Crowe

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INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE TRANSPARENT HANDS TRUST

Opinion

We have audited the financial statements of **Transparent Hands Trust (the "Trust"),** which comprise the statement of financial position as at June 30, 2020, and income and expenditure account, the statement of changes in accumulated funds, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at June 30, 2020, and its financial performance, its changes in accumulated funds and its cash flows for the year then ended in accordance with the approved accounting and reporting standards as applicable in Pakistan.

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 Financial Statements* section of our report. We are independent of the Trust 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 a basis for our opinion.

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

The management is responsible for the preparation and fair presentation of the financial statements in accordance with the approved accounting and reporting standards as applicable in Pakistan, and for such internal control as the 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, the management is responsible for assessing the Trust'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 Trust or to cease operations, or has no realistic alternative but to do so.

The Board of Trustees is responsible for overseeing the Trust'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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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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 the Trust'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 the 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 Trust'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 disclosures 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 Trust to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieve fair presentation.

We communicate with the Board of Trustees 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.

Other Matter Paragraph

The financial statements of the Trust for the year ended June 30, 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements on September 12, 2019.

Crowe Hussain Ch: & Co.

Lahore
Dated: 24 FEB 2023

CROWE HUSSAIN CHAUDHURY & CO
Chartered Accountants
(Engagement Partner: Amin Ali)

TRANSPARENT HANDS TRUST
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
ASSETS			
Non Current Assets			
Operating fixed assets	4	1,630,322	447,370
Current Assets			
Advances, deposits and prepayments	5	664,970	1,485,997
Receivable from Transparent Hands Foundation	6	29,501,034	-
Cash and bank balances	7	12,056,463	1,065,292
		42,222,467	2,551,289
Less: Current Liabilities			
Accrued and other payables	8	9,819,317	23,053,287
Net Current Assets / (Liabilities)		32,403,150	(20,501,998)
Non Current Liabilities			
Deferred income	9	1,186,410	-
Contingencies and Commitments	10	-	-
Net Assets		32,847,062	(20,054,628)
REPRESNETED BY:			
General fund	11	32,847,062	(20,054,628)

The annexed notes from 1 to 21 form an integral part of these financial statements.

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TRANSPARENT HANDS TRUST
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
ASSETS			
Non Current Assets			
Operating fixed assets	4	1,630,322	447,370
Current Assets			
Advances, deposits and prepayments	5	664,970	1,485,997
Receivable from Transparent Hands Foundation	6	29,501,034	-
Cash and bank balances	7	12,056,463	1,065,292
		42,222,467	2,551,289
Less: Current Liabilities			
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General fund	11	32,847,062	(20,054,628)

The annexed notes from 1 to 21 form an integral part of these financial statements.

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TRANSPARENT HANDS TRUST
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
INCOME			
Donations	12	79,568,542	28,974,647
Other income	13	27,485,801	1,604,753
Amortization of deferred income	9	132,290	
Total Income		107,186,633	30,579,400
EXPENDITURE			
Medical expenses	14	42,515,437	24,250,574
Administrative expenses	15	11,769,506	13,357,381
Total Expenditure		54,284,943	37,607,955
Surplus / (Deficit) for the year before Taxation		52,901,690	(7,028,555)
Taxation		-	-
Net Surplus / (Deficit) for the Year		52,901,690	(7,028,555)

The annexed notes from 1 to 21 form an integral part of these financial statements.

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TRANSPARENT HANDS TRUST
STATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

Particulars	General Fund
	Rupees
Balance as at June 30, 2018	(13,026,073)
Net deficit for the year	(7,028,555)
Balance as at June 30, 2019	(20,054,628)
Net surplus for the year	52,901,690
Balance as at June 30, 2020	32,847,062

The annexed notes from 1 to 21 form an integral part of these financial statements.

