

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

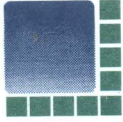
We have audited the annexed balance sheet of **Medical Emergency Resilience Foundation** (the Company) as at June 30, 2017, and the related income and expenditure account, cash flow statement and statement of changes in fund together with notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal controls, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by the management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) In our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) In our opinion:
 - I. The balance sheet and income and expenditure account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - II. The expenditure incurred during the year was for the purpose of the Company's business; and
 - III. The business conducted, the expenditure incurred during the year were in accordance with the objects of the Company;

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Zia Masood Kiani & Co.
CHARTERED ACCOUNTANTS

- (c) In our opinion and to the best of our information and according to the explanations given to us, the balance sheet, income and expenditure account, cash flow statement and statement of changes in fund together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2017 and of the deficit, its cash flows and changes in fund for the year then ended; and
- (d) In our opinion no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

ISLAMABAD

Date: 21/10/2017

Zia Masood Kiani & Co.

ZIA MASOOD KIANI & CO.,
Chartered Accountants

Engagement Partner:
ZIA ULLAH - FCA



MEDICAL EMERGENCY RESILIENCE FOUNDATION

BALANCE SHEET AS AT JUNE 30, 2017

	Note	2017 (Rupees)	2016 (Rupees)
ASSETS			
Non-Current Assets			
Property, plant and equipment	6	3,985,156	2,698,981
Current Assets			
Advances	7	3,558,470	-
Deposits and short term prepayments	8	18,482,326	-
Cash and cash equivalents	9	82,222,687	15,435,190
		<u>108,248,639</u>	<u>18,134,171</u>
FUNDS AND LIABILITIES			
Funds			
Unrestricted funds			
- Accumulated Surplus/ (Deficit)		11,156,891	(449,990)
Restricted funds	10	69,161,483	15,435,180
Deferred income	11	2,068,906	2,698,981
Current Liabilities			
Trade and other payables	12	25,861,359	450,000
Contingencies and Commitments			
	13	-	-
		<u>108,248,639</u>	<u>18,134,171</u>

The annexed notes from 1 to 23 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR

MEDICAL EMERGENCY RESILIENCE FOUNDATION
INCOME AND EXPENDITURE ACCOUNT

		From July 01, 2016 to June 30, 2017	From November 02, 2015 to June 30, 2016
	Note	Rupees	Rupees
Income			
Income	14	512,528,431	16,035,190
Amortized income	11	630,075	157,519
		<u>513,158,506</u>	<u>16,192,709</u>
Expenditure			
Project expenses	15	(419,367,564)	-
Administrative and general expenses	16	(28,457,758)	(1,207,519)
		<u>65,333,184</u>	<u>14,985,190</u>
Operating surplus before taxation			
Taxation	17	-	-
Surplus for the year/period after taxation			
		<u>65,333,184</u>	<u>14,985,190</u>
Transferred (to) / from restricted fund		(53,726,303)	(15,435,180)
Surplus/Deficit for the year/period			
		<u><u>11,606,881</u></u>	<u><u>(449,990)</u></u>

The annexed notes from 1 to 23 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

MEDICAL EMERGENCY RESILIENCE FOUNDATION

STATEMENT OF COMPREHENSIVE INCOME

		From July 01, 2016 to June 30, 2017	From November 02, 2015 to June 30, 2016
	Note	(Rupees)	(Rupees)
Surplus for the year		11,606,881	-
Other comprehensive income			
<i>Items that will not be reclassified to income and expenditure account:</i>		-	-
		-	-
Total comprehensive income for the year		<u>11,606,881</u>	<u>-</u>

The annexed notes from 1 to 23 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR

