TRANSPARENT HANDS TRUST

FOR THE YEAR ENDED JUNE 30, 2022

Crowe

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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, 2022, 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.

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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 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.

CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants

Lahore
Dated: January 26, 2024
UDIN: AR202210051x7ZJfLcGR

TRANSPARENT HANDS TRUST
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
ASSETS			
Non Current Assets			
Operating fixed assets	4	3,052,192	2,787,472
Current Assets			
Advances, deposits and prepayments	5	13,012,068	11,101,068
Receivable from Transparent Hands Foundation	6	3,168,908	49,060,922
Cash and bank balances	7	20,292,884	21,514,568
		36,473,860	81,676,558
Less: Current Liabilities			
Accrued and other payables	8	11,786,269	6,621,371
Net Current Assets		24,687,591	75,055,187
Non Current Liabilities			
Deferred income	9	892,778	1,039,594
Contingencies and Commitments	10	-	-
Net Assets		26,847,005	76,803,065
REPRESNETED BY:			
General fund	11	26,847,005	76,803,065

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, 2022

	Note	2022 Rupees	2021 Rupees
INCOME			
Donations	12	133,481,024	145,343,708
Other income	13	203,268	617,868
Amortization of deferred income	9	146,816	146,816
Exchange gain		4,548,569	-
Total Income		138,379,677	146,108,392
EXPENDITURE			
Medical expenses	14	128,517,441	62,666,743
Administrative expenses	15	59,818,296	38,813,160
Exchange loss		-	672,486
Total Expenditure		188,335,737	102,152,389
(Deficit) / Surplus for the Year before Taxation		(49,956,060)	43,956,003
Taxation		-	-
Net (Deficit) / Surplus for the Year		(49,956,060)	43,956,003

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, 2022

Particulars	General Fund
	Rupees
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
Net deficit for the year	(49,956,060)
Balance as at June 30, 2022	26,847,005

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, 2022

	2022	2021
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
(Deficit) / surplus before taxation	(49,956,060)	43,956,003
Adjustment for:		
- Depreciation of operating fixed assets	1,100,280	658,150
- Discount on hospital bills	(197,190)	-
- Amortization of deferred income	(146,816)	(146,816)
	756,274	511,334
Operating (Deficit) / Surplus before Working Capital Changes	(49,199,786)	44,467,337
(Increase) / decrease in current assets:		
- Advances, deposits and prepayments	(1,911,000)	(10,436,098)
- Receivable from Transparent Hands Foundation	45,892,013	(19,559,888)
Increase / (decrease) in current liabilities:		
- Accrued and other payables	5,362,088	(3,197,946)
	49,343,101	(33,193,932)
Net Cash Generated from Operating Activities	143,315	11,273,405
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of operating fixed assets	(1,443,000)	(1,829,300)
Disposal of operating fixed assets	78,000	14,000
Net Cash Used in Investing Activities	(1,365,000)	(1,815,300)
CASH FLOW FROM FINANCING ACTIVITIES	-	-
Net (Decrease) / Increase in Cash and Cash Equivalents	(1,221,685)	9,458,105
Cash and cash equivalents at the beginning of the year	21,514,568	12,056,463
Cash and Cash Equivalents at the End of the Year	20,292,884	21,514,568

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, 2022

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:

- 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.

Note 3, Significant accounting policies - Continued...

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.

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 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.

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Note 3, Significant accounting policies - Continued...

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 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 income and expenditure 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.

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Note 3, Significant accounting policies - Continued...

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**					**Accumulated Depreciation**				**Written Down Value as at June 30, 2022**
	As at July 01, 2021	Additions	Disposal	As at June 30, 2022	Rate	As at July 01, 2021	Disposals	Charge for the year	As at June 30, 2022	
	Rupees	Rupees	Rupees	Rupees	%	Rupees		Rupees		Rupees
Office furniture	1,132,020	24,000	-	1,156,020	10%	214,589	-	117,602	332,191	823,829
IT equipment	1,861,730	574,000	(51,000)	2,384,730	33%	652,663	(51,000)	798,307	1,450,970	933,760
Medical equipment	4,260	-	-	4,260	20%	4,260	-	-	4,260	-
Electric equipment	836,832	845,000	(27,000)	1,654,832	10%	175,858	(27,000)	184,371	360,229	1,294,603
Donation boxes	3,300	-	-	3,300		3,300	-	-	3,300	-
Total as at June 30, 2022	3,838,142	1,443,000	(78,000)	5,199,842		1,050,670	(78,000)	1,100,280	2,150,950	3,052,192
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

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

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Note 5
Advances, Deposits and Prepayments

	2022 Rupees	2021 Rupees
Security deposit	255,000	255,000
Advance paid to employees - against salary	-	45,000
Other receivables	6,900	6,900
Advance to hopitals	12,710,348	10,754,348
Advance tax	39,820	39,820
	13,012,068	11,101,068

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

	2022 Rupees	2021 Rupees
Cash in hand	33,039	11,350
Cash at bank - current account	20,259,845	21,503,218
	20,292,884	21,514,568

Note 8
Accrued and Other Payables

	2022 Rupees	2021 Rupees
Accrued expenses	2,187,913	1,659,608
Hospital bills payable	9,598,356	4,961,763
	11,786,269	6,621,371

Note 9
Deferred Income

	Note	2022 Rupees	2021 Rupees
Opening balance		1,039,594	1,186,410
Addition during the year	9.1	-	-
Amortization for the year		(146,816)	(146,816)
		892,778	1,039,594

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 (2021: Nil).

