

STH HOSPITAL
(Reporting segment of S. M. SOHAIL TRUST)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2025



**Independent auditors' report to the Management Committee
of STH Hospital (Reporting segment of S. M. Sohail Trust)**

Opinion

We have audited the financial statements of STH Hospital (**the Segment**) (Reporting segment of S. M. Sohail Trust (**the Trust**)), which comprise the Statement of Financial Position as at June 30, 2025 and the Statement of Income and Expenditure, Statement of Changes in funds and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the segment as at June 30, 2025, and its financial performance 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 *Auditors' Responsibilities for the Audit of the 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.

Emphasis of matter – Use of Report

The financial statement is prepared to provide limited information to donors. As a result, the financial statements may not be suitable for another purpose. Our Opinion is not modified in respect of this matter.

Other Matter

The Trust has prepared a separate complete set of financial statement for the year ended 30 June 2025 in accordance with the applicable financial reporting framework on which we issued a separate auditor's report to the Management Committee of the Trust dated December 16, 2025.

Responsibilities of Management Committee for the Financial Statements

The Management Committee is responsible for the preparation and fair presentation of these financial statements in accordance with the approved accounting and reporting standards as applicable in Pakistan and for such internal control as the Management Committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management Committee are responsible for assessing the Segment'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 Committee either intends to liquidate the Segment or to cease operations, or has no realistic alternative but to do so.

The Management Committee is responsible for overseeing the Segment's financial reporting process. *CA*

48, Ground Floor, Bangalore Town Block A, Near Bangalore Town Jamia Masjid,

Off Shahrah-e-Faisal, Karachi. **Tel:** +92 21 33386975

Cell: +92 334 3441765, +92 334 0198999 | **E-mail:** info@gulahmedca.com | **Website:** www.gulahmedca.com



Gul Ahmed & Co.

Chartered Accountants

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of segment as a whole are free from material misstatement, whether due to fraud or error, and to issue auditors' 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 omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls 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 Segment's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management Committee.
- Conclude on the appropriateness of Management Committee'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 Segment's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 auditors' report. However, future events or conditions may cause the Segment 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 those charged with governance 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.

Chartered Accountants

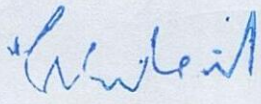
Engagement Partner: Naufal Gul Ahmed

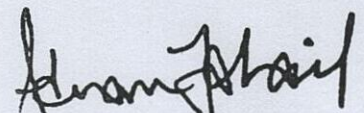
Date:
Karachi

STH HOSPITAL (Reporting segment of S. M. SOHAIL TRUST)
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025

	Note	2025 (Rupees in thousand)	2024
Assets			
Non-current assets			
Property, plant and equipment	3	228,262	209,204
Capital work in progress		12,347	-
		<u>240,609</u>	<u>209,204</u>
Current assets			
Stores and consumables	4	6,714	5,212
Receivable from patients		19,220	13,007
Loans and advances to staff		426	511
Advances, deposits and prepayments	5	1,090	1,085
Other receivables		989	782
Refundable income tax		22,552	12,226
Cash and bank balances	6	16,830	17,695
Total current assets		<u>67,821</u>	<u>50,518</u>
Total assets		<u><u>308,430</u></u>	<u><u>259,722</u></u>
Funds and Liabilities			
Accumulated fund and reserves			
Accumulated deficit		(1,641,630)	(1,386,085)
Financing from SM Sohail Trust (Jinnah Medical & Dental College) to support daily operations		1,884,696	1,593,353
Other funds and reserves		1,097	95
Total accumulated deficit		<u><u>244,163</u></u>	<u><u>207,363</u></u>
Non current liabilities			
Deferred liability - unfunded gratuity payable		6,418	6,941
Current liabilities			
Accounts payable, accrued and other liabilities	7	57,849	45,418
Total liabilities		<u>64,267</u>	<u>52,359</u>
Total equity and liabilities		<u><u>308,430</u></u>	<u><u>259,722</u></u>
Contingencies and commitments	8		

The annexed notes from Notes 1 to 13 form an integral part of these financial statements.


Trustee


Trustee

STH HOSPITAL (Reporting segment of S. M. SOHAIL TRUST)
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025 (Rupees in thousand)	2024
Income			
Treatment charges - net	9	190,978	128,057
Other income		1,825	2,009
Expenditure			
Operating expenses	10	(404,598)	(311,674)
Administrative expenses	11	(49,056)	(44,020)
Finance charges		(70)	(25)
		(453,724)	(355,719)
Deficit		(260,921)	(225,653)
Other comprehensive income:			
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		<u>(260,921)</u>	<u>(225,653)</u>

The annexed notes from Notes 1 to 13 form an integral part of these financial statements.

