

INDEPENDENT AUDITORS' REPORT TO THE MANAGEMENT OF
PAKISTAN SOCIETY OF INTERNAL MEDICINE
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the annexed financial statements of **Pakistan Society of Internal Medicine** ('the Society'), which comprises the statement of financial position, income and expenditure account, statement of cash flows for the year ended June 30, 2023 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 purpose of the audit.

In our opinion, the accompanying financial statements give a true and fair view of the statement of financial position as at June 30, 2023, and its financial performance, its cash flows for the year then ended in accordance with basis of preparation as mentioned in note 2.1 of the financial statements.

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 'Auditor's Responsibilities for the Audit of the Financial Statement' section of our report. We are independent of the Society 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 basis for our opinion.

RESPONSIBILITIES OF THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting basis provided in note 2 to the financial statements, this includes determining that the stated basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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. Misstatement 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 decision of 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 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 Society's internal control.
- 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 Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosure 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 auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of 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 board of directors 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.

The engagement partner on the audit resulting in this independent auditor's report is Kamran Fatah (FCA).

Kamran Fatah
KAMRAN & CO.
CHARTERED ACCOUNTANTS



LAHORE
FEBRUARY 26, 2024
AR2023101813EW672ALp

PAKISTAN SOCIETY OF INTERNAL MEDICINE **STATEMENT OF FINANCIAL POSITION** **AS AT 30 JUNE 2023**

	Note	30 June 2023 Rupees
FUND AND LIABILITIES		
Fund And Reserve		
Contribution from sponsors	6	800,000
Accumulated Surplus / (Deficit)		(25,000)
		<u>775,000</u>
Liabilities		
Current liabilities		
Trade and other payables	7	25,000
		<u>25,000</u>
TOTAL FUND AND LIABILITIES		<u><u>800,000</u></u>
ASSETS		
Current assets		
Cash and bank balances	8	800,000
		<u>800,000</u>
TOTAL ASSETS		<u><u>800,000</u></u>

The annexed notes form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER




DIRECTOR

**PAKISTAN SOCIETY OF INTERNAL MEDICINE
INCOME AND EXPENDITURE STATEMENT
FOR THE 24 DAYS PERIOD ENDED 30 JUNE 2023**

	30/Jun/2023 Rupees
NOTES	
INCOME:-	
Total Income	
EXPENDITURE:-	
Auditors remuneration	25,000
	25,000
(Deficit) / surplus before Taxation	(25,000)
Provision for taxation	-
(Deficit) / surplus after Taxation	(25,000)

The annexed notes form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR



PAKISTAN SOCIETY OF INTERNAL MEDICINE
STATEMENT OF CASH FLOWS
FOR THE 24 DAYS PERIOD ENDED 30 JUNE 2023

	Note	30/ Jun/2023 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
(Deficit) / surplus before Taxation		(25,000)
Profit before working capital changes		(25,000)
Working capital changes		
(Decrease) / Increase in current liabilities		25,000
Trade and other payables		25,000
Cash generated from operations		-
Income tax paid		-
Net cash generated from operating activities		-
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash inflow / (outflow) from investing activities		-
CASH FLOWS FROM FINANCING ACTIVITIES		
Contribution from sponsors		800,000
Net cash (outflow) / inflow from financing activities		800,000
NET INCREASE IN CASH AND CASH EQUIVALENTS		800,000
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	13	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	13	800,000

The annexed notes form an integral part of these financial statements.



CHIEF EXECUTIVE


DIRECTOR



PAKISTAN SOCIETY OF INTERNAL MEDICINE
STATEMENT OF CHANGES IN FUND
FOR THE 24 DAYS PERIOD ENDED 30 JUNE 2023

	Contribution From Sponsors	Accumulated Surplus / (Deficit) Rupees	Total
Balance as at 30 June 2022	-	-	-
Contribution received during the period	800,000	-	800,000
(Deficit) / surplus after Taxation	-	(25,000)	(25,000)
Balance as at 30 June 2023	<u>800,000</u>	<u>(25,000)</u>	<u>775,000</u>

The annexed notes form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR



PAKISTAN SOCIETY OF INTERNAL MEDICINE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE 24 DAYS PERIOD ENDED 30 JUNE 2023

1 LEGAL STATUS AND NATURE OF ENTITY

Pakistan Society of Internal Medicine, a Company Limited by Guarantee without share capital was registered in Pakistan on June 07, 2023 under the Companies Act, 2017. The primary purpose of the company is to promote quality medical practice, instruction of internal medicine, develop standards of quality patient care and provide a common forum for Medical Specialist and Consultant Physicians in Pakistan for the exchange of knowledge and recent advancements in the subject of medicine.

