TRANSPARENT HANDS
TRUST

FOR THE YEAR ENDED JUNE 30, 2021

Crowe Hussain Chaudhury & Co.
7th Floor, Gul Mohar Trade Centre,
8-F Main Market, Gulberg II,
Lahore-54660, Pakistan
Main +92-42-3575 9223-5
www.crowe.pk

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF 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, 2021, and the income and expenditure account, statement of changes in accumulated funds, 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, 2021, and its financial performance, 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.

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 achieves 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.

The engagement partner on the audit resulting in this independent auditor's report is Amin Ali.

Crowe Hussain Ch. & Co.

Lahore
Dated: January 26, 2024

CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants

TRANSPARENT HANDS TRUST
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
ASSETS			
Non Current Assets			
Operating fixed assets	4	2,787,472	1,630,322
Current Assets			
Advances, deposits and prepayments	5	11,101,068	664,970
Receivable from Transparent Hands Foundation	6	49,060,922	29,501,034
Cash and bank balances	7	21,514,568	12,056,463
		81,676,558	42,222,467
Less: Current Liabilities			
Accrued and other payables	8	6,621,371	9,819,317
Net Current Assets		75,055,187	32,403,150
Non Current Liabilities			
Deferred income	9	1,039,594	1,186,410
Contingencies and Commitments	10	-	-
Net Assets		76,803,065	32,847,062
REPRESNETED BY:			
General fund	11	76,803,065	32,847,062

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

TRUSTEE

TRUSTEE

TRANSPARENT HANDS TRUST

INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
INCOME			
Donations			
Other income	12	145,343,708	79,568,542
Amortization of deferred income	13	617,868	27,485,801
	9	146,816	132,290
Total Income		146,108,392	107,186,633
EXPENDITURE			
Medical expenses	14	62,666,743	42,515,437
Administrative expenses	15	38,813,160	11,769,506
Exchange loss		672,486	-
Total Expenditure		102,152,389	54,284,943
Surplus for the Year before Taxation		43,956,003	52,901,690
Taxation		-	-
Net Surplus for the Year		43,956,003	52,901,690

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

TRUSTEE

TRUSTEE

TRANSPARENT HANDS TRUST

STATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

Particulars	General Fund
	Rupees
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
Net surplus for the year	43,956,003
Balance as at June 30, 2021	76,803,065

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

TRUSTEE

TRUSTEE

TRANSPARENT HANDS TRUST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus before taxation	43,956,003	52,901,690
Adjustment for:		
- Depreciation of operating fixed assets	658,150	220,611
- Amortization of deferred income	(146,816)	(132,290)
	511,334	88,321
Operating Surplus before Working Capital Changes	44,467,337	52,990,011
(Increase) / decrease in current assets:		
- Advances, deposits and prepayments	(10,436,098)	821,027
- Receivable from Transparent Hands Foundation	(19,559,888)	(29,501,034)
Increase / (decrease) in current liabilities:		
- Accrued and other payables	(3,197,946)	(13,233,970)
	(33,193,932)	(41,913,977)
Net Cash Generated from Operating Activities	11,273,405	11,076,034
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of operating fixed assets	(1,829,300)	(150,863)
Disposal of operating fixed assets	14,000	66,000
Net Cash Used in Investing Activities	(1,815,300)	(84,863)
CASH FLOW FROM FINANCING ACTIVITIES	-	-
Net Increase in Cash and Cash Equivalents	9,458,105	10,991,171
Cash and cash equivalents at the beginning of the year	12,056,463	1,065,292
Cash and Cash Equivalents at the End of the Year	21,514,568	12,056,463

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

TRUSTEE

TRUSTEE

TRANSPARENT HANDS TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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 Rupee 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 operating fixed assets 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. Depreciation on additions to operating fixed assets is charged in the month of purchase and no depreciation is charged in the month of disposal.

Note 3.1, Significant accounting policies - Continued...