Trustee

Trustee

STH HOSPITAL (Reporting segment of S. M. SOHAIL TRUST)
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 30 JUNE 2025

	Accumulated Deficit	Zakat Fund	Welfare Fund	M&H Child Welfare	Total
Rupees in thousand					
Balance as at July 01, 2023	(1,174,484)	309	-	-	(1,174,175)
Deficit for the year	(225,653)	-	-	-	(225,653)
Zakat fund received during the year	-	1,658	-	-	1,658
Transfer to Zakat Fund from Accumulated Profit	(29,700)	29,700	-	-	-
Treatment given to patients from zakat fund	31,537	(31,537)	-	-	-
Donations received during the year	-	-	11,000	1,000	12,000
Treatment given to patients from M&H child welfare	1,252	-	-	(1,252)	-
Transfer to free treatment fund from Accumulated Profit	-	-	-	-	-
Treatment given to patients from free treatment fund	10,733	-	(10,733)	-	-
Fund for beautification of campuses	230	-	-	-	230
Adjustment	-	-	-	(50)	(50)
Balance as at June 30, 2024	(1,386,085)	130	267	(302)	(1,385,990)
Deficit for the year	(260,921)	-	-	-	(260,921)
Zakat fund received during the year	-	3,486	-	-	3,486
Transfer to Zakat Fund from Accumulated Profit	(16,000)	16,000	-	-	-
Treatment given to patients from zakat fund	19,553	(19,553)	-	-	-
Donations received during the year	-	-	-	2,892	2,892
Treatment given to patients from M&H child welfare	2,161	-	-	(2,161)	-
Transfer to free treatment fund from Accumulated Profit	(12,000)	-	12,000	-	-
Treatment given to patients from free treatment fund	11,662	-	(11,662)	-	-
Balance as at June 30, 2025	(1,641,630)	63	605	429	(1,640,533)

The annexed notes from Notes 1 to 13 form an integral part of these financial statements.

Trustee

Trustee

STH HOSPITAL (Reporting segment of S. M. SOHAIL TRUST)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2025

	Notes	2025	2024
		Rupees in thousand	
Cash flows from operating activities			
Deficit before tax		(260,921)	(225,653)
Adjustments for:			
Depreciation	3	26,198	23,868
Cash flow from operations before working capital changes		(234,723)	(201,785)
Increase in stores and consumables		(1,502)	(233)
Increase in accounts receivables		(6,213)	(5,474)
Decrease in loans and advances		85	261
Increase in deposits and prepayments		(5)	(83)
Increase in other receivables		(207)	(78)
Increase / (decrease) in deferred liabilities		(523)	1,136
Increase in accounts payable, accrued and other liabilities		12,431	14,548
Cash used in operations		(230,657)	(191,708)
Income tax paid		(10,326)	(5,873)
Net cash used in operating activities		(240,983)	(197,581)
Cash flows from investing activities			
Purchase of property, plant and equipment - Net cash used in investing activities		(45,256)	(27,112)
Capital work in progress		(12,347)	-
Net cash used in investing activities		(57,603)	(27,112)
Cash flows from financing activities			
Accumulated fund		5,376	14,052
Donation received from SM Sohail Trust (Jinnah Medical & Dental College)			
to support operations - net		291,343	220,452
Other funds and reserves		1,002	(214)
Net cash generated from financing activities		297,721	234,290
(Decrease) / increase in cash and cash equivalents during the year		(865)	9,597
Cash and cash equivalents at beginning of the year		17,695	8,098
Cash and cash equivalents at the end of the year		16,830	17,695

The annexed notes from Notes 1 to 13 form an integral part of these financial statements.

Trustee

Trustee

STH HOSPITAL (Reporting segment of S. M. SOHAIL TRUST)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025

1 Legal status and principal activities

- 1.1 S.M. Sohail Trust (the Trust) was established vide declaration of Trust dated 26 December 1995 as a "not for profit" organization under the laws as applicable in Pakistan. The aims and objectives of the Trust includes establishing educational, professional, technical and vocational institutes for promoting education of arts and science and for establishing libraries, health care centers etc. The registered office of the Trust is situated at 22-23 Shaheed-e-Millat Road, Karachi.
- 1.2 In pursuance of the objective of the Trust, SMST, STH Hospital which is a Tertiary care Welfare / Teaching 350 bedded Hospital, was started in 2002. Patients who are needy and cannot afford health expense are provided free health facilities from Zakat and welfare fund created by the Trust and Zakat and the funds received from our respectable donors.

2 Basis of preparation and significant accounting policies and estimates

2.1 Basis of preparation

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except that certain staff retirement benefits are carried at present value of defined benefit obligation less fair value of plan assets, if any, inventories are carried at the lower of cost and net realisable value, lease liabilities against right of use assets are carried at present value of minimum lease payments and investments classified as financial assets 'at fair value through other comprehensive income' are carried at closing market rates.