MEDICAL EMERGENCY RESILIENCE FOUNDATION
CASH FLOW STATEMENT

	Note	From July 01, 2016 to June 30, 2017	From November 02, 2015 to June 30, 2016
		Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Surplus for the year/period		11,606,881	(449,990)
Adjustments for;			
Depreciation	6	813,825	157,519
Amortized income	11	(630,075)	(157,519)
		11,790,631	(449,990)
Changes in;			
<i>(Increase)/Decrease in current assets</i>			
Advances		(3,558,470)	-
Deposits and short term prepayments		(18,482,326)	-
<i>Increase / (Decrease) in current liabilities</i>			
Trade and other payable		25,411,359	450,000
Cash generated from operating activities		15,161,194	10
Less: Tax paid		-	-
Net cash generated from operations		15,161,194	10
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	(2,100,000)	-
Net cash used in investing activities		(2,100,000)	-
CASH FLOW FROM FINANCING ACTIVITIES			
Increase in restricted grant funds		53,726,303	15,435,180
Net cash generated from financing activities		53,726,303	15,435,180
<i>Net increase in cash and cash equivalents</i>		66,787,497	15,435,190
<i>Cash and cash equivalents at the beginning of the year/period</i>		15,435,190	-
<i>Cash and cash equivalents at the end of the year</i>		82,222,687	15,435,190

The annexed notes from 1 to 23 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR

MEDICAL EMERGENCY RESILIENCE FOUNDATION
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	GENERAL FUND	ACCUMULATED SURPLUS/ (DEFICIT)	TOTAL
Note		----- Rupees -----	
Balance as at November 02, 2015	-	-	-
Deficit for the period	-	(449,990)	(449,990)
Balance as at June 30, 2016	-	(449,990)	(449,990)
Surplus for the year	-	11,606,881	11,606,881
Balance as at June 30, 2017	-	11,156,891	11,156,891

The annexed notes from 1 to 23 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR

MEDICAL EMERGENCY RESILIENCE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

Note 1

Status and Nature of Business

Medical Emergency Resilience Foundation ("the Company") was incorporated on 2nd day of November 2015, as a company limited by guarantee under Section 42 of the Companies Ordinance, 1984. The registered office of the Company is situated in House No 638 - E, Main double road, Sector E/11-4, Islamabad.

The main objective of the Company is to improve health status of population by human resource development through capacity building and strengthening the health system including effective management of health information system and efficient supply chain system for better health outcomes. It also aimed at improving hospitals, rural health centers, basic health units and support provision in case of emergencies delivering relief in response to a natural and man made disaster including health and nutrition services.

Note 2

Statement of Compliance

During the year, the Companies Act, 2017 has been promulgated, however, Securities and Exchange Commission of Pakistan (SECP) vide its circular No. 17 of 2017 dated July 20, 2017 communicated its decision that companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, the Company's financial statements for the year ended June 30, 2017 have been prepared in accordance with the requirements of the repealed Companies Ordinance, 1984 and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

Note 3

Basis of Preparation

3.1 Measurement

These financial statements have been prepared under the historical cost convention and except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

3.2 Significant accounting judgments and estimates

The preparation of financial statements in conformity with approved accounting standards require the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

a) **Useful life and residual values of property, plant and equipment**

The company reviews the useful lives of property, plant and equipment on regular basis. Any change in estimates in future years might affect the carrying amounts of respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

b) **Impairment**

The management of the Company reviews carrying amounts of its assets including receivables and advances for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

c) **Provision for advances and other receivables**

The Company reviews the carrying amounts of advances and other receivables on a regular basis and if there is any doubt about the recovery of these receivables, appropriate provision is made.

Note 3, Basis of Preparation - Continued...

d) **Provisions**

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

e) **Taxation**

The company takes into account the current income tax law and the decisions taken by appellate authorities. Instances where the company's view differs from the view taken by the income tax department at the assessment stage and where the company considers that its views on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

At present, the income of the company, under Clause (58) of Part 1 of the Second Schedule to the Income Tax Ordinance 2001 is subject to Section 100C under which 100% tax credit is available to the company subject to fulfilments of certain requirement as set forth by Federal Board of Revenue.

3.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

Note 4

New Companies Act, 2017, Initial Application of New Standards and Amendments to Approved Accounting Standards

4.1 The following amendments and interpretations to published approved accounting standards which became effective for the current year;

i) Amendments to IAS 1, 'Presentation of financial statements' provides clarification on a number of issues including:

a) Notes - confirmation that the notes do not need to be presented in a particular order.

b) Other Comprehensive Income (OCI) arising from investments accounted for under the equity method - the share of OCI arising from equity - accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

ii) Amendments to IAS 38, 'Intangible Assets' and IAS 16 'Property, Plant and Equipment' introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment.

