

Nasir Javaid Maqsood Imran
Chartered Accountants
Islamabad

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CPA Associates International*

Muzaffarabad Physical Rehabilitation
Centre

Audited Financial Statements

For the Year Ended June 30, 2015



NASIR JAVAID MAQSOOD IMRAN

Chartered Accountants

INDEPENDENT AUDITORS' REPORT

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We have audited the annexed balance sheet of the **Muzaffarabad Physical Rehabilitation Centre** as at **June 30, 2015** and the related income & expenditure account and statement of cash flow together with the notes forming part thereof for the year then ended, and we state that we have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

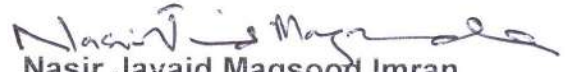
It is the responsibility of the management to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved accounting standards as applicable in Pakistan. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by the management, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements present fairly in all material respects the financial position of the **Muzaffarabad Physical Rehabilitation Centre** as at **June 30, 2015** in accordance with the approved accounting standards as applicable in Pakistan.

Date: December 10, 2015

Place: Islamabad


Nasir Javid Maqsood Imran
Chartered Accountants

IMRAN UL HAQ, FCA

**MUZAFFARABAD PHYSICAL REHABILITATION CENTRE
BALANCE SHEET
AS AT JUNE 30, 2015**

ASSETS	Note	2015 (Rupees)	2014 (Rupees) 6 Months
Non-current assets			
Property and equipment	4	158,103	3,103
Current Assets			
Inventory		16,504,906	18,604,691
Cash and bank	5	33,245,373	7,820,088
		49,750,279	26,424,779
Total assets		<u>49,908,382</u>	<u>26,427,882</u>
 RESERVES AND LIABILITIES			
Reserves			
Accumulated surplus		48,605,930	25,699,822
Long term liabilities			
Contributory provident fund		1,232,452	608,060
Current liabilities			
Audit fee payable		50,000	75,000
Security deposit payable		20,000	45,000
		70,000	120,000
Total reserves and liabilities		<u>49,908,382</u>	<u>26,427,882</u>

The annexed notes from 1 to 10 form an integral part of these financial statements.


CHAIRMAN
(Board of Directors)


DIRECTOR

**MUZAFFARABAD PHYSICAL REHABILITATION CENTRE
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2015**

	Note	2015 (Rupees)	2014 (Rupees) 6 Months
INCOME			
Receipts from International Committee of the Red Cross	6	61,864,937	50,467,144
Receipts from Government of AJK		12,437,928	-
Receipts from AJK Government Zakat Fund		150,000	200,000
Profit on bank deposit		880,238	207,919
Other income - donations		218,345	103,070
		75,551,448	50,978,133
EXPENDITURE			
Personnel cost	7	20,971,568	10,908,591
Project cost	8	28,234,517	11,878,107
Operational cost	9	3,439,255	2,491,613
		52,645,340	25,278,311
SURPLUS FOR THE PERIOD		22,906,108	25,699,822
Accumulated surplus brought forward		25,699,822	-
Accumulated surplus carried forward		48,605,930	25,699,822

The annexed notes from 1 to 10 form an integral part of these financial statements.


CHAIRMAN
(Board of Directors)


DIRECTOR

**MUZAFFARABAD PHYSICAL REHABILITATION CENTRE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015**

	Note	2015 Rupees	2014 Rupees 6 Months
CASH FLOW FROM OPERATING ACTIVITIES			
Surplus for the period		22,906,108	25,699,822
Adjustments of non-cash items:			
Inventory		2,099,785	(18,604,691)
Fixed assets		-	(3,103)
Depreciation		27,353	-
Finance charges		17,877	25,267
Cash flows before working capital changes		25,051,123	7,117,295
Changes in Working Capital:			
(Increase)/decrease in current assets:			
Increase/decrease in payables		574,392	728,060
Cash Generated from Operations		574,392	728,060
Finance charges paid		(17,877)	(25,267)
Net cash (used in) / flows from operating activities		25,607,638	7,820,088
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property Plant & Equipment		(182,353)	-
Net Cash used in Investing Activities		(182,353)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash flows from / (used in) financing activities		-	-
Net increase in cash and cash equivalents during the year		25,425,285	7,820,088
Cash and cash equivalents at the beginning of year		7,820,088	-
Cash and cash equivalents at the end of year		33,245,373	7,820,088

The annexed notes from 1 to 10 form an integral part of these financial statements.