Disposal

The gain or loss arising on disposal or retirement of an item of operating fixed assets is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised as other income in the income and expenditure 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, Tax liability 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 using the foreign currency exchange rates prevailing at the date of those 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.

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.

cue

Note 3, Significant accounting policies - Continued...

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 income and expenditure 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.

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.

3.16 Deferred Income

Donated assets are recognised at current market value. Amount relatiing to donated assets are deferred and amotized over the specified rates.

Note 4
Operating Fixed Assets

Particulars	**Cost**						**Depreciation**				**Written Down Value as at June 30, 2021**
	As at July 01, 2020	Additions	Donated Assets	Disposal	As at June 30, 2021	Rate	As at July 01, 2020	Disposals	Charge for the year	As at June 30, 2021	
	Rupees	Rupees		Rupees	Rupees	%	Rupees	Rupees	Rupees		Rupees
Office furniture	970,020	162,000	-	-	1,132,020	10%	108,137	-	106,452	214,589	917,431
IT equipment	447,930	1,413,800	-	-	1,861,730	33%	188,811	-	463,852	652,663	1,209,067
Medical equipment	4,260	-	-	-	4,260	20%	4,260	-	-	4,260	-
Electric equipment	597,332	253,500	-	(14,000)	836,832	10%	88,012	(14,000)	87,846	175,858	660,974
Donation boxes	3,300	-	-	-	3,300	33%	3,300	-	-	3,300	-
Total as at June 30, 2021	2,022,842	1,829,300	-	(14,000)	3,838,142		392,520	(14,000)	658,150	1,050,670	2,787,472
Total as at June 30, 2020	619,279	150,863	1,318,700	(66,000)	2,022,842		171,909	(250)	220,611	392,520	1,630,322

4.1 The depreciation charged for the year has been allocated to administrative expenses (Note 15).

Note 5
Advances, Deposits and Prepayments

	2021 Rupees	2020 Rupees
Security deposit	255,000	255,000
Advance paid to employees - against salary	45,000	9,000
Advance paid to employees - against expenses	-	60,000
Other receivables	6,900	22,500
Advance to Hopitals	10,754,348	283,945
Advance tax	39,820	34,525
	11,101,068	664,970

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 its 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

	2021 Rupees	2020 Rupees
Cash in hand	11,350	11,490
Cash at bank - current account	21,503,218	12,044,973
	21,514,568	12,056,463

Note 8
Accrued and Other Payables

	2021 Rupees	2020 Rupees
Accrued expenses	1,659,608	801,599
Hospital bills payable	4,961,763	8,399,850
Payable to Transparent Hands (Private) Limited - a related party	-	617,868
	6,621,371	9,819,317

Note 9
Deferred Income

	Note	2021 Rupees	2020 Rupees
Opening balance		1,186,410	-
Addition during the year	9.1	-	1,318,700
Amortization for the year		(146,816)	(132,290)
		1,039,594	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 (2020: Nil).

cwl

Note 11
General Fund

	2021 Rupees	2020 Rupees
Opening balance	32,847,062	(20,054,628)
Surplus for the year	43,956,003	52,901,690
Closing balance	76,803,065	32,847,062

Note 12
Donations

	Note	2021 Rupees	2020 Rupees
Donations received during the year	12.1	145,343,708	79,568,542

12.1 Breakup of donation received

This includes donations amounting to Rs. 107,218,474 (2020: Rs. 64,013,959) 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.