The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate and can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.

iii) Amendment to IAS 16 and IAS 41 - Bearer plants are now in the scope of IAS 16 'Property, Plant and Equipment' for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41, 'Agriculture'. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction.

iv) Amendments to IAS 27, 'Separate Financial Statements' will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

v) Amendments to IFRS 11, 'Joint Arrangements'; Accounting for Acquisitions of Interests in Joint Operations clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business.

vi) IAS 19, 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

vii) IAS 34, 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

Note 4, New Companies Act, 2017 and New and Revised Approved Accounting Standards, Interpretations and Amendments thereto - Continued...

viii) IFRS 5, 'Non-current Assets Held for Sale and Discontinued Operations' is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

ix) IFRS 7, 'Financial Instruments-Disclosures' is amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.

The above interpretations and amendments are effective in the current year but are either not relevant to the Company or their application does not have any material impact on the financial statements of the Company.

4.2 The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2017:

i) Amendments to IAS 12, 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.

The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have an impact on Company's financial statements.

ii) Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

iii) Amendments to IFRS 2 - Share-based Payment clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on Company's financial statements.

iv) Transfers of Investment Property (Amendments to IAS 40 'Investment Property' -effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Company's financial statements.

v) Amendments to IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2017) clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 - 'Non-current Assets Held for Sale and Discontinued Operations'. The amendments are not likely to have an impact on Company's financial statements.

vi) Amendments to IAS 28 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Company's financial statements.

Note 4, New Companies Act, 2017 and New and Revised Approved Accounting Standards, Interpretations and Amendments thereto - Continued..

vii) IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.

viii) IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax.

ix) IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 1 January 2018) replaces the guidance in IAS 39 'Financial Instruments: Recognition and Measurement'. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

x) IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 1 January 2018) specifies how and when an IFRS compliant entity will recognize revenue as well as requiring such entities to provide users of financial statements with more informative and relevant disclosures. The standard provides a single principle-based five-step model to be applied to all contracts with customers. The objective of IFRS 15 is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

The above amendments are not likely to have an impact on the Company's financial statements, except for certain additional disclosures.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application. Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

IFRS 1 – First Time Adoption of International Financial Reporting Standards
IFRS 14 – Regulatory Deferral Accounts
IFRS 16 – Leases
IFRS 17 – Insurance Contracts

Note 5

Summary of Significant Accounting Policies

Significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

5.1 Property, plant and equipment

a) Donated Assets

Fixed assets received as donation in kind are recognized as Property, plant and equipment at the time of acquisition at fair value and the corresponding amount is credited to deferred income.

Renewals and replacements are recognized in the carrying amount of the property, plant and equipment if it is probable that future embodied economic benefits will flow to the Company. Other maintenance and repairs are charged to the income and expenditure account. Gain or loss on disposal is taken to the income and expenditure account.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases the date when the asset is derecognized. Therefore, depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. Depreciation is calculated on a straight line basis and charge to income and expenditure account to write off the depreciable amount of each asset over its estimated useful life at the rate specified in Note 6.

The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts and where carrying value exceeds estimated recoverable amount, these are written down to their estimated recoverable amount.

Note 5, Summary of Significant Accounting Policies - Continued...

b) Owned Assets

Fixed assets purchased from Company's own funds are stated at cost less accumulated depreciation and impairment loss, if any. Cost includes expenditure that are directly attributable to the acquisition of items of fixed assets.

Depreciation is calculated on a straight line basis and charge to income and expenditure account to write off the depreciable amount of each asset over its estimated useful life at the rate specified in Note 6. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases the date when the asset is derecognized. Therefore, depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

Renewals and replacements are recognized in the carrying amount of the property and equipment if it is probable that future embodied economic benefits will flow to the Company. Other maintenance and repairs are charged to the income and expenditure account. Gain or loss on disposal is taken to the income and expenditure account.

