

**AUDITORS' REPORT TO THE BOARD OF TRUSTEES**

We have audited the annexed balance sheet of **Arthritis Care Foundation** as at **June 30, 2014** and the related income and expenditure account together with the notes forming part thereof (here-in-after referred to as financial statements for the year then ended). It is the responsibility of the board of trustees to establish and maintain a system of internal control, and prepare and present the statement(s) in conformity with the approved accounting standards as applicable in Pakistan. Our responsibility is to express an opinion on these statements based on our audit.

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


In common with the society of similar size, the system of control is dependent upon close involvement of Executive Committee. Therefore, where independent confirmation of completeness of accounting record was not available, we have accepted assurance of Executive Committee that all the society's transactions have been reflected in the records.

The Society, as is common with others of similar size and nature, derives certain portion of its income comprising voluntary donations in cash and in kind, which cannot be fully controlled until they are entered in the accounting records and are not, therefore, susceptible to independent audit verification.

The society, made no investment out of the surplus funds during the year due to liquidity required to meet the running expenses, thus violating clause 14 of the trust deed.

In our opinion, except for the effects on the financial statements of the matters referred to in proceeding paragraphs, the financial statements present fairly, in all material respects, the financial position of **Arthritis Care Foundation** for the year ended June 30, 2014.

Date: **29 SEP 2014**  
Place: LAHORE

  
UHY Hassan Naeem & Co.  
Chartered Accountants  
Ibne Hassan (FCA)

**ARTHRITIS CARE FOUNDATION (ACF)**  
**BALANCE SHEET**  
As on June 30, 2014

|  | Note | 30-Jun-14 | 30-Jun-13 | Note | 30-Jun-14 | 30-Jun-13 |
|--|------|-----------|-----------|------|-----------|-----------|
|--|------|-----------|-----------|------|-----------|-----------|

Amount in Rs.

**CAPITAL & LIABILITIES**

**General Fund**

|                      |                  |                  |
|----------------------|------------------|------------------|
| Opening Fund         | 1,811,246        |                  |
| Surplus For The Year | 3,154,233        | 226,697          |
|                      | <b>4,965,479</b> | <b>1,811,246</b> |

**ASSETS**

**Non-Current Assets**

|                    |               |                |
|--------------------|---------------|----------------|
| Tangible Assets    | 12,985        | -              |
| In-Tangible Assets | 84,000        | 94,500         |
| Investments        | -             | 700,000        |
|                    | <b>96,985</b> | <b>794,500</b> |

**Current Assets**

|                     |                  |                  |
|---------------------|------------------|------------------|
| Prepaid Expenses    | 40,250           | -                |
| Interest Receivable | -                | 73,400           |
| Advance Tax         | 7,340            | -                |
| Medicine Stock      | 93,364           | -                |
| Cash In Hand        | 18,970           | 3,355            |
| Cash At Bank        | 5,469,452        | 1,668,573        |
|                     | <b>5,629,376</b> | <b>1,745,328</b> |

**Reserve Fund**

|  |         |         |
|--|---------|---------|
|  | 640,882 | 640,882 |
|--|---------|---------|


**Current Liabilities**

|                  |                  |                  |
|------------------|------------------|------------------|
| Accrued Expenses | 3                | 87,700           |
|                  | <b>5,726,361</b> | <b>2,539,828</b> |