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TRANSPARENT HANDS TRUST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus / (deficit) before taxation	52,901,690	(7,028,555)
Adjustment for:		
- Depreciation	220,611	86,159
- Amortization of deferred income	(132,290)	-
	88,321	86,159
Operating Surplus before Working Capital Changes	52,990,011	(6,942,396)
(Increase) / decrease in current assets:		
- Advances, deposits and prepayments	821,027	(1,168,893)
- Receivable from Transparent Hands Foundation	(29,501,034)	-
Increase / (decrease) in current liabilities:		
- Accrued and other payables	(13,233,970)	4,532,900
	(41,913,977)	3,364,007
Net Cash Generated from / (Used in) Operating Activities	11,076,034	(3,578,389)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of operating fixed assets	(150,863)	(256,600)
Disposal of office furniture	66,000	-
Net Cash Used in Investing Activities	(84,863)	(256,600)
CASH FLOW FROM FINANCING ACTIVITIES	-	-
Net Increase / (Decrease) in Cash and Cash Equivalents	10,991,171	(3,834,989)
Cash and cash equivalents at the beginning of the year	1,065,292	4,900,281
Cash and Cash Equivalents at the End of the Year	12,056,463	1,065,292

The annexed notes from 1 to 21 form an integral part of these financial statements.

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TRANSPARENT HANDS TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

Note 1
Status and Activities

Transparent Hands Trust (the Trust) was established on September 25, 2014. It is a Trust registered under the Trust Act 1882. Transparent Hands Trust is a platform for crowd funding in the healthcare and educational sector of Pakistan. Its principal activity is to provide medical and educational aid. The Trust is a not-for-profit organization and its surplus, if any, is carried forward to subsequent years and is not available for appropriation amongst its Trustees.

The Trust is domiciled in Pakistan and its registered office is located at 605A, Block C, Faisal Town, Lahore.

Note 2
Basis of Preparation

2.1 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 the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Accounting Standard for Not for Profit Organization (NPOs) as issued by the Institute of Chartered Accountants of Pakistan.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention.

2.3 Functional and presentation currency

These financial statements are prepared and presented in Pak Rupees which is the Trust's functional and presentation currency.

2.4 Key judgements and estimates

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgment in the process of applying the Trust's accounting policies. There are no areas involving a high degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements.

Note 3
Significant Accounting Policies

The significant accounting policies adopted in the preparation of these financial statements are set below. These policies have been consistently applied to all years, otherwise stated.

3.1 Operating fixed assets

Initial recognition

All items of operating fixed assets are initially recorded at cost.

Subsequent measurement

Items of plant and equipment are measured at cost less accumulated depreciation and impairment loss, if any.

Depreciation

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method at rates specified in note 4 to the financial statements.

Disposal

The gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised as other income in the statement of profit or loss account.

Judgment and estimates

Useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any change in estimate is accounted for on a prospective basis.

3.2 Income recognition

Donation is recognized as income on receipt basis.

3.3 Expenses

Expenses are recognized in the income and expenditure account when incurred.

3.4 Taxation

Under section 100C of the Income Tax Ordinance, 2001, income of the Trust does not arise since it is entitled to tax credit equal to 100% of tax payable including minimum tax and final taxes payable under any of the provisions of the above said ordinance.

3.5 Foreign currency translation

Transactions in foreign currencies are translated into presentation currency at the foreign currency exchange rate prevailing at the date of transaction. Assets and liabilities in foreign currencies are translated into Pak Rupee at the rates of exchange prevailing at the reporting date. Gains and losses on transactions are included in income and expenditure account.

Note 3, Significant accounting policies - Continued...

3.6 Financial instruments

The Trust accounts for its financial instruments as per International Financial Reporting Standard (IFRS) for Small and Medium-sized Entities (SMEs) issued by the International Accounting Standards Board (IASB). The management determines the classification of its financial instruments at the time of initial recognition. The Trust classifies its financial assets as basic financial instruments initially measured at transaction price. Subsequently, these financial instruments are measured at undiscounted transaction price less any impairment. Financial assets are derecognized when rights to cash flows from financial assets are settled or expired and financial liabilities are derecognized when these are extinguished.

3.7 Offsetting of financial assets and financial liabilities

A financial asset and financial liability is offset and the net amount is reported in the statement of financial position if the Trust has a legal enforceable right to set off the recognized amounts and intends either to settle on net basis or to realize the assets and settle the liabilities simultaneously.

3.8 Contingent liabilities

A contingent liability is disclosed when the Trust has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Trust; or the Trust has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

3.9 Provisions

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

3.10 Contingent liabilities

A contingent liability is disclosed when the Trust has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Trust; or the Trust has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

3.11 Method of preparation of statement of cash flows

The cash flow statement is prepared using indirect method.

3.12 Impairment of non-financial assets other than inventories

Assets that are subject to depreciation or capital work in progress are assessed at each reporting date to determine whether there is any indication that the assets are impaired. If there is an indication of possible impairment, the recoverable amount of the asset is estimated and compared with its carrying amount.

