

**Muzaffarabad Physical
Rehabilitation Centre
Audited Financial Statements
For The Year Ended
June 30, 2016**



NASIR JAVAID MAQSOOD IMRAN
Chartered Accountants

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AUDITOR'S REPORT

We have audited the annexed balance sheet of **Muzaffarabad Physical Rehabilitation Center** as at **June 30, 2016** and the related income & expenditure account and Cash Flow Statement together with the notes forming part thereof for the period then ended. These financial statements are the responsibility of the management. Our responsibility is to express our opinion on these financial statements based on our audit.

We conducted our audit in accordance with the International Standards on Auditing. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements, together with the notes forming part thereof give a true and fair view of the financial position of **Muzaffarabad Physical Rehabilitation Centre** as at **June 30, 2016** and of the results of its operations for the year then ended, in accordance with the Generally Accepted Accounting Principles.

Place: Islamabad

Date: 04.04.2017

Nasir Javaid Maqsood Imran

Chartered Accountants

Imran ul Haq, FCA

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**MUZAFFARABAD PHYSICAL REHABILITATION CENTRE
BALANCE SHEET
AS AT JUNE 30, 2016**

ASSETS	Note	2016 (Rupees)	2015 (Rupees)
Non-current assets			
Property and equipment	4	111,584	158,103
Current Assets			
Inventory		17,855,676	16,504,906
Cash and bank	5	57,287,019	33,245,373
		75,142,695	49,750,279
Total assets		<u>75,254,278</u>	<u>49,908,382</u>
 RESERVES AND LIABILITIES			
Reserves			
Accumulated surplus		73,176,407	48,605,930
Long term liabilities			
Contributory provident fund		1,989,871	1,232,452
Current liabilities			
Audit fee payable		68,000	50,000
Security deposit payable		20,000	20,000
		88,000	70,000
Total reserves and liabilities		<u>75,254,278</u>	<u>49,908,382</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 2016**

	Note	2016 (Rupees)	2015 (Rupees)
INCOME			
Receipts from International Committee of the Red Cross	6	52,776,212	61,864,937
Receipts from Government of AJK		14,907,639	12,437,928
Receipts from AJK Government Zakat Fund		100,000	150,000
Profit on bank deposit		1,839,632	880,238
Other income - donations		463,763	218,345
		70,087,246	75,551,448
EXPENDITURE			
Personnel cost	7	19,754,696	20,971,568
Project cost	8	23,658,053	28,234,517
Operational cost	9	2,104,020	3,439,255
		45,516,769	52,645,340
SURPLUS FOR THE PERIOD		24,570,478	22,906,108
Accumulated surplus brought forward		48,605,930	25,699,822
Accumulated surplus carried forward		73,176,407	48,605,930

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, 2016**

	Note	2016 Rupees	2015 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Surplus for the period		24,570,478	22,906,108
Adjustments of non-cash items:			
Inventory		(1,350,770)	2,099,785
Fixed assets			-
Depreciation		46,519	27,353
Finance charges		(3,206)	17,877
Cash flows before working capital changes		23,263,021	25,051,123
Changes in Working Capital:			
(Increase)/decrease in current assets:			
Increase/decrease in payables		775,419	574,392
Cash Generated from Operations		775,419	574,392
Finance charges paid		3,206	(17,877)
Net cash (used in) / flows from operating activities		24,041,646	25,607,638
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		24,041,646	25,425,285
Cash and cash equivalents at the beginning of year		33,245,373	7,820,088
Cash and cash equivalents at the end of year		57,287,019	33,245,373

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 2016

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 and 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 2016

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 2016

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

Income tax expense represents current tax expense. Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates, 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
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
At 30 June 2016								
Opening net book value		1	508	1	736	1,793	155,064	158,103
Addition		-	-	-	-	-	-	-
Depreciation		-	-	-	-	-	46,519	46,519
Closing net book value		1	508	1	736	1,793	108,545	111,584
At 30 June 2016								
Cost		1	508	1	736	1,793	182,417	185,456
Accumulated depreciation		-	-	-	-	-	73,872	73,872
Net book value		1	508	1	736	1,793	108,545	111,584

**MUZAFFARABAD PHYSICAL REHABILITATION CENTRE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2016**

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 3,080 which includes 1 building, 1 toyota hiace, office equipment items 516, furniture & fixture items 730, crockery items 1,793 and IT equipment items 39. All of these assets and liabilities were handed over to the management of the Centre as on December 31, 2013.

	Note	2016 (Rupees)	2015 (Rupees)
5- Cash and Bank			
Cash in hand		109,321	37,404
Cash at bank - saving accounts		57,177,697	33,207,969
		<u>57,287,019</u>	<u>33,245,373</u>
6- Donations from ICRC			
Donation in cash	6.1	29,400,000	37,788,708
Donation in kind	6.1 & 8.1	23,376,212	24,076,229
Assets received	4.1	-	-
		<u>52,776,212</u>	<u>61,864,937</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.

	Note	2016 (Rupees)	2015 (Rupees)
7- Personnel Cost			
Employees salaries		19,542,608	20,639,713
Tea item employees		133,128	221,773
Medical cost		60,400	84,562.00
Technical Employees Dress		18,560	25,520
		<u>19,754,696</u>	<u>20,971,568</u>
8- Project Cost			
Patient cost		1,425,691	1,804,099
Inventory - Local purchase		178,800	164,166
Inventory received from ICRC	8.1	22,025,442	26,176,014
Medical items		5,800	7,578
Patient transportation		22,320	82,660
		<u>23,658,053</u>	<u>28,234,517</u>

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MUZAFFARABAD PHYSICAL REHABILITATION CENTRE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2016

8.1- Inventory received from ICRC	Note	2016 (Rupees)	2015 (Rupees)
Opening balance		16,504,906	18,604,691
Received during the year	8.1.1	23,376,212	24,076,229
Closing balance		17,855,676	16,504,906
Consumed during the year		<u>22,025,442</u>	<u>26,176,014</u>


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

9- Operational cost	Note	2016 (Rupees)	2015 (Rupees)
Fuel		487,700	837,980
Electricity expense		523,438	1,185,985
Gas expenses		214,920	363,064
Water charges		48,000	48,000
Housing and cleaning materials		211,115	189,190
Printing and stationary		80,303	124,451
Postage and communication expenses		81,661	155,811
Repairs and maintenance-Building		83,106	100,748
Repairs and maintenance-Machines		9,910	47,158
Repairs and maintenance-Vehicles		1,170	2,166
Spares-Vehicle and generator		52,785	47,855
Advertisement		45,420	30,739
MPRC Website Development		-	21,960
Travelling, boarding and lodging		83,775	90,752
Bank charges		(3,206)	17,877
Refilling of fire extinguishers		-	16,170
Newspaper subscription		16,027	14,373
Goods transportation		7,050	10,765
Refreshment expenses		3,797	9,544
Audit fee		68,000	50,000
Depreciation		46,519	27,353
IT material		42,530	47,314
		<u>2,104,020</u>	<u>3,439,255</u>

10- General

04.04.2018

- 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