CHAIRMAN

(Board of Directors)


DIRECTOR

MUZAFFARABAD PHYSICAL REHABILITATION CENTRE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2015

1- The Centre and its Operations

Muzaffarabad Physical rehabilitation Centre (the "Centre") was established by Memorandum of Undertaking (MoU) signed by International committee of the Red Cross (ICRC) and Department of Health, Azad Jammu and Kashmir (AJK) Government in April 2006 for construction of building for rehabilitation centre. On completion of construction of building in October 2007 both parties signed a cooperation agreement concerning physical rehabilitation services in AJK territory. It was also agreed that the centre will be handed over to the Department of Health, AJK Government at completion of the agreement.

In January 2013, AJK Government passed Muzaffarabad Physical Rehabilitation Centre Ordinance establishing the Centre as an autonomous body. Later this ordinance was replaced by Muzaffarabad Physical Rehabilitation Centre Act, 2014 (Act XVII of 2014) passed by the Legislative Assembly of the AJK. Department of Health, AJK Government has deputed a permanent representative to serve as Director and member on the Board of Directors of the Centre. On June 20, 2013 Board Members were accepted. An advisory committee was formed to guide and advise on the hand over process, and list of assets to be handed over to the centre by ICRC was tabled and approved.

The main objective of the Centre is to provide treatment and rehabilitation services/appliances to patient needing orthotic and prosthetic devices. The Centre is located at C.M.H Road, Muzaffarabad.

The Centre was operated as a component of ICRC from April 2006 to December 31, 2013. All the assets and liabilities were handed over to the management of the Centre as on December 31, 2013.

2- Statement of Compliance

These financial statements have been prepared in accordance with the Accounting and Financial reporting standard for Small Sized Entities as applicable in Pakistan and guidelines for NGOs and NPOs issued by ICAP.

3- Significant Accounting Policies

The significant accounting policies which have been adopted in the preparation of these accounts are as follows:

3.1- Accounting convention and basis of preparation

These accounts have been prepared under the historical cost convention except as otherwise stated in relevant policies.



MUZAFFARABAD PHYSICAL REHABILITATION CENTRE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2015

3.2- Significant accounting estimates and judgments

The preparation of financial statements in conformity with the International Accounting and Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. 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 estimates are revised.

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets and slow moving inventory. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

3.3- Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Cost in relation to Property and equipment includes the costs incurred initially to acquire or construct the item, and costs incurred subsequently to add or replace part of the item. Costs of servicing the item are charged to expenses.

Depreciation is charged on written down value method at rates given in Note 6 to the accounts. Depreciation is charged on additions from the month the asset becomes available for use and is ceased to be charged in the month the asset is disposed off.

Gains and losses on disposal of assets, if any, are included in current income.

3.4- Inventory

These are valued at cost, determined on first in first out basis, or net realizable value, whichever, is lower, less allowance for obsolete and slow moving items. For items which are slow moving and/or identified as surplus to the Centre's requirement, a provision is made for excess of book value over estimated net realizable value. The management reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence.

3.5- Grants

Revenue grants are recognized over the periods necessary to match these grants with the related costs. Such grants for which related costs are to be incurred subsequent to the financial statement date are carried as deferred grants. However, if no basis exists for allocating a grant to more than one accounting period then such grant is recognized as income on receipt basis.

MUZAFFARABAD PHYSICAL REHABILITATION CENTRE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2015

Capital grants utilized for fixed assets are reflected in the balance sheet as deferred grant, which is amortized over useful life of the related depreciable assets equivalent to related depreciation charge.

Donations are recognized as and when received.

Donations in kind are recognized at fair market values if ascertainable and if not ascertainable, it will be recognized at Rupee 1 per asset.

3.6- Interest income

Revenue from interest income is recognized when right to receive is established.

3.7- Taxation

Charge for current taxation is based on taxable income at current tax rate after taking into account the tax rebates and tax credits available if any.

3.8- Provisions

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

3.9- Employee benefits

3.9.1- Provident fund

Defined contributory provident fund for all eligible employees for which contributions are charged to income and expenditure account.

