

**Muzaffarabad Physical  
Rehabilitation Centre  
Audited Financial Statements  
For The Year Ended  
June 30, 2018**



**NASIR JAVAID MAQSOOD IMRAN**  
Chartered Accountants

Islamabad Office:  
Office # 12 & 13 3rd Floor  
Fazal Arcade,  
F-11 Markaz, Islamabad.  
Tel: 051-2228138  
Fax: 051-2228139  
E-mail:  
njmiconsultants@gmail.com  
islamabadoffice@njmi.net

**Independent Auditors' Report to the Management**

**Opinion**

We have audited the financial statements of "**Muzaffarabad Physical Rehabilitation Center**" for the period from July 01, 2017 to June 30, 2018 which comprises the statement of financial position and income and expenditure account and statement of cash flows for the year then ended, together with notes including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the "**Muzaffarabad Physical Rehabilitation Center**" is prepared, in all respects, in accordance with note 2 to the financial statements.

**Basis for Opinion**

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

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

The Management is responsible for the preparation of the financial statements in accordance with note 2 to the financial statements, and for such internal control as the Management determines is necessary to enable the preparation of the financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements Management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless Management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if,

**Karachi Office:**

904, 9th Floor, Q.M. House, Plot No. 11/2, Ellander Road, Opp. Shaheen Complex, Off. I.I Chundrigar Road, Karachi Pakistan  
Tel: 021-32212382, 32212383, 32211516, Fax: 021-32211515

**Lahore Office:**

Office # 1102, Al-Hafeez Heights, 66-D/1, Ghalib Road, Gulberg-III, Lahore  
Tel: 042-35754821-22, Fax: 042-36317513, E-mail: nasirg@wol.net.pk



individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statement.

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

- Identify and assess the risks of material misstatement of the financial statement, 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 of our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of Management 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 entity's ability to continue as a going concern. If we conclude that a material misstatement exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.


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

Date: Feb. 11, 2019

Place: Islamabad

  
Nasir Javaid Maqsood Imran

Chartered Accountants

  
Imran ul Haq FCA

**MUZAFFARABAD PHYSICAL REHABILITATION CENTRE  
STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2018**

	Note	2018 Rupees	2017 Rupees
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property and equipment	4	56,226	79,020
<b>CURRENT ASSETS</b>			
Inventory		25,611,160	24,615,033
Cash and bank	5	85,301,006	72,412,726
		110,912,166	97,027,759
<b>TOTAL ASSETS</b>		<b>110,968,392</b>	<b>97,106,780</b>
<b>RESERVES AND LIABILITIES</b>			
<b>RESERVES</b>			
Accumulated surplus		102,227,566	94,219,075
Endowment fund	6	5,000,000	-
<b>LONG TERM LIABILITIES</b>			
Contributory provident fund		3,652,634	2,798,572
<b>CURRENT LIABILITIES</b>			
Audit fee payable		68,000	68,000
Security deposit and other payables		20,192	21,134
		88,192	89,134
<b>TOTAL RESERVES AND LIABILITIES</b>		<b>110,968,392</b>	<b>97,106,780</b>

*The annexed notes from 1 to 13 form an integral part of these financial statements.*

  
CHAIRMAN

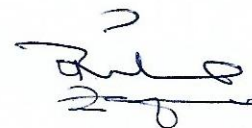
(Board of Directors)

  
DIRECTOR

**MUZAFFARABAD PHYSICAL REHABILITATION CENTRE  
INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2018**

	Note	2018 Rupees	2017 Rupees
<b>INCOME</b>			
Receipts from International Committee of the Red Cross	7	38,826,057	52,548,844
Receipts from Government of AJK		13,513,721	12,910,736
Receipts from AJK Government Zakat Fund		-	50,420
Profit on bank deposit		2,937,111	2,268,439
Other income		1,103,229	874,731
		<b>56,380,118</b>	<b>68,653,170</b>
<b>EXPENDITURE</b>			
Personnel cost	8	19,662,488	19,106,434
Project cost	9	26,728,955	26,406,147
Operational cost	10	1,980,183	2,097,922
		<b>48,371,627</b>	<b>47,610,502</b>
<b>SURPLUS FOR THE PERIOD</b>		<b>8,008,491</b>	<b>21,042,668</b>
<b>ACCUMULATED SURPLUS BROUGHT FORWARD</b>		<b>94,219,075</b>	<b>73,176,407</b>
<b>ACCUMULATED SURPLUS CARRIED FORWARD</b>		<b>102,227,566</b>	<b>94,219,075</b>

The annexed notes from 1 to 13 form an integral part of these financial statements.