<i>Location</i>	<i>Type of Facility</i>
- 49- Justice Akram Road, Mozang Road, Lahore	Office
- Vogue Tower, M M Alam Road Gulberg III, Lahore, Pakistan.	Registered Office

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standard for small and medium-sized entities (IFRS for SMEs) issued by International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Accounting Standard for Not for Profit Organizations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS for SMEs, or the Accounting Standard for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

3.1 Initial application of International Financial Reporting Standards (IFRSs), interpretations and amendments to published approved accounting standards that are effective in the current year:

There were certain amendments in accounting and reporting standards which became effective for the Company for the current year. However, these are considered not to be relevant or have any significant impact on the Company's financial reporting and therefore have not been disclosed in these financial statements.

3.2 IFRSs, IFRIC interpretations and accounting standards not yet effective and have not been early adopted by the Company:

There were certain amendments in accounting and reporting standards that are not yet effective and are considered either not to be relevant or to have any significant impact on the Company's financial statements and operations and therefore have not been disclosed in these financial statements.

PAKISTAN SOCIETY OF INTERNAL MEDICINE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE 24 DAYS PERIOD ENDED 30 JUNE 2023

4 BASIS OF PREPARATION

4.1 Measurement

These financial statements have been prepared under historical cost convention.

4.2 Significant accounting judgments and estimates

The preparation of financial statements in conformity with the accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the process of applying the Company's accounting policies, the management has made the following estimates and judgments which are significant to the financial statements:

- a) Depreciation method, rates and useful lives of property, plant and equipment
- d) Recoverable amount of assets/cash generating units and impairment
- e) Taxation f) Provisions g) Contingencies

4.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pak Rupees, which is Company's functional and presentation currency.

5 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies below had been adopted in preparation of these financial statements:

5.1 Property, plant and equipment

Property, plant and equipment is stated at cost (if any) less accumulated depreciation and impairment in value, if any. Investing tools and stores held for capital expenditure are stated at cost less accumulated impairment losses, if any. Cost also includes borrowing costs wherever applicable.

When parts of an item of property, plant and equipment have different useful lives, they are recognized as separate items of property, plant and equipment. Subsequent costs are recognized as a part of asset, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the income during the period in which they are incurred.

Depreciation is charged to profit and loss account applying the reducing balance method over its estimated useful life at the rates specified in note 4 to the financial statements. Depreciation on additions to property, plant and equipment is charged from the month in which they are available for use while no depreciation is charged for the month in which property, plant and equipment is disposed off. The useful lives and depreciation methods are reviewed on periodic intervals to ensure that the methods and period of depreciation charged during the year are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

PAKISTAN SOCIETY OF INTERNAL MEDICINE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE 24 DAYS PERIOD ENDED 30 JUNE 2023

Gains or losses on disposal of property, plant and equipment, if any, are recognized in the income of the relevant year, as and when incurred. All expenditures connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific assets as and when these assets are available for use.

5.2 Taxation

Income tax expense comprise current and deferred tax. Income tax is recognized in profit and loss account except to the extent that it relates to items recognized directly in 'profit and loss account / statement of comprehensive income' or 'equity', in which case it is recognized in 'statement of profit or loss and other comprehensive comprehensive income' or 'equity'.

Current

Provision for current taxation is the amount computed on taxable income at the current rates of taxation or alternative corporate tax computed on accounting income or minimum tax on turnover, whichever is higher, and taxes paid / payable on final tax basis, after taking into account tax credit available, if any. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from the assessments made / finalized during the year.

Deferred

No provision for deferred tax is provided in the financial statements of the Company as management is of the view that there is no significant temporary difference which arise the charge for the deferred taxation.

5.3 Financial Instruments

Financial liabilities

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss'. A financial liability is classified as at fair value through profit or loss if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognized in the income and expenditure statement.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the income and expenditure account. Any gain or loss on de-recognition is also recognized in the income and expenditure statement.