The annexed notes 1 to 11 form integral part of these financial statements



**Dr. Sumaira Farman Raja**  
Co-Chairperson - ACF



**Ms. Samina Sultana**  
Finance Secretary - ACF

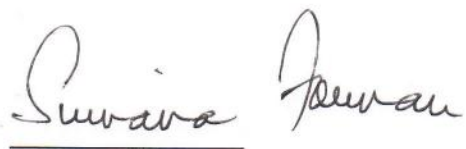
**Place:** Lahore

**Date:** 29 SEP 2014

**ARTHRITIS CARE FOUNDATION (ACF)**  
**INCOME & EXPENDITURE ACCOUNT**  
**For The Year Ended June 30, 2014**

|                                      |      | Amount in Rs.     |                  |
|--------------------------------------|------|-------------------|------------------|
|                                      | Note | 30-Jun-14         | 30-Jun-13        |
| <b>INCOME</b>                        |      |                   |                  |
| Donation                             |      | 11,889,667        | 6,846,326        |
| Interest on Investment               |      | -                 | 73,400           |
|                                      |      | <b>11,889,667</b> | <b>6,919,726</b> |
| <b>EXPENDITURE</b>                   |      |                   |                  |
| Admin Staff Salaries                 |      | 411,000           | 274,000          |
| Medication & Surgery Expense         | 8    | 6,699,757         | 5,549,824        |
| Public Awareness Expenses            |      | 14,100            | 21,318           |
| Mir Farman Tariq Scholarship Program |      | 704,083           | 510,000          |
| Fund Raising Expenses                |      | 467,700           | -                |
| Office Rent                          |      | 176,200           | 91,000           |
| Computer & Internet Expenses         |      | 2,960             | 3,950            |
| Printing & Stationary                |      | 130,984           | 71,134           |
| Vehicle Running Expenses             |      | 36,072            | 21,384           |
| Website Maintenance Expenses         |      | 40,250            | 66,000           |
| Amortization/Depreciation            |      | 14,815            | 10,500           |
| Postages                             |      | 29,624            | 4,530            |
| Bank Charges                         |      | 1,694             | 3,118            |
| Miscellaneous Expenses               | 9    | 6,195             | 7,771            |
|                                      |      | <b>8,735,434</b>  | <b>6,634,529</b> |
| <b>Surplus For The Year</b>          |      | <b>3,154,233</b>  | <b>285,197</b>   |
| Prior Year Adjustment                | 10   | -                 | (58,500)         |
| <b>Surplus Brought Forward</b>       |      | <b>3,154,233</b>  | <b>226,697</b>   |

The annexed notes 1 to 11 form integral part of these financial statements



**Dr. Sumaira Farman Raja**  
Co-Chairperson - ACF



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Finance Secretary - ACF

Place: Lahore

Date: **29 SEP 2014**

**ARTHRITIS CARE FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For The Year Ended June 30, 2014

**1 Legal Status & Activities**

Arthritis Care Foundation is a charitable society registered on July 27, 2010 under the laws of Societies Registration Act XXI of 1860. The registered office is situated at 676 Shadman Lahore. The trust was set up with an objective to establish, encourage, assist and finance medical, social welfare and educational activities, of patient suffering from arthritis, rheumatic and other diseases who are poor and needy.

**2 Significant Accounting Policies**

**2.1 Accounting Convention**

These accounts have been prepared under the historical cost convention and are in conformity with the approved International Financial Reporting Standards as applicable in Pakistan.

**2.2 Functional & Presentation Currency**

These financial statements are presented in Pak rupee, which is the functional and presentation currency for the company.

**2.3 Fixed Capital Expenditure and Depreciation**

Operating fixed assets are stated at cost less accumulated depreciation. Depreciation is charged from the date of acquisition of the assets, while in case of disposal it is charged up to the month of disposal.

Depreciation is charged on the reducing balance method.

Normal repair and maintenance is charged to revenue as and when incurred, while major renewal and replacements are capitalized.

**2.4 Intangible Assets**

Cost that are directly associated with identifiable software products controlled by the company and have probable economic benefits beyond one year are recognized as intangible assets. These are stated at cost less accumulated amortization and impairment losses, if any. Amortization is provided on straight line method over the asset's useful life.

**2.5 Income Recognition**

Donation are recognized on receipt basis.

**2.6 Taxation**

The society is exempt from taxation as per the provisions of Income Tax Ordinance 2001.

**ARTHRITIS CARE FOUNDATION (ACF)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2014**

Amount in Rs.

| 3 | Accrued Expenses             | 30-Jun-14      | 30-Jun-13     |
|---|------------------------------|----------------|---------------|
|   | Admin Staff Salaries         | 35,000         | 30,000        |
|   | Mir Framan-Tariq Scholarship | 85,000         | 42,500        |
|   | Office Rent                  | -              | 15,200        |
|   |                              | <u>120,000</u> | <u>87,700</u> |