4- Property and equipment

Particulars	Note	Building	Office equipment	Vehicle	Furniture & Fixture	Crockery items	IT equipment	Total
		(R u p e e s)						
At 30 June 2014								
Opening net book value		-	-	-	-	-	-	-
Addition	4.1	1	508	1	736	1,793	64	3,103
Depreciation		-	-	-	-	-	-	-
Closing net book value		1	508	1	736	1,793	64	3,103
At 30 June 2014								
Cost		1	508	1	736	1,793	64	3,103
Accumulated depreciation		-	-	-	-	-	-	-
Net book value		1	508	1	736	1,793	64	3,103
At 30 June 2015								
Opening net book value		1	508	1	736	1,793	64	3,103
Addition		-	-	-	-	-	182,353	182,353
Depreciation		-	-	-	-	-	27,353	27,353
Closing net book value		1	508	1	736	1,793	155,064	158,103
At 30 June 2015								
Cost		1	508	1	736	1,793	182,417	185,456
Accumulated depreciation		-	-	-	-	-	27,353	27,353
Net book value		1	508	1	736	1,793	155,064	158,103

**MUZAFFARABAD PHYSICAL REHABILITATION CENTRE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2015**

4.1- Operating fixed assets donated by ICRC to MPRC as as follows:

- Building for MPRC office
- Toyota Hiace
- Diesel generators
- Water pump
- IT equipment
- Furniture and fixtures
- Office equipment

These assets represent rupee 1 per asset cost as these are transferred free of cost from International Committee of Red Cross while handing over the centre to MPRC. Total of these assets are 3,103 which includes 1 building, 1 toyota hiace, office equipment items 508, furniture & fixture items 736, crockery items 1,793 and IT equipment items 64.

	Note	2015 (Rupees)	2014 (Rupees)
5- Cash and Bank			
Cash in hand		37,404	41,346
Cash at bank - saving accounts		33,207,969	7,778,742
		<u>33,245,373</u>	<u>7,820,088</u>
6- Donations from ICRC			
Donation in cash	6.1	37,788,708	21,043,087
Donation in kind	6.1 & 8.1	24,076,229	29,420,954
Assets received	4.1	-	3,103
		<u>61,864,937</u>	<u>50,467,144</u>
6.1- Receipts from International Committee of the Red Cross (ICRC)			
As per the Cooperative Agreement for assisting physically disabled persons among The Department of Health Azad Jammu & Kashmir, the Muzaffarabad Physical Rehabilitation Centre (MPRC) and International Committee of the Red Cross (ICRC); ICRC will provide total funding to MPRC from the year 2014 to 2018 amounting to cash Rs. 126,000,000/- and in kind Rs. 138,600,000/- as per the Cooperative Agreement.			
7- Personnel Cost			
Employees salaries		20,639,713	10,724,015
Tea item employees		221,773	129,224
Medical cost		84,562	55,352
Technical Employees Dress		25,520	-
		<u>20,971,568</u>	<u>10,908,591</u>
8- Project Cost			
Patient food expense		1,804,099	969,877
Inventory - Local purchase		164,166	85,769
Inventory received from ICRC	8.1	26,176,014	10,816,263
Medical items		7,578	3,838
Patient transportataion		82,660	2,360
		<u>28,234,517</u>	<u>11,878,107</u>

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MUZAFFARABAD PHYSICAL REHABILITATION CENTRE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 (Rupees)	2014 (Rupees)
8.1- Inventory received from ICRC			
Opening balance		18,604,691	-
Received during the year	8.1.1	24,076,229	29,420,954
Closing balance		16,504,906	18,604,691
Consumed during the year		<u>26,176,014</u>	<u>10,816,263</u>

8.1.1- The figures of 2014 includes the items of stores & spares and production inventory received in 2014 from ICRC totalling 2,125 items taken at Rupee 1 per item due to non-availability of cost.

	Note	2015 (Rupees)	2014 (Rupees)
9- Operational cost			
Fuel		837,980	761,600
Electricity expense		1,185,985	676,271
Gas expenses		363,064	294,617
Water charges		48,000	42,800
Housing and cleaning materials		189,190	138,749
Printing and stationary		124,451	101,657
Postage and communication expenses		155,811	77,828
Repairs and maintenance-Building		100,748	73,100
Repairs and maintenance-Machines		47,158	11,095
Repairs and maintenance-Vehicles		2,166	4,504
Spares-Vehicle and generator		47,855	55,724
Advertisement		30,739	50,079
MPRC Website Development		21,960	-
Travelling, boarding and lodging		90,752	37,013
Bank charges		17,877	25,267
Gardner services		-	20,510
Refilling of fire extinguishers		16,170	17,850
Newspaper subscription		14,373	10,322
Goods transportation		10,765	11,880
Refreshment expenses		9,544	2,675
Audit fee		50,000	75,000
Depreciation		27,353	-
IT material		47,314	3,072
		<u>3,439,255</u>	<u>2,491,613</u>

10- General

- The financial statements were authorized for issue on _____ by the Board of Directors of the Centre.
- All the figures have been rounded off to the nearest rupee.


CHAIRMAN
(Board of Directors)


DIRECTOR