5.2 Financial Instruments

5.2.1 Financial assets

a) Classification

The company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

- Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise advances, deposits, prepayments, cash and bank balances in the balance sheet.

b) Recognition and measurement

All financial assets are recognized at the time when the company becomes a party to the contractual provisions of the instrument.

Financial assets are initially recognized at fair value which is normally the transaction price. Subsequently, these assets are subject to impairment testing for any changes in their carrying amounts. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred or the company has transferred substantially all the risks and rewards of ownership with respect to those financial assets.

5.2.2 Financial liabilities

All financial liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the income and expenditure account.

5.2.3 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

5.3 Impairment

Financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

All impairment losses are recognized in income and expenditure account. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

Note 5, Summary of Significant Accounting Policies - Continued...

Non - financial assets

Assets that are subject to depreciation are reviewed for impairment at each balance sheet date, or wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount for which the asset's carrying amount exceeds its recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each balance sheet date. Reversals of the impairment loss are restricted to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no new impairment loss had been recognised. An impairment loss or reversal of impairment loss is recognised in income for the year.

5.4 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, cash at bank in current account, demand deposits and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash and cash equivalents also consist of bank overdrafts repayable on demand, if any.

Cash and cash equivalents are carried in the balance sheet at cost.

5.5 Restricted Funds

Funds received as grants for specific purposes are classified as restricted funds with separate accounting records being maintained for each and every account.

5.6 Trade and Other Payables

Trade and other payables are carried at cost which is the fair value of the consideration to be paid in future for goods and services, whether or not billed to the company.

5.7 Income Recognition

Income is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of income and associated cost incurred or to be incurred can be measured reliably.

Donation received in kind are transferred to Deferred income and the respective income is recognized over the useful life of respective asset.

Donation/ grant, management fee income is recognized on receipt basis.

Profit on deposit accounts is recognized on time proportion basis.

5.8 Provisions and Contingencies

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provision is recognized at an amount that is the best estimate of the expenditure required to settle the present obligation at the reporting date. Where outflow of resources embodying economic benefits is not probable, or where a reliable estimate of the amount of obligation cannot be made, a contingent liability is disclosed, unless the possibility of outflow is remote.

5.9 Taxation

The income of the company, under Clause (58) of Part 1 of the Second Schedule to the Income Tax Ordinance 2001 is subject to Section 100C under which 100% tax credit is available to the company subject to fulfilments of certain requirement as set forth by Federal Board of Revenue. Company successfully secured the tax exemption as per aforementioned rule. Consequently, no provision for taxation has been made in these financial statements.

5.10 Related Party Transactions

Related party transactions (if any) are carried out on a commercial terms, as approved by the Board.

Note 6

Property, plant and equipment

	Furniture and Fixture	Office & Electrical Equipment	Computers & Accessories	Total
	----- R u p e e s -----			
Donated Assets				
Cost				
Balance as at November 02, 2015	-	-	-	-
Additions during the period	698,000	1,038,500	1,120,000	2,856,500
Balance as at June 30, 2016	698,000	1,038,500	1,120,000	2,856,500
Balance as at July 01, 2016	698,000	1,038,500	1,120,000	2,856,500
Additions during the year	-	-	-	-
Balance as at June 30, 2017	698,000	1,038,500	1,120,000	2,856,500
Depreciation				
Balance as at November 02, 2015	-	-	-	-
Charge for the period	26,175	38,944	92,400	157,519
Balance as at June 30, 2016	26,175	38,944	92,400	157,519
Balance as at July 01, 2016	26,175	38,944	92,400	157,519
Charge for the year	104,700	155,775	369,600	630,075
Balance as at June 30, 2017	130,875	194,719	462,000	787,594
Owned Assets				
Cost				
Balance as at July 01, 2016	-	-	-	-
Additions during the year	-	2,100,000	-	2,100,000
Balance as at June 30, 2017	-	2,100,000	-	2,100,000
Depreciation				
Balance as at July 01, 2016	-	-	-	-
Charge for the year	-	183,750	-	183,750
Balance as at June 30, 2017	-	183,750	-	183,750
Carrying amounts as at June 30, 2016	671,825	999,556	1,027,600	2,698,981
Carrying amounts as at June 30, 2017	567,125	2,760,031	658,000	3,985,156
Depreciation rate (%)	15%	15%	33%	