12.1.1 These are the international donationations 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	2021 Rupees	2020 Rupees
Liabilities written back	13.1	617,868	22,189,672
Discount on hospital bills	13.2	-	5,296,129
		617,868	27,485,801

13.1 This represents a loan waived off by Transparent Hands (Private) Limited - related party amounting to Rs. 617,868.

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

Note 14
Medical Expenses

	2021 Rupees	2020 Rupees
Hospital expenses:		
- National Hospital & Medical Centre	5,194,910	7,568,049
- Pakistan Society for Rehabilitation of Disabled	1,416,550	2,018,555
- Akram Medical Complex	6,030,298	8,936,198
- Abid Hospital	3,088,790	4,641,165
- Hope Rehabilitation Center	1,167,000	447,050
- Pakistan Children's Heart Foundation	13,818,647	5,603,972
- Medicare Health Foundation	662,701	1,299,499
- Lahore Care Hospital	11,093,027	4,661,361
- Maqsooda Zia Hospital	393,478	655,783
- Medicare Foundation	-	1,280,666
- Bakhtawar Amin Memorial Trust	2,389,434	315,063
- Patel Foundation Hospital	1,695,532	848,410
- Maryam Memorial Hospital	3,065,687	-
- Life Care Foundation	187,200	-
- Northwest General Hospital & Research Center Peshawar	5,134,507	816,055
- Muhammad Sardar Khan Hospital	1,398,880	-
- Ahmed Medical Complex	1,696,480	-
- Irfan General Hospital	742,000	-
- Musharraf Medical Complex	609,120	-
- Bin Qutab Foundation	-	29,049
- Punjab Radiology & Lab	26,800	-
- Patient's Welfare Society Inmol	-	7,725
Hospital expenses	59,811,041	39,128,600
Medical camp expenses	2,855,702	3,346,907
Other expenses	-	39,930
	62,666,743	42,515,437

Note 15
Administrative Expenses

	Note	2021 Rupees	2020 Rupees
Salary expense		10,296,510	6,298,229
Advertisement expense		5,083,086	1,207,829
Travelling and conveyance		219,011	1,055,868
Rent expense		1,108,400	961,700
Repair & maintenance		221,210	438,353
Entertainment		458,735	345,613
Electricity, water and gas		450,694	294,686
Telephone and internet expense		223,287	247,209
Legal and professional fee		265,500	133,000
Donation box expense		204,000	-
Employer's contribution to NAFA pension fund		113,001	116,714
Content writing expense		274,788	108,125
Printing and stationery		85,577	61,768
Office supplies		19,480	35,069
Courier service expenses		15,550	31,610
Bank charges		44,366	28,374
USA office expenses	15.1	18,201,390	-
Audit fee		150,000	-
PPE kits for Covid-19		415,040	-
Telehealth project		10,013	-
Depreciation expense		658,150	220,611
Balances written off		60,000	-
Miscellaneous expenses		235,372	184,748
		38,813,160	11,769,506

15.1 This includes advertising & marketing, payroll expense, bank charges and travelling expense.

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	2021 Rupees	2020 Rupees
Transparent Hands Foundation (USA)	Associate (Common directorship)	Donation income	118,233,764	64,103,959
		Expenses incurred	18,204,390	-
		Payment received	79,800,000	-
		Exchange loss	672,486	-
Zigron Pakistan (Private) Limited	Associated Company	Loan received	-	4,800,000
		Loan repaid	-	4,800,000
Transparent Hands (Private) Limited	Associated Company	Loan written back	617,868	22,189,672
		Loan received	-	800,000
		Loan repaid	-	275,000

Balances outstanding as at June 30, 2021

Name of related party	Basis of relationship	Nature of Transaction	2021 Rupees	2020 Rupees
Transparent Hands Foundation (USA)	Associate	Balance receivable	49,060,922	29,501,034
Transparent Hands (Private) Limited	Associated Company	Balance payable	-	617,868

Note 17
Basic Financial Instruments

	2021 Rupees	2020 Rupees
Financial assets - at amortized cost		
Receivable from Transparent Hands Foundation	49,060,922	29,501,034
Cash and bank balances	21,503,218	12,044,973
	70,564,140	41,546,007
Financial Liabilities - at amortized cost		
Accrued and other payables	4,961,763	9,017,718

Note 18
Number of Employees

	2021 Numbers	2020 Numbers
Number of employees as at June 30,	23	15
Average number of employees during the year	19	14

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 26 JAN 2024

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.

TRUSTEE

TRUSTEE