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Note 11
General Fund

	2022	2021
	Rupees	Rupees
Opening balance	76,803,065	32,847,062
(Deficit) / surplus for the year	(49,956,060)	43,956,003
Closing balance	26,847,005	76,803,065

Note 12
Donations

	Note	2022	2021
		Rupees	Rupees
Donations received during the year	12.1	133,481,024	145,343,708

12.1 This includes donations amounting to Rs. 106,285,801 (2021: Rs. 107,218,474) 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	2022	2021
		Rupees	Rupees
Liabilities written back	13.1	6,078	617,868
Discount on hospital bills	13.2	197,190	-
		203,268	617,868

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

	2022	2021
	Rupees	Rupees
Hospital expenses:		
- National Hospital & Medical Centre	17,181,757	5,194,910
- Pakistan Society for Rehabilitation of Disabled	3,370,985	1,416,550
- Akram Medical Complex	7,896,990	6,030,298
- Abid Hospital	592,943	3,088,790
- Hope Rehabilitation Center	2,984,000	1,167,000
- Pakistan Children's Heart Foundation	21,504,351	13,818,647
- Medicare Health Foundation	-	662,701
- Lahore Care Hospital	6,721,980	11,093,027
- Maqsooda Zia Hospital	-	393,478
- Bakhtawar Amin Memorial Trust	4,012,264	2,389,434
- Patel Foundation Hospital	5,385,363	1,695,532
- Maryam Memorial Hospital	2,481,862	3,065,687
- Life Care Foundation	2,282,784	187,200
- Northwest General Hospital & Research Center Peshawar	11,410,536	5,134,507
- Hospital Expense: Muhammad Sardar Khan Hospital	-	1,398,880
- Hospital Expense: Ahmed Medical Complex	-	1,696,480
- Hospital Expense: Irfan General Hospital	-	742,000
- Hospital Expense: Musharraf Medical Complex	137,544	609,120
- Punjab Radiology & Lab	26,800	26,800
- Ittefaq Hospital Trust	647,527	-
- Lala Medical Complex	29,900	-
- Imran Idrees Hospital (Pvt) Limited	111,150	-
- Agha Khan University Hospital (Akuh)	7,338,604	-
- Isra University Hospital	2,974,010	-
- Ali Medical Centre Private Limited	9,802,000	-
- Darul Sehat Hospital	1,540,310	-
- Plastic Surgery General Hospital (United Hospital)	4,787,223	-
- City Hospital	1,288,460	-
- Hashmanis Hospital	107,728	-
- Central Park Teaching Hospital	297,946	-
- Audio Medics	40,000	-
- Al Razi Hospital	1,304,000	-
- Pakistan Baitul Mall (PBM)	1,800,000	-
	118,059,017	59,811,041
Medical Camp expenses	10,458,424	2,855,702
	128,517,441	62,666,743

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Note 15
Administrative Expenses

		2022	2021
		Rupees	Rupees
Salary expense		14,289,444	10,296,510
Advertisement expense		8,375,809	5,083,086
Travelling and conveyance		573,599	219,011
Rent expense		1,569,300	1,108,400
Repair & maintenance		218,269	221,210
Entertainment		398,472	458,735
Electricity, water and gas		786,148	450,694
Telephone and internet expense		452,997	223,287
Legal and professional fee		1,137,000	265,500
Donation Box		-	204,000
Employer's contribution to NAFA pension fund		194,797	113,001
Content writing expense		484,420	274,788
Printing and stationery		348,515	85,577
Office supplies		4,382	19,480
Courier service expenses		45,744	15,550
Bank charges		103,888	44,366
USA office expense	15.1	28,510,621	18,201,390
Audit fee		250,000	150,000
PPE kits for Covid-19		-	415,040
Telehealth project		-	10,013
Depreciation expense		1,100,280	658,150
Subcription charges		313,000	-
Balance written off		-	60,000
Miscellaneous expenses		661,610	235,372
		59,818,296	38,813,160

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	2022	2021
			Rupees	Rupees
Transparent Hands Foundation (USA)	Associate (Common directorship)	Donation income	106,285,801	118,233,764
		Expenses incurred	28,510,621	18,204,390
		Payment received	128,215,762	79,800,000
		Exchange gain	4,548,569	672,486
Transparent Hands (Private) Limited	Associated Company	Loan written back	-	617,868

Balances outstanding as at June 30, 2022

Transparent Hands Foundation (USA)	Associate	Balance receivable	3,168,908	49,060,922

Note 17
Basic Financial Instruments

	2022	2021
	Rupees	Rupees
Financial assets - at amortized cost		
Receivable from Transparent Hands Foundation	3,168,908	49,060,922
Cash and bank balances	20,259,845	21,503,218
	23,428,753	70,564,140
Financial Liabilities - at amortized cost		
Accrued and other payables	11,786,269	6,621,371

Note 18
Number of Employees

	2022	2021
	Numbers	Numbers
Number of employees as at June 30,	21	23
Average number of employees during the year	22	19

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.

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