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the accounting and reporting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in the application of the Trust's accounting policies. The estimates, judgments and associated assumptions are based on the management's experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both the current and future periods. The areas where various assumptions and estimates are significant to the Trust's financial statements or where judgment was exercised in the application of accounting policies are as follows:

- estimate of residual values, useful lives and depreciation methods of operating fixed assets (notes 4.6.1 and 8.1);
- provision for slow moving and obsolete stock-in-trade (notes 4.10);
- impairment in respect of non-financial assets (note 4.11);
- Impairment of trade debts and due from related parties
- estimates of liability in respect of staff retirement benefits / gratuity (notes 4.1 and 29);
- provision for taxation (note 2.6 p); and
- right-of-use assets and lease liability (notes 2.6 b).

2.5 Material accounting policy information

The material accounting policies that have been applied consistently by the Trust to all periods presented in these financial statements are set out below:

a) Property, plant and equipment

Property, plant and equipment are stated in the statement of financial position at cost less accumulated depreciation and impairment loss, if any.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Trust and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive income during the financial year in which they are incurred.

Depreciation on assets is charged to income using reducing balance method at the rates given in note 3. Depreciation is charged on property, plant and equipment capitalized during the year from the date the asset is available for use up to the date of

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and are recognized in the statement of comprehensive income.

c) Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss, if any. All expenditure connected with specific assets incurred during the installation and construction period are carried under the capital work-in-progress. These are transferred to fixed assets as and when these are available for use.

d) Impairment of non-financial assets

At each reporting date, the Trust reviews the carrying amounts of its non-financial assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Trust estimates the recoverable amount of the cash-generating unit to which the asset

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses (except for goodwill), the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

e) 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 Trust intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

f) Stores and consumables

Stocks are valued at the lower of cost and net realisable value. The cost of inventories comprises all costs of purchase and other direct expenses. Cost is determined using weighted average basis.

Net realisable value signifies the estimated selling price in the ordinary course of business less net of estimated cost to sell.

g) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, cheques in hand and bank balances.

h) Appropriations to reserves

Appropriation to reserves is recognized in the financial statements in the period in which these are approved.

i) Employees retirement benefits

The Trust operates an approved unfunded defined benefit gratuity scheme for its permanent employees who have completed one year of service. Gratuity is payable on retirement, separation or death of employees. The Trust has recorded expense during the year on the basis of report of the actuaries. The calculation is performed annually by a qualified actuary on reporting date using Projected Unit Credit Method.

j) Trade and other payables

Trade and other payables are recognised initially at fair value of the consideration to be paid in future for the goods and services whether or not billed to the Trust and are, subsequently, carried at amortised cost.

k) Income recognition

Income is recognised to the extent it is probable that the economic benefits will flow the Trust and the amount of income can be measured reliably. Income is measured at the fair value of consideration received or receivable, and is recognized on the following basis.

Hospital income

Income from treatment charges is recognized as and when services are provided to the patients. However, in case of inpatients it is booked on discharge basis.

Mark-up income

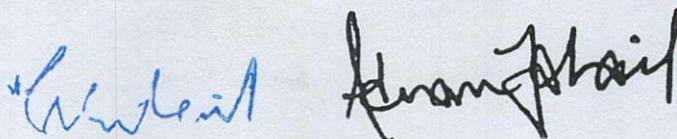
Return on investments classified as Held to maturity is recognized on accrual basis using effective interest method.

l) Taxation

The income of the Trust is subject to hundred percent tax credit under section 100C of Income Tax Ordinance 2001.

m) Provisions

Provisions are recognized when the Trust has a present legal or constructive obligation as a result of past events, if 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. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.



3 Property, plant and equipment

2025	Medical equipment	Electrical equipment	Computers and IT equipment	Generator	Vehicles	Furniture and fixtures	Office equipment	Total
------	-------------------	----------------------	----------------------------	-----------	----------	------------------------	------------------	-------

(Rupees in thousand)

WDV								
At July 01, 2024	124,120	25,382	9,149	15,251	908	17,634	16,759	209,204
Addition	31,816	1,956	4,113	-	-	2,379	4,992	45,256
At 30 June 2025	155,936	27,338	13,262	15,251	908	20,013	21,751	254,460

Depreciation

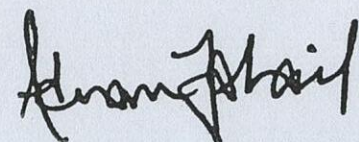
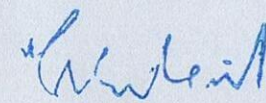
Rate	10%	10%	30%	10%	20%	10%	10%	
For the year	13,696	2,691	3,544	1,564	147	1,920	2,636	26,198
Net book value								
At 30 June 2025	142,240	24,647	9,718	13,687	761	18,093	19,115	228,262

2023	Medical equipment	Electrical equipment	Computers and IT equipment	Generator	vehicles	Furniture and fixtures	Office equipment	Total
------	-------------------	----------------------	----------------------------	-----------	----------	------------------------	------------------	-------

(Rupees in thousand)

WDV								
At July 01, 2023	129,630	20,755	9,548	11,090	1,087	17,636	16,212	205,960
Addition	7,275	6,898	2,929	5,850	-	1,895	2,266	27,112
At 30 June 2024	136,905	27,653	12,478	16,940	1,087	19,531	18,478	233,072

Rate	10%	10%	30%	10%	20%	10%	10%	
For the year	12,785	2,271	3,328	1,690	179	1,897	1,719	23,868
Net book value								
At 30 June 2024	124,120	25,382	9,149	15,251	908	17,634	16,759	209,204

Handwritten signatures:



	Note	2025 (Rupees in thousand)	2024
4 Stores and consumables			
General items		6,714	5,212
		<u>6,714</u>	<u>5,212</u>
5 Deposits and prepayments			
Security deposits		1,090	1,085
		<u>1,090</u>	<u>1,085</u>
6 Cash and bank balances			
Cash in hand		1,037	1,637
Cash at bank			
- current account		15,793	16,058
- savings account		-	-
		<u>15,793</u>	<u>16,058</u>
		<u>16,830</u>	<u>17,695</u>
7 Accounts payable, accrued and other liabilities			
Accounts payable	7.1	35,363	25,160
Accrued expenses	7.2	9,774	8,651
Security deposits	7.3	617	607
Other liabilities	7.4	12,095	11,000
		<u>57,849</u>	<u>45,418</u>
7.1 Accounts payable			
Payable to consultants		4,641	4,748
Payable to medicine and surgical suppliers		30,722	20,412
		<u>35,363</u>	<u>25,160</u>
7.2 Accrued expenses			
Staff salaries and other benefits		5,097	4,207
Salary deduction		321	332
Other		4,356	4,112
		<u>9,774</u>	<u>8,651</u>
7.3 Security deposits			
- Students		467	497
- Contractors		150	110
		<u>617</u>	<u>607</u>
7.4 Other liabilities			
Provident fund payable		1,025	650
Other payables		11,070	10,350
		<u>12,095</u>	<u>11,000</u>
8 Contingencies and commitments			
8.1 Contingencies			
There are no contingencies as at 30 June 2025 (2024: Nil)			
9 Treatment charges-Net			
Gross charges		224,354	171,579
Less			
- treatment from zakat fund	10.1	(19,553)	(31,537)
- treatment from welfare fund	10.2	(13,823)	(11,985)
		<u>190,978</u>	<u>128,057</u>
10.1 Treatment from Zakat Fund			
Zakat from Donors		3,486	1,658
Zakat from SM Sohail Trust (Jinnah Medical & Dental College)		16,000	29,879
		<u>19,486</u>	<u>31,537</u>

Handwritten signature in blue ink.

Handwritten signature in black ink.

	Note	2025	2024
		(Rupees in thousand)	
10.2 Treatment from Welfare Fund			
Donations from Donors		2,892	11,985
Donations from SM Sohail Trust (Jinnah Medical & Dental Collage)		12,000	-
		<u>14,892</u>	<u>11,985</u>
10 Operating expenses			
Salaries, wages and other benefits		170,914	129,669
Medical services expenses		72,750	62,250
Medicines consumed		2,422	4,350
Consumable supplies and stores		1,146	259
Insurance		79	77
Rates and taxes		2,608	1,730
Utilities		49,568	35,220
Repairs and maintenance		44,400	23,541
Travelling and conveyance		5,305	5,648
Printing, stationery and periodicals		12,767	10,949
Janitorial services		13,367	11,144
Rent expense		1,684	980
Depreciation	3	26,198	23,868
Miscellaneous		1,389	1,987
		<u>404,598</u>	<u>311,674</u>
11 Administrative expenses			
Salaries, wages and other benefits		34,087	30,723
Advertising and publicity		528	467
Security expenses		11,262	9,468
Legal and professional		284	529
Fee and subscription		2,325	2,107
Entertainment		570	726
		<u>49,056</u>	<u>44,020</u>

12 DATE OF AUTHORISATION FOR ISSUE
These financial statements were authorised for issue on _____ by the Trustees.

13 GENERAL
Figures have been rounded off to the nearest Rupees unless otherwise stated.

Trustee

Trustee