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. The impairment loss is recognised in the statement of profit or loss account.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised. The Trust recognizes the reversal immediately in the statement of profit or loss account.

Note 3, Significant accounting policies - Continued...

3.13 Cash and cash equivalents

Cash and cash equivalents are carried at cost in the statement of financial position. For the purpose of statement of cash flows, cash and cash equivalents comprise of cash and bank balances.

3.14 Trade and other payables

Trade payables are obligations under normal short-term credit terms. These are measured at the undiscounted amount of cash to be paid.

3.15 Related party transactions

Transactions with related parties are based on the transfer pricing policy that all transactions between the Company and the related party are carried at arm's length prices determined as per the Trust's policy except in circumstances where it is not in the interest of the Trust to do so.

TRANSPARENT HANDS TRUST
Notes to the Financial Statements

Note 4
Operating Fixed Assets

Particulars	Cost					Depreciation					Written Down Value as at June 30, 2020
	As at July 01, 2019	Additions	Donated Assets	Disposal	As at June 30, 2020	Rate	As at July 01, 2019	Disposals	Charge for the year		
	Rupees	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees		Rupees
Office furniture	63,240	104,780	868,000	66,000	970,020	10%	12,649	250	95,488		861,883
IT equipment	382,730	-	65,200	-	447,930	20%	124,031	-	64,780		259,119
Medical equipment	4,260	-	-	-	4,260	20%	2,199	-	2,061		-
Electric equipment	165,749	46,083	385,500	-	597,332	10%	31,420	-	56,592		509,320
Donation boxes	3,300	-	-	-	3,300	20%	1,610	-	1,690		-
Total as at June 30, 2020	619,279	150,863	1,318,700	66,000	2,022,842		171,909	250	220,611		1,630,322
Total as at June 30, 2019	362,679	256,600	-	-	619,279		85,750	-	86,159		447,370

Note 5
Advances, Deposits and Prepayments

	2020	2019
	Rupees	Rupees
Security deposit	255,000	60,000
Advance paid to employees - against salary	9,000	17,000
Advance paid to employees - against expenses	60,000	60,000
Other receivables	22,500	1,325,000
Advances to Northwest General Hospital and Research Center	283,945	-
Advance tax	34,525	23,997
	664,970	1,485,997

Note 6
Receivable from Transparent Hands Foundation

This represents receivable from Transparent Hands Foundation - a related party on account of donations collected on behalf of Transparent Hands Trust (The Trust) from individuals and companies all over the world for the medical campaigns raised by the trust through it's website. International donations are collected by Transparent Hands Foundation registered in United States of America (a related party) on behalf of the Trust. The donation is transferred to Pakistan when needed. Hence, the remaining donation is receivable from Transparent Hands Foundation.

Note 7
Cash and Bank balances

	2020	2019
	Rupees	Rupees
Cash in hand	11,490	15,725
Cash at bank - current account	12,044,973	1,049,567
	12,056,463	1,065,292

Note 8
Accrued and Other Payables

	2020	2019
	Rupees	Rupees
Accrued expenses	801,599	770,747
Hospital bills payable	8,399,850	-
Payable to Transparent Hands (Private) Limited - a related party	617,868	22,282,540
	9,819,317	23,053,287

Note 9
Deferred Income

	Note	2020	2019
		Rupees	Rupees
Opening balance		-	-
Addition during the year	9.1	1,318,700	-
Amortization for the year		(132,290)	-
		1,186,410	-

9.1 This represents assets donated by Technical Resource Facility (TRF) and will be amortized over the useful life of the assets.

Note 10
Contingencies and Commitments

There are no material contingencies and commitments outstanding as at the reporting date (2019: Nil).

Note 11
General Fund

	2020	2019
	Rupees	Rupees
Opening balance	(20,054,628)	(13,026,073)
Surplus / (deficit) for the year	52,901,690	(7,028,555)
Closing balance	32,847,062	(20,054,628)

Note 12
Donations

	Note	2020	2019
		Rupees	Rupees
Donations received during the year	12.1	79,568,542	28,974,647

12.1 This includes donations amounting to Rs. 64,103,959 (2019: Rs. 16,118,081) from Transparents Hands Foundation - a related party. International donations are collected by Transparent Hands Foundation on behalf of the Trust. The donation is transferred to Pakistan when needed as disclosed in note 6 of these financial statements.