Note 7

Advances		2017	2016
		Rupees	Rupees
Advances - considered good			
Employees			
- For expenses		539,384	-
Advance tax	7.1	3,019,086	-
		<u>3,558,470</u>	<u>-</u>
7.1 - Banks		307,086	-
- Donors		2,712,000	-
		<u>3,019,086</u>	<u>-</u>

Note 8

Deposits and Short Term Prepayments		2017	2016
		Rupees	Rupees
Security deposits	8.1	17,244,423	-
Prepayments		1,237,903	-
		<u>18,482,326</u>	<u>-</u>

8.1 Security deposit represents the amount of deposits placed with property owners under lease agreements, fuel stations and call deposit receipt issued in favor of statutory organization.

Note 9

Cash and Cash Equivalents		2017	2016
	Note	Rupees	Rupees
Cash in hand		1,415,553	-
Cash at bank	9.1	80,807,134	15,435,190
		<u>82,222,687</u>	<u>15,435,190</u>
9.1 - Current account (PKR)		47,109,666	15,435,190
- Saving account (PKR)		33,697,468	-
		<u>80,807,134</u>	<u>15,435,190</u>

Note 10
Restricted Grant Fund

Project Name	Donor	Balance as at July 01, 2016	Grant received	Project Expenditure incurred	Transferred to/(from) receipts and expenditure account	Net movement during the year	Balance as at June 30, 2017
		<i>A</i>	<i>B</i>	<i>(C)</i>	<i>D</i>	<i>E = B+C</i>	<i>F=A+E</i>
----- R u p e e s -----							
Paramedics Training under FATA Youth Skills Development Training Program	FATA Development Authority	-	6,382,000	(3,242,868)	3,139,132	3,139,132	3,139,132
FATA CMW Training	FATA Development Authority	15,435,180	3,225,600	(16,456,865)	(13,231,265)	(13,231,265)	2,203,915
FATA Nurses Training	FATA Development Authority	-	22,140,000	(10,612,569)	11,527,431	11,527,431	11,527,431
ECHO	ECHO through Malteser	-	91,278,366	(53,683,198)	37,595,168	37,595,168	37,595,168
Contract under Private Partnership	Government of Sindh	-	326,850,300	(332,850,163)	(5,999,863)	(5,999,863)	(5,999,863)
Quetta Nutrition Survey	Department of Health Balochistan	-	23,217,600	(2,521,901)	20,695,699	20,695,699	20,695,699
TOTAL		<u>15,435,180</u>	<u>473,093,866</u>	<u>(419,367,564)</u>	<u>53,726,303</u>	<u>53,726,303</u>	<u>69,161,483</u>

Note 11

Deferred Income

		2017	2016
	Note	Rupees	Rupees
Balance as at July 01		2,698,981	-
Add: Addition during the period/ year		-	2,856,500
		<u>2,698,981</u>	<u>2,856,500</u>
Less: Amortized income	11.1	(630,075)	(157,519)
Balance as at June 30		<u><u>2,068,906</u></u>	<u><u>2,698,981</u></u>

11.1 Deferred income represents donation in kind - non current assets and it is credited to income account with respect to useful life of assets.

Note 12

Trade and Other Payables

		2017	2016
	Note	Rupees	Rupees
Payable to staff		5,000	-
Accrued expenses		12,366,833	-
EOBI payable		44,010	-
Gratuity payable		12,230,401	-
Audit fee payable		200,000	75,000
Payable to director(s)	12.1	-	375,000
Tax payable		1,015,115	-
		<u><u>25,861,359</u></u>	<u><u>450,000</u></u>

12.1 This amount represents the expenditure paid by director(s) on behalf of the Company.

Note 13

Contingencies and Commitments

Contingencies - Nil

Commitments

- 1 Medical Emergency Resilience Foundation has entered into an operating lease for its office premises. The amount of future payments under operating lease agreements and the period for each location in which these payments will become due are as follow;

	Islamabad office	Peshawar office	Thatta office
Year 2018	2,685,500	330,000	870,592
Year 2019	2,954,050	-	-
Year 2020	248,050	-	-
	<u><u>5,887,600</u></u>	<u><u>330,000</u></u>	<u><u>870,592</u></u>

Note 13, Contingencies & Commitments - Continued...