| 4 | Tangible Assets |
|---|-----------------|
|---|-----------------|

| Particulars                     | Computer            | Office<br>Equipment | Total         |
|---------------------------------|---------------------|---------------------|---------------|
|                                 | ------(Rupees)----- |                     |               |
| <b>Cost</b>                     |                     |                     |               |
| Balance at July 01, 2013        | -                   | -                   | -             |
| Additions                       | 13,800              | 3,500               | 17,300        |
| Disposals                       | -                   | -                   | -             |
| <b>Balance at June 30, 2014</b> | <u>13,800</u>       | <u>3,500</u>        | <u>17,300</u> |
| <br>                            |                     |                     |               |
| Balance at July 01, 2013        | -                   | -                   | -             |
| Depreciation for the year       | 4,140               | 175                 | 4,315         |
| Disposals                       | -                   | -                   | -             |
| <b>Balance at June 30, 2014</b> | <u>4,140</u>        | <u>175</u>          | <u>4,315</u>  |
| <br>                            |                     |                     |               |
| <b>Carrying amounts</b>         |                     |                     |               |
| At June 30, 2013                | -                   | -                   | -             |
| At June 30, 2014                | <u>9,660</u>        | <u>3,325</u>        | <u>12,985</u> |
| <br>                            |                     |                     |               |
| Rate of depreciation (%)        | 30%                 | 10%                 |               |

4.1 Depreciation has been charged to the expenses for the year.

4.2 Depreciation has been charged from the date of addition (Note 2.3)

| 5 | In-Tangible Assets                         | 30-Jun-14     | 30-Jun-13     |
|---|--|---------------|---------------|
|   | Cost- addition for the year                | 105,000       | 105,000       |
|   | <b>Amortization</b>                        |               |               |
|   | Opening                                    | 10,500        | -             |
|   | Charge for the year                        | 10,500        | 10,500        |
|   | Closing                                    | 21,000        | 10,500        |
|   | <b>Closing Balance As on June 30, 2014</b> | <u>84,000</u> | <u>94,500</u> |

| 6 | Investments                             | 30-Jun-14 | 30-Jun-13      |
|---|---|-----------|----------------|
|   | Opening Bal. as on July, 01, 2013       | 700,000   | -              |
|   | Addition During the Year                | -         | 700,000        |
|   | Disposal                                | (700,000) | -              |
|   | <b>Closing Bal. as on June 30, 2014</b> | <u>-</u>  | <u>700,000</u> |

**ARTHRITIS CARE FOUNDATION (ACF)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For The Year Ended June 30, 2014

**7 Prepaid Expenses**

This includes website maintenance cost for the period of July '14 - Dec '14

**8 Medication & Surgery Expenses** **30-Jun-14** **30-Jun-13**

|  |     |                  |                  |
|--|-----|------------------|------------------|
| Medicine Consumed                                  | 8.1 | 4,000,536        | 3,309,494        |
| Biologics (including IVIG)                         |     | 1,196,736        | 1,841,750        |
| Joint Replacement (Mir Farman-Salam- Mehboob Fund) |     | 1,167,700        | 183,000          |
| Rehabilitation Equipment for Patient               |     | 25,900           | 129,800          |
| Medical Test for Patients                          |     | 308,885          | 85,780           |
|  |     | <u>6,699,757</u> | <u>5,549,824</u> |

**8.1 Medicine Consumed**

|                                |  |                  |                  |
|--------------------------------|--|------------------|------------------|
| Opening Stock                  |  | -                | 47,236           |
| (+) Purchases (Pharmacy bills) |  | 4,093,900        | 3,262,258        |
| (-) Closing Stock              |  | (93,364)         | -                |
|                                |  | <u>4,000,536</u> | <u>3,309,494</u> |

**9 Miscellaneous Expenses** **30-Jun-14** **30-Jun-13**

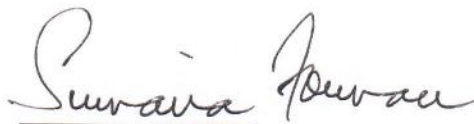
|                                |  |              |              |
|--------------------------------|--|--------------|--------------|
| Refreshment for Board Meetings |  | 1,720        | 2,471        |
| Others                         |  | 4,475        | 5,300        |
|                                |  | <u>6,195</u> | <u>7,771</u> |

**10 Prior Year Adjustment**

Staff salaries and scholarship were recorded previously on disbursement basis instead of accrual basis of accounting.

**11 General**

Figures have been rounded off to the nearest rupee.



**Dr. Sumaira Farman Raja**  
Co-Chairperson - ACF



**Ms. Samina Sultana**  
Finance Secretary - ACF

Place: Lahore

Date: **29 SEP 2014**