Note 13
Other Income

	Note	2020	2019
		Rupees	Rupees
Liabilities written off	13.1	22,189,672	
Discount on hospital bills	13.2	5,296,129	1,604,753
		27,485,801	1,604,753

13.1 This represents a loan waived off by Transparent Hands (Private) Limited - related party amounting to Rs. 22,189,672.

13.2 This represents cash discount received from hospitals on patients' bills.

Note 14
Medical Expenses

	2020	2019
	Rupees	Rupees
Hospital expenses:		
- Akram Medical Complex	8,936,198	7,116,782
- National Hospital	7,568,049	6,462,689
- Pakistan Children's Heart Foundation	5,603,972	2,066,555
- Lahore Care Hospital	4,661,361	136,300
- Abid Hospital	4,641,165	2,252,775
- Pakistan Society for Rehabilitation of Disabled	2,018,555	2,010,207
- Medicare Foundation	1,299,499	200,061
- Medicare Foundation	1,280,666	-
- Patel Foundation	848,410	-
- Northwest General Hospital & Research Center Peshawar	816,055	-
- Maqsooda Zia Hospital	655,783	-
- Hope Rehabilitation Center	447,050	45,000
- Bakhtawar Amin Memorial Trust	315,063	-
- Bin Qutab Foundation (Chakwal)	29,049	-
- Patient's Welfare Society Inmol	7,725	500,000
- Ittefaq Hospital	-	2,402,500
	39,128,600	23,192,869
Medical camp expenses	3,346,907	1,025,795
Other expenses	39,930	31,910
	42,515,437	24,250,574

Note 15
Administrative Expenses

	2020	2019
	Rupees	Rupees
Salary expense	6,298,229	5,010,924
Advertisement expense	1,207,829	1,767,522
Travelling and conveyance	1,055,868	507,650
Rent expense	961,700	479,160
Repair and maintenance	438,353	53,176
Entertainment	345,613	138,136
Electricity, water and gas	294,686	313,019
Telephone and internet expense	247,209	109,830
Legal and professional fee	133,000	66,666
Employer's contribution to NAFA pension fund	116,714	147,915
Content writing expense	108,125	56,972
Printing and stationery	61,768	31,193
Office supplies	35,069	46,434
Courier service expenses	31,610	22,560
Bank charges	28,374	19,240
Loss on disposal of assets	-	-
Web portal commission	-	4,346,197
Depreciation expense	220,611	86,159
News paper and magazines	-	-
Miscellaneous expenses	184,748	154,628
	11,769,506	13,357,381

Note 16
Related Party Transactions

Related parties comprise trustees and key management personnel. The Trust in the normal course of business carries out transactions with various related parties. Significant transactions with related parties are as under:

Transactions during the year

Name of related party	Basis of relationship	Nature of Transaction	2020	2019
			Rupees	Rupees
Transparent Hands Foundation (USA)	Associate	Donation income	64,103,959	16,118,081
Zigron Pakistan (Private) Limited	Associated Company	Loan received	4,800,000	
		Loan returned	4,800,000	
Transparent Hands (Private) Limited	Associated Company	Loan written back	22,189,672	
		Loan received	800,000	4,302,656
		Loan returned	275,000	

Balances outstanding as at June 30, 2020

Name of related party	Basis of relationship	Nature of Transaction	2020	2019
Transparent Hands Foundation (USA)	Associate	Balance receivable	29,501,034	-
Transparent Hands (Private) Limited	Associated Company	Balance payable	617,868	22,282,540

Note 17
Basic Financial Instruments

	2020	2019
	Rupees	Rupees
Financial assets - at amortized cost		
Receivable from Transparent Hands Foundation	29,501,034	-
Cash and bank balances	12,044,973	1,049,567
	41,546,007	1,049,567
Financial Liabilities - at amortized cost		
Accrued and other payables	9,017,718	22,282,540

Note 18
Number of Employees

	2020	2019
	Numbers	Numbers
Number of employees as at June 30,	15	13
Average number of employees during the year	14	12

Note 19
Remuneration of Chief Executive Officer

No remuneration has been paid to the Chief Executive Officer of the Trust during the year.

Note 20
Authorization of Financial Statements

These financial statements were authorized by the Board of Trustees of Transparent Hands Trust for issuance on 24 FEB 20[illegible].

Note 21
General

Comparative figures are re-arranged / reclassified, wherever necessary, to facilitate comparison. No material re-arrangements / reclassifications have been made in these financial statements.

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