- 2 The Company has entered into following agreements with FATA Development Authority - FATA (DA) for provision of related services in future years.

Project Name	Budgeted Amount
- Provision of Nursing Training under FATA Youth Skills Development Programme	PKR 73,800,000
- Establishment and Training of females in Women Training Centers	PKR 5,000/ trainee
- Paramedics Training under FATA Youth Skills Development Training Program	PKR 14,000,000

- 3 The Company has signed an agreement with Malteser International (legally part of Malteser Hilfsdienst e.V.) for "Providing lifesaving health and nutrition services to the conflict affected Temporary Displaced People (TDP) and host populations of Khyber Pakhtunkhwa and FATA" as per budgeted amount of Euro 895,009.
- 4 The Company has signed an agreement with Department of Health, Government of Balochistan for "conducting KAP and SMART survey in the 16 districts of Balochistan" as per budgeted amount of Rs. 38,696,000.
- 5 The Company has signed a "Performance Based Agreement under Sindh Public Private Partnership Act, 2010 – contract out of 13 health facilities in District Thatta and Sujawal, Sindh." as per budgeted amount of Rs. 2,500,000,000.

Note 14		From July 01, 2016 to June 30, 2017	From November 02, 2015 to June 30, 2016
Income		Rupees	Rupees
	Note		
Grant funds received		473,093,866	15,435,180
General funds and donations		210,400	600,010
Management fee	14.1	36,316,700	-
Interest Income		2,907,465	-
		512,528,431	16,035,190

- 14.1** Management fee represents amount of fee charged to the Project with Government of Sindh under Public Private Partnership. This fee is calculated at 10% of total amount received during the year from Government of Sindh.

Note 15		From July 01, 2016 to June 30, 2017	From November 02, 2015 to June 30, 2016
Project Expenditures			
	Note	Rupees	Rupees
Salaries, wages and other benefits		196,684,435	-
Communication costs		1,698,134	-
POL		15,355,834	-
Program cost-medicines, drugs, consumables and medical Items		98,754,067	-
Program cost-food and hostel charges		2,582,232	-
Program cost-rehabilitation		2,403,459	-
Consultancy costs		2,404,783	-
Training costs		1,110,039	-
Field offices utilities		6,869,598	-
Repair and maintenance		61,565,799	-
Legal and professional fee		120,000	-
Printing, stationery and newspaper		2,761,710	-
Entertainment		320,183	-
Office rent		4,348,752	-
Bank charges		737,308	-
Hospital staff uniform		951,300	-
Insurance		26,667	-
Program cost-equipment		16,728,180	-
Field offices running costs		3,945,084	-
		<u>419,367,564</u>	<u>-</u>

Note 16		From July 01, 2016 to June 30, 2017	From November 02, 2015 to June 30, 2016
Administrative and General Expenses			
Salaries, wages and other benefits		21,185,753	240,000
Legal and professional fee		82,500	376,400
POL		373,749	43,000
Communication costs		196,370	21,550
Office utilities		226,714	22,430
Miscellaneous expenses		80,000	-
Printing, stationery and newspaper		39,657	7,735
Repair and maintenance		-	26,700
Office supplies		3,914,819	4,210
Entertainment		-	20,280
labor charges		-	2,695
Office rent		1,332,500	210,000
Bank charges		11,871	-
Auditors' remuneration		200,000	75,000
Depreciation	6	813,825	157,519
		<u>28,457,758</u>	<u>1,207,519</u>

Note 17

Taxation

The income of the company, under Clause (58) of Part 1 of the Second Schedule to the Income Tax Ordinance 2001 is subject to Section 100C under which 100% tax credit is available to the company subject to fulfilments of certain requirement as set forth by Federal Board of Revenue. Company successfully secured the tax exemption as per aforementioned rule. Consequently, no provision for taxation has been made in these financial statements.