  
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CHAIRMAN  
(Board of Directors)



\_\_\_\_\_  
DIRECTOR

**MUZAFFARABAD PHYSICAL REHABILITATION CENTRE  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2018**

	2018 Rupees	2017 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Surplus for the period	8,008,491	21,042,668
<b>Adjustments:</b>		
Inventory	(996,127)	(6,759,357)
Fixed assets	-	-
Depreciation	22,794	32,563
Finance charges	-	-
	<u>(973,333)</u>	<u>(6,726,794)</u>
Cash flows before working capital changes	7,035,159	14,315,874
<b>Changes in Working Capital:</b>		
Increase/(decrease) in payables	853,120	809,835
<b>Cash generated from operations</b>	<u>7,888,278</u>	<u>15,125,709</u>
Finance charges reimbursed	-	-
<b>Net cash generated from operating activities</b>	<u>7,888,278</u>	<u>15,125,709</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Property Plant & Equipment	-	-
<b>Net cash used in Investing activities</b>	<u>-</u>	<u>-</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Cash received as endowment fund	-	-
<b>Net cash flows from / (used in) financing activities</b>	<u>-</u>	<u>-</u>
<b>Net increase in cash and cash equivalents during the year</b>	7,888,278	15,125,709
<b>Cash and cash equivalents at the beginning of the year</b>	72,412,728	57,287,019
<b>Cash and cash equivalents at the end of the year</b>	5 <u>80,301,006</u>	<u>72,412,728</u>

*The annexed notes from 1 to 13 form an integral part of these financial statements.*

  
CHAIRMAN  
(Board of Directors)

  
  
DIRECTOR

**MUZAFFARABAD PHYSICAL REHABILITATION CENTRE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**1 The center 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 FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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**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**

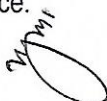
Property and equipment are stated at cost less accumulated depreciation. Cost in relation to Property and equipment includes the costs incurred initially to acquire or construct the item, and costs incurred subsequently to add or replace part of the item. Costs of servicing the item are charged to expenses.

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.





**MUZAFFARABAD PHYSICAL REHABILITATION CENTRE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**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.

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.



**MUZAFFARABAD PHYSICAL REHABILITATION CENTRE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**4 Property and equipment**

PARTICULARS	Building	Office Equipment	Vehicle	Furniture and Fixture	Crockery Items	It Equipment	TOTAL
	( R u p e e s )						
<b>Year ended 30 June 2017</b>							
Opening net book value	1	508	1	736	1,793	108,545	111,584
Addition during the year							-
Depreciation	-	-	-	-	-	(32,563)	(32,563)
Closing net book value	<u>1</u>	<u>508</u>	<u>1</u>	<u>736</u>	<u>1,793</u>	<u>75,981</u>	<u>79,020</u>
<b>At 30 June 2017</b>							
Cost	1	508	1	736	1,793	182,417	185,456
Accumulated depreciation	-	-	-	-	-	(106,436)	(106,436)
Net book value	<u>1</u>	<u>508</u>	<u>1</u>	<u>736</u>	<u>1,793</u>	<u>75,981</u>	<u>79,020</u>
<b>Year ended 30 June 2018</b>							
Opening net book value	1	508	1	736	1,793	75,981	79,020
Addition during the year							-
Depreciation	-	-	-	-	-	(22,794)	(22,794)
Closing net book value	<u>1</u>	<u>508</u>	<u>1</u>	<u>736</u>	<u>1,793</u>	<u>53,187</u>	<u>56,226</u>
<b>At 30 June 2018</b>							
Cost	1	508	1	736	1,793	182,417	185,456
Accumulated depreciation	-	-	-	-	-	(129,230)	(129,230)
Net book value	<u>1</u>	<u>508</u>	<u>1</u>	<u>736</u>	<u>1,793</u>	<u>53,187</u>	<u>56,226</u>

**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

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.