Financial assets

a) Initial measurement

The Company classifies its financial assets in the following categories:

- (i) at fair value through profit or loss
- (ii) at fair value through comprehensive income
- (iii) measured at amortized cost

A financial asset is initially measured at fair value plus, for an item not at fair value through profit and loss, transaction costs that are directly attributable to its acquisition.

PAKISTAN SOCIETY OF INTERNAL MEDICINE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE 24 DAYS PERIOD ENDED 30 JUNE 2023

b) Subsequent measurement

The financial assets are subsequently measured as follows:

- | | |
|--|--|
| (i) Financial assets at fair value through profit and loss | These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in income and expenditure statement. |
| (ii) Financial assets measured at amortized cost | These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the income and expenditure statement. |
| (iii) Debt investments at fair value through other comprehensive income | These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the income and expenditure statement. Other net gains and losses are recognized in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the income and expenditure statement. |
| (iv) Equity investments at fair value through other comprehensive income | These assets are subsequently measured at fair value. Dividends are recognized as income in the income and expenditure statement unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the income and expenditure statement. |

5.4 Trade and other payable

a) Financial liabilities

These are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being their fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in income and expenditure statement.

PAKISTAN SOCIETY OF INTERNAL MEDICINE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE 24 DAYS PERIOD ENDED 30 JUNE 2023

b) Non-financial liabilities

These on initial recognition and subsequently are measured at cost.

5.5 Cash and cash equivalents

Cash and cash equivalents are carried in the financial position at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and balances with banks and short-term deposits which are held to maturity.

5.6 Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of past event, and it is probable that an out flow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

5.7 Trade debts and other receivables

Trade debts and other receivables are recognized and carried at original invoice amount less an estimated allowance made for doubtful receivables based on review of outstanding amounts at the year end. A provision for impairment of trade debts and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. Debts, considered irrecoverable, are written off, as and when identified.

5.8 Revenue recognition

Revenue is recognised when or as performance obligations are satisfied by transferring control of a promised goods or service to a customer, and control either transfers over time or at a point in time. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, rebates and government levies.

5.9 Deferred grant

Income from restricted grant is recognized using deferral method in the income and expenditure statement over the period necessary to match them with the expenses that they are intended to compensate.

5.10 Impairment

a) Financial assets

The Company recognizes loss allowances for expected credit losses in respect of financial assets measured at amortized cost. The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured at 12 months expected credit loss:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balance for which credit risk (i.e. the risk of default occurring over

the expected life of the financial instrument) has not increased significantly since initial recognition. Loss allowances for trade receivables are measured at an amount equal to lifetime expected credit loss.

PAKISTAN SOCIETY OF INTERNAL MEDICINE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE 24 DAYS PERIOD ENDED 30 JUNE 2023

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime expected credit losses are the losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses are the portion of losses that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

b) *Non-financial assets*

The carrying amount of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such evidence exists, the asset's or group of assets' recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of value in use and fair value less cost to sell. Impairment losses are recognized in the income and expenditure statement.

5.11 Determination of fair value

A number of Company's accounting policies require determination of fair value, for both financial and non-financial assets and liabilities. Fair values of assets and liabilities is determined as follows:

a) *Trade and other receivables*

The fair value of trade and other receivables is estimated as the present value of future net cash in flows, discounted at the market rate of interest at the reporting date.

b) *Trade and other payables*

The fair value of trade and other payables is estimated as the present value of future net cash out flows, discounted at the market rate of interest at the reporting date.

c) *Borrowings*

The fair value of borrowings is determined using effective interest method.

PAKISTAN SOCIETY OF INTERNAL MEDICINE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE 24 DAYS PERIOD ENDED 30 JUNE 2023

	NOTES	30/June/2023 Rupees
6 CONTRIBUTION FROM SPONSORS		
Opening Balance		-
Add: Received during the year		800,000
Less: Paid during the year		-
Closing Balance		<u>800,000</u>
7 TRADE AND OTHER PAYABLES		
Accrued expenses		<u>25,000</u>
		<u>25,000</u>
8 CASH AND BANK BALANCE		
Cash in hand		<u>800,000</u>
		<u>800,000</u>
9 DATE OF AUTHORIZATION FOR ISSUE		
These financial statements have been approved by the Board of directors and authorized for issue on <u>29-02-2024</u> .		


CHIEF EXECUTIVE OFFICER


DIRECTOR

