**

The Foundation does not hold any collateral to secure its financial assets.



**Changes in impairment allowance for expected credit losses**

The changes in impairment allowance for expected credit losses is nil.

**ii) Liquidity Risk**

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting its financial obligations as these fall due. Liquidity risk arises because of the possibility that the Foundation could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with the financial liabilities as these fall due. Management believes that the Foundation will be able to fulfil its obligations from the Foundation's future cash flows.

2022			
Financial liabilities	Contractual Cash Flow	1 to 12 Months	Total
Accrued and other liabilities	260,739,952	260,739,952	260,739,952
	<u>260,739,952</u>	<u>260,739,952</u>	<u>260,739,952</u>
2021			
Financial liabilities	Contractual Cash Flow	1 to 12 Months	Total
Accrued and other liabilities	276,050,077	276,050,077	276,050,077
	<u>276,050,077</u>	<u>276,050,077</u>	<u>276,050,077</u>

**iii) Market Risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Foundation's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on investments.

**a) Currency risk**

The Foundation is subject to exposure to currency risk to the extent that there is mismatch between the currency in which financial instrument is denominated and the respective functional currency of the Foundation. At present, the Foundation is not exposed to currency risk as all its financial assets and liabilities are primarily denominated in the Pak Rupee which is the functional currency of the Foundation.

**b) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Management believes that interest rate exposure is not significant to the Company's financial position.

### 23.2 Fair Value Of Financial Instruments

Fair value is the amount for which an asset could be exchanged or a liability could be settled between the knowledgeable willing parties in an arms length transaction. The carrying value 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 each reporting date.

### 23.3 Funds Risk Management

The Board of Directors monitor the performance along with the funds required for the sustainable operations of the Foundation. There were no changes to the Foundation's approach to the fund management during the year. The Foundation remained successful in securing major social projects during the year through its' dedicated efforts towards social and welfare development programs. The Foundation is not exposed / regulated to any externally imposed fund requirements.

### 24 EVENTS AFTER THE REPORTING DATE

No significant events have occurred after the reporting date.

### 25 CORRESPONDING FIGURES - RECLASSIFICATION

The corresponding figures are re-arranged and / or re-classified, wherever necessary, to comply with the requirements of the Companies Act, 2017 and for better comparison. However, no significant re-classifications have been done during the year.

### 26 OPERATING SEGMENT

For management services, the activities of the Foundation are recognized in one operating segment. The Foundation operates in the said reportable segment based on the organizational and management structure and internal financial reporting systems. Accordingly, the figures reported in these financial statements are related to the Foundation's only reportable segment.

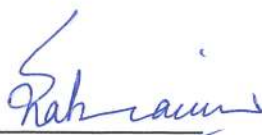
### 27 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue by the Board of Directors on 29/05/2023.

### 28 GENERAL

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE



DIRECTOR