Note 18

NUMBER OF EMPLOYEES

	2017	2016
Average number of employees during the year	265	4
Total number of employees as at June 30	561	4

Note 19

Related Party Transactions

Related parties comprise of key management personnel of the Company. Balances with related parties are shown elsewhere in the notes to the financial statements. Transactions with related parties carried during the year are as follow;

Key Management Personnel	2017	2016
	Rupees	Rupees
- Remuneration and other benefits	7,177,824	-
- Expenses paid by director on behalf of Company	-	375,000
- Reimbursement of expenses paid by director on behalf of Comp	375,000	

There are no other transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements.

Note 20

FINANCIAL INSTRUMENTS

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- i) Credit risk
- ii) Liquidity risk
- iii) Market risk

20.1 Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular economy sector/ industry.

Note 20, Financial Instruments - Continued...

20.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follow:

	2017	2016
	----- Rupees -----	
Advances	539,384	-
Bank balances	80,807,135	15,435,190
	<u>81,346,519</u>	<u>15,435,190</u>

Financial assets do not contain any impaired or non-performing assets.

20.1.2 Concentration of credit risk

The Company identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counterparty is as follows:

	2017	2016
	----- Rupees -----	
Banking companies	80,807,135	15,435,190.00
Others	539,384	-
	<u>81,346,519</u>	<u>15,435,190</u>

20.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings of banking companies. Banking have external credit ratings determined by various credit rating agencies. Credit quality of other counterparties is assessed by reference to historical defaults rates and present ages.

20.2 Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. Management believes that the Company will be able to fulfill its other financial obligations from the Company's future cash flows.

	2017	Contractual Cash Flow	1 to 12 Months
	----- (Rupees) -----		
Financial liabilities			
Accrued and other liabilities	24,846,244	24,846,244	24,846,244
Payable to related parties - current account	-	-	-
	<u>24,846,244</u>	<u>24,846,244</u>	<u>24,846,244</u>
	2016	Contractual Cash Flow	1 to 12 Months
	----- (Rupees) -----		
Financial liabilities			
Accrued and other liabilities	75,000	75,000	75,000
Payable to related parties - current account	375,000	375,000	375,000
	<u>450,000</u>	<u>450,000</u>	<u>450,000</u>

Note 20, Financial Instruments - Continued...

20.3 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

20.3.1 Currency risk

The Company is subject to exposure to currency risk to the extent that there is mismatch between the currency in which financial instrument is denominated and the respective functional currency of the Company. At present, Company is not exposed to currency risk as all its financial assets and liabilities are primarily denominated in the Pak Rupee which is the functional currency of the Company.

20.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Management believes that interest rate exposure is not significant to the Company's financial position.

20.4 Fair Value of Financial Instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction. The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

20.5 Funds Risk Management

The Company' Board of Directors monitors the performance along with the funds required for the sustainable operations of the Company. There were no changes to the Company' approach to the fund management during the year. Company remains successful in securing major social projects during the year through its dedicated efforts towards social and welfare development programs. Further, Company is not exposed to any externally imposed fund requirements.

Note 21

REMUNERATION OF DIRECTOR & EXECUTIVES

The aggregate amount charged in these financial statements with respect to remuneration and allowances, including, all benefits to Director and Executives of the Company is as under:

	Director(s)		Chief Executive Officer	
	2017	2016	2017	2016
	----- Rupees -----		----- Rupees -----	
Remuneration	-	-	7,177,824	-
No. of Person	-	-	1	-

Note 22

DATE OF AUTHORIZATION

These financial statements have been authorized for issue on _____ by the Board of Directors of Medical Emergency Resilience Foundation.

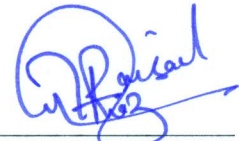
Note 23

GENERAL

- 23.1 Figures have been rounded off to the nearest rupee.
- 23.2 Corresponding figures have been rearranged/reclassified, where necessary, for the purposes of comparison and effective presentation. However, there are no material or significant rearrangements or reclassification made during the period.



CHIEF EXECUTIVE



DIRECTOR