**MUZAFFARABAD PHYSICAL REHABILITATION CENTRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Note	2018 Rupees	2017 Rupees
<b>5 Cash and Bank</b>			
Cash in hand		64,019	70,526
Cash at bank - saving accounts		85,236,987	72,342,201
		<u>85,301,006</u>	<u>72,412,727</u>
<b>6 Endowment fund</b>			
HBL foundation provided donation of Rs.5.0 million to MPRC-financial support for provision of artificial limbs and customized wheel chairs through establishment of endowment fund.			
<b>7 Donations from ICRC</b>			
Donation in cash	7.1	12,631,420	21,000,000
Donation in kind	7.1 & 9.1	26,194,637	31,548,844
		<u>38,826,057</u>	<u>52,548,844</u>

**7.1 Receipts from 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 between the Muzaffarabad Physical Rehabilitation Centre (MPRC) and International Committee of the Red Cross (ICRC). MPRC received amount Rs. 7,31,420 from ICRC regarding reimbursement of clubfoot services provided to MPRC patients in the respective period, this amount is included in above Note 6.1.

	Note	2018 Rupees	2017 Rupees
<b>8 Personnel Cost</b>			
Salaries & benefits		19,577,191	19,069,979
Tea items for employees		-	-
Medical cost		60,997	36,455
Technical Employees Dress		24,300	-
		<u>19,662,488</u>	<u>19,106,434</u>
<b>9 Project Cost</b>			
Patient cost		1,345,998	1,377,063
Inventory - Local purchase		137,256	160,359
Inventory received from ICRC	9.1	25,198,510	24,789,487
Medical items		3,911	1,348
Patient transportation		43,280	77,890
		<u>26,728,955</u>	<u>26,406,147</u>

**MUZAFFARABAD PHYSICAL REHABILITATION CENTRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Note	2018 Rupees	2017 Rupees
<b>9.1 Inventory received from ICRC</b>			
Opening inventory		24,615,033	17,855,676
Received during the year		26,194,637	31,548,844
Closing inventory		(25,611,160)	(24,615,033)
Consumed during the year		<u>25,198,510</u>	<u>24,789,487</u>

9.1.1 The inventory has been recorded at cost as recognising it on NRV doesnot depict true financial position of the the financial statements.

	Note	2018 Rupees	2017 Rupees
<b>10 Operational cost</b>			
Fuel		454,530	641,720
Electricity expense		467,302	525,893
Gas expenses		151,720	140,240
Water charges		48,000	48,000
Housing and cleaning materials		155,427	192,668
Printing and stationary		116,859	81,459
Postage and communication expenses		74,726	66,861
Repairs and maintenance-Building		110,662	70,282
Repairs and maintenance-Machines		11,834	33,264
Repairs and maintenance-Vehicles		455	995
Spares-Vehicle and generator		94,435	70,721
Advertisement		19,893	2,756
MPRC Website Development		-	4,400
Travelling, boarding and lodging		63,250	33,882
Bank charges		12,860	(4,857)
Gardner services		2,218	699
Refilling of fire extinguishers		20,200	18,670
Newspaper subscription		8,183	5,464
Goods transportation		9,180	10,630
Refreshment expenses		9,920	17,769
Audit fee		68,000	68,000
Depreciation		22,794	32,563
IT material		27,435	33,344
Contingency expenses		30,300	2,500
		<u>1,980,183</u>	<u>2,097,922</u>

*M. M. M.*

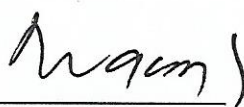
**MUZAFFARABAD PHYSICAL REHABILITATION CENTRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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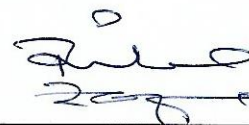
**11 General**

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**