FAMILY EDUCATIONAL SERVICES FOUNDATION

Financial Statements
For the year ended June 30, 2016

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **FAMILY EDUCATIONAL SERVICES FOUNDATION** as at June 30, 2016 and the related income and expenditure account, statement of comprehensive income, statement of cash flow and statement of changes in fund together with the 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 control, 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 auditing standards 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 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 accounts 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 the accounting policies consistently applied;

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ii) the expenditure incurred during the year was for the purpose of the Company's business; and

iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

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, statement of comprehensive income, 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, 2016 and of the surplus, its comprehensive income, 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).

Haroon Zakaria & Co

Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: 02 SEP 2016

Engagement Partner:
Muhammad Iqbal

FAMILY EDUCATIONAL SERVICES FOUNDATION
BALANCE SHEET
AS AT JUNE 30, 2016

	Note	*2016* *Rupees*	*2015* *Rupees*
ASSETS			
Non-Current Assets			
Equipment	4	**57,009,130**	52,973,996
Intangible assets	5	**798,635**	621,735
Long term deposits	6	**1,372,428**	1,335,878
Long term loans	7	**1,912,500**	-
		61,092,693	54,931,609
Current Assets			
Loans and advances	8	**2,046,682**	1,616,766
Prepayments	9	**529,925**	1,929,457
Interest accrued		**215,938**	199,214
Other receivables	10	**-**	1,968,780
Short term investments	11	**63,022,222**	48,000,000
Cash and bank balances	12	**36,012,353**	35,771,141
		101,827,120	89,485,358
Total Assets		**162,919,813**	144,416,967
FUNDS AND LIABILITIES			
Fund			
- General	13	**155,931,422**	132,708,058
Current Liabilities			
Deferred donation	14	**6,850,033**	11,643,909
Accrued liabilities		**138,358**	65,000
		6,988,391	11,708,909
Total Fund and Liabilities		**162,919,813**	144,416,967

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

Director *Director* *Chief Executive*

FAMILY EDUCATIONAL SERVICES FOUNDATION
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
OPERATING INCOME			
Donations in cash	15	**130,564,022**	136,002,200
Donation in kind		**1,292,949**	1,553,885
School fees		**5,518,682**	4,734,680
Motivated Campaign contribution		-	450,000
Deferred donations transferred		11,643,909	-
		149,019,562	142,740,765
OPERATING EXPENDITURE			
Salaries and other benefits		51,243,922	39,661,010
Transportation		12,585,893	12,527,813
Utilities		6,737,369	5,833,401
Rent, rates and taxes		6,469,928	6,224,901
Pakistan sign language program		2,654,630	15,546,198
Training costs		4,067,689	7,337,936
Vehicle running expense		**8,080,314**	6,769,221
Student benefits		**4,667,252**	2,525,564
Repair and maintenance		**3,198,992**	3,080,672
Community service		**1,788,462**	1,211,446
Events, function and fund raising program		**8,452,839**	2,801,078
Consultancy and professional charges		**525,762**	733,331
Printing and stationery		**1,948,344**	1,765,546
Insurance		**905,723**	856,993
Hospitality		**328,642**	343,245
Postage and communication		**764,877**	745,748
Bad Debts		-	39,875
Eduserve program		**3,837,543**	9,247,639
Depreciation	4	**9,858,359**	7,408,711
Amortization	5	**91,731**	49,811
		(128,208,271)	(124,710,139)
Operating surplus		**20,811,291**	18,030,626
OTHER INCOME			
Markup income		**3,749,645**	2,750,783
Exchange gain		**28,970**	286,256
Gain on disposal of equipment		**1,273,212**	-
Unrealized gain on short term investment		**22,222**	-
		5,074,049	3,037,039
OTHER EXPENSES			
Other expenses		**2,156,629**	1,803,223
Loss on disposal of equipment		-	25,741
Advance tax written off		**144,450**	1,271,700
Auditor's remuneration		**100,000**	65,000
		(2,401,079)	(3,165,664)
FINANCE COST - Bank charges		**(260,897)**	(214,493)
Net surplus for the year		**23,223,364**	17,687,507

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

Director	Director	Chief Executive

FAMILY EDUCATIONAL SERVICES FOUNDATION
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016

	2016 Rupees	2015 Rupees
Net surplus for the year	**23,223,364**	17,687,507
Other comprehensive income	-	-
Total comprehensive Income for the year	23,223,364	17,687,507

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

Director ***Director*** ***Chief Executive***

FAMILY EDUCATIONAL SERVICES FOUNDATION
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016

	2016 Rupees	2015 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	**23,223,364**	17,687,507
Adjustment for non cash items:		
Depreciation	**9,858,359**	7,408,711
Bad Debts	**-**	39,875
(Gain) / loss on disposal of equipments	**(1,273,212)**	25,741
Amortization	**91,731**	49,811
Finance cost	**260,897**	214,493
Unrealized gain on remeausrment of short term investment	**(22,222)**	-
	8,915,553	7,738,631
(Increase) / decrease in current assets		
Loans and advances	**(429,916)**	(793,104)
Prepayments	**1,399,532**	(1,034,843)
Interest accrued	**(16,724)**	(129,647)
Other receivables	**1,968,780**	3,797,220
	2,921,672	1,839,626
Increase / (decrease) in current liabilities		
Deferred donation	**(4,793,876)**	11,643,909
Accrued liabilities	**73,358**	13,308
Cash generated from operations	**30,340,071**	38,922,981
Finance cost paid	**(260,897)**	(214,493)
Net cash generated from operating activities	**30,079,174**	38,708,488
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of short term investment	**58,400,000**	-
Purchase of short term investment	**(73,400,000)**	(27,000,000)
Purchase of intangibles	**(268,631)**	(350,000)
Long term security deposits (paid) / refunded	**(36,550)**	1,968,000
Long term loans given	**(1,912,500)**	-
Purchase of equipments	**(14,370,281)**	(17,150,667)
Proceeds from disposal of equipments	**1,750,000**	6,300
Net cash used in investing activities	**(29,837,962)**	(42,526,367)
Net increase / (decrease) in cash and cash equivalent (A+B)	**241,212**	(3,817,879)
Cash and cash equivalents at the beginning of the year	**35,771,141**	39,589,020
Cash and cash equivalents at the end of the year	**36,012,353**	35,771,141

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

Director	*Director*	*Chief Executive*

FAMILY EDUCATIONAL SERVICES FOUNDATION
STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED JUNE 30, 2016

Description	*General Fund*	*Specific Fund*	*Total*
	------------	*Rupees*	----------
Balance as at June 30, 2014	91,161,419	23,859,132	115,020,551
Total comprehensive income for the year ended June 30, 2015	17,687,507	-	17,687,507
Transfer to general fund	23,859,132	(23,859,132)	-
Balance as at June 30, 2015	**132,708,058**	-	**132,708,058**
Total comprehensive income for the year ended June 30, 2016	**23,223,364**	-	**23,223,364**
Balance as at June 30, 2016	**155,931,422**	-	**155,931,422**

General Fund can be utilized to meet any contingencies.

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

Director *Director* *Chief Executive*

FAMILY EDUCATIONAL SERVICES FOUNDATION
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2016

1 THE SOCIETY AND ITS OBJECTS

Family Educational Service Foundation (the 'Company') is a non profit educational voluntary organization and is rendering services in the field of education, teacher training and academic/voluntary training for deaf students. It is registered under section 42 of Companies Ordinance, 1984. The registered office of the Company is located at office # 302, 3rd Floor, Plot No.16-C, Rahat Lane 3, Phase VI, DHA, Karachi, Pakistan. Currently, Family Education Services Foundation conducts following projects:

Deaf Reach Training Centre
Eduserve Training Program
Community Service Program

The Company is rendering its services in cities of Karachi, Hyderabad, Sukkur, Lahore, Nawabshah and Rashidabad.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 shall prevail.

2.2 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is also the functional currency of the Company.

2.3 Basis of measurement

These financial statement have been prepared under the historical cost convention except hereafter stated in relevant notes. Further, accrual basis of accounting has been followed except for cash flow information

2.4 Use of Estimates and Judgment

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standard as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the next year are as follows:

a) Equipment

The Company's management determines the estimated useful lives and related depreciation charge for its equipment. This also includes estimating the residual values and depreciable lives. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of equipments with a corresponding affect on the depreciation charge and impairment (if any).

b) Intangible assets

The Company reviews the value of the intangible assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of intangible assets with a corresponding effect on impairment.

2.5 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2016

The following standards, amendments and interpretations are effective for the year ended June 30, 2016. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

IAS 27 (Revised 2011) – Separate Financial Statements	***Effective from accounting period beginning on or after January 01, 2015. IAS 27 (Revised 2011) will concurrently apply with IFRS 10.***

The revised Standard sets out the requirements regarding separate financial statements only. Most of the requirements in the revised Standard are carried forward unchanged from the previous Standard. Subsequently, IASB issued amendment to IAS 27 wherein it has allowed to follow the equity method in the separate financial statements also. These amendments will be effective from January 01, 2016 with earlier application allowed.

IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures	***Effective from accounting period beginning on or after January 01, 2015***

Similar to the previous Standard, the new Standard deals with how to apply the equity method of accounting. However, the scope of the revised Standard has been changed so that it covers investments in joint ventures as well because IFRS 11 requires investments in joint ventures to be accounted for using the equity method of accounting.

IFRS 10 – Consolidated Financial Statements

Effective from accounting period beginning on or after January 01, 2015. Earlier adoption is encouraged.

IFRS 10 replaces the part of IAS 27 Consolidated and Separate Financial Statements that deals with consolidated financial statements and SIC 12 Consolidation - Special Purpose Entities. Under IFRS 10, there is only one basis for consolidation for all entities, and that basis is control. This change is to remove the perceived inconsistency between the previous version of IAS 27 and SIC 12; the former used a control concept while the latter placed greater emphasis on risks and rewards. IFRS 10 includes a more robust definition of control in order to address unintentional weaknesses of the definition of control set out in the previous version of IAS 27. Specific transitional provisions are given for entities that apply IFRS 10 for the first time. Specifically, entities are required to make the 'control' assessment in accordance with IFRS 10 at the date of initial application, which is the beginning of the annual reporting period for which IFRS 10 is applied for the first time. No adjustments are required when the 'control' conclusion made at the date of initial application of IFRS 10 is the same before and after the application of IFRS 10. However, adjustments are required when the 'control' conclusion made at the date of initial application of IFRS 10 is different from that before the application of IFRS 10.

IFRS 11 – Joint Arrangements

Effective from accounting period beginning on or after January 01, 2015

IFRS 11 replaces IAS 31 Interest in Joint Ventures and SIC 13 Jointly Controlled Entities – Non monetary Contributions by Venturers. IFRS 11 deals with how a joint arrangement should be classified where two or more parties have joint control. There are two types of joint arrangements under IFRS 11: joint operations and joint ventures. These two types of joint arrangements are distinguished by parties' rights and obligations under the arrangements. Under IFRS 11, the existence of a separate vehicle is no longer a sufficient condition for a joint arrangement to be classified as a joint venture whereas, under IAS 31, the establishment of a separate legal vehicle was the key factor in determining whether a joint arrangement should be classified as a jointly controlled entity.

IFRS 12 – Disclosure of Interests in Other Entities

Effective from accounting period beginning on or after January 01, 2015

IFRS 12 is a new disclosure Standard that sets out what entities need to disclose in their annual consolidated financial statements when they have interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities (broadly the same as special purpose entities under SIC 12). IFRS 12 aims to provide users of financial statements with information that helps evaluate the nature of and risks associated with the reporting entity's interest in other entities and the effects of those interests on its financial statements.

IFRS 13 – Fair Value Measurement

Effective from accounting period beginning on or after January 01, 2015

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. IFRS 13 gives a new definition of fair value for financial reporting purposes. Fair value under IFRS 13 is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market condition (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. IFRS 13 should be applied prospectively as of the beginning of the annual period in which it is initially applied.

2.6 *New accounting standards and IFRS interpretations that are not yet effective*

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 12 Income Taxes - Amendments regarding the recognition of deferred tax assets for unrealized losses	***Effective from accounting period beginning on or after January 01, 2017***

Amendment discusses that unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.

Amendments to IAS 16 and IAS 38 Clarification of acceptable methods of depreciation and amortization	***Effective from accounting period beginning on or after January 01, 2016***

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendment to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) When the intangible asset is expressed as a measure of revenue. For example, an entity could acquire a concession to explore and extract gold from a gold mine. The expiry of the contract might be based on a fixed amount of total revenue to be generated from the extraction (for example, a contract may allow the extraction of gold mine until the total cumulative revenue from the sale of goods reaches CU 2 billion) and not be based on time or on the amount of gold extracted. Provided that the contract specifies a fixed total amount of revenue to be generated on which amortization is to be determined, the revenue that is to be generated might be an appropriate basis for amortizing the intangible asset; orThe amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture* define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. In terms of the amendments, bearer plants can be measured using either the cost model or the revaluation model set out in IAS 16.

b) When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible assets are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer plants	***Effective from accounting period beginning on or after January 01, 2016***

The amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. In terms of the amendments, bearer plants can be measured using either the cost model or the revaluation model set out in IAS 16.

On the initial application of the amendments, entities are permitted to use the fair value of the items of bearer plants as their deemed cost as at the beginning of the earliest period presented. Any difference between the previous carrying amount and fair value should be recognized in opening retained earnings at the beginning of the earliest period presented.

The produce growing on bearer plants continues to be accounted for in accordance with IAS 41.

Amendments to IAS 19 Employee Benefits: Amendments resulting from annual improvements to IFRSs

Effective from accounting period beginning on or after January 01, 2016

Amendment clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds should be assessed at currency level).

Amendments to IAS 34 - Interim Financial Reporting - Amendments resulting from annual improvements to IFRS

Effective from accounting period beginning on or after January 01, 2016

Amendment clarifies the meaning of 'elsewhere in the interim report' and requires a cross-reference.

Amendments to IFRS 2 - Share Based Payments - Amendments to clarify the classification and measurement of share based payments transactions

Effective from accounting period beginning on or after January 01, 2018

Amendments contain clarifications with respect to accounting for cash-settled share-based payment transactions that include a performance condition, classification of share-based payment transactions with net settlement features and accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

Amendments to IFRS 5 Non Current Assets Held for Sale and Discontinued Operations: Amendments resulting from annual improvements to IFRSs

Effective from accounting period beginning on or after January 01, 2016

Amendment adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

IFRS 16 - Leases

Effective from accounting period beginning on or after January 01, 2019

The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 'Leases' and related interpretations and is effective for periods beginning on or after 1 January 2019, with earlier adoption permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied.

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers

3 *SIGNIFICANT ACCOUNTING POLICIES*

3.1 *Equipment*

Owned

These are initially stated at cost. Subsequent to initial recognition these are measured at cost less accumulated depreciation and impairment loss, if any.

Depreciation is charged to income using the reducing balance method at the rates specified in the relevant note. Depreciation is charged from the month in which the depreciable assets are available for use and on deletions, up to the month of deletion.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gains and losses arising from the retirement or disposal of assets are recognized in income and

The carrying values of fixed assets are reviewed for impairment when event or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

3.2 *Intangible assets*

These are stated at cost less amortization using straight line method at the rates stated in relevant note to the financial statements.

Amortization is charged from the month in which the amortizable assets are available for use and on deletions, up to the month of deletion.

Gains and losses arising from the retirement or disposal of intangible assets are recognized in income and expenditure account.

The Company reviews the value of the intangible assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of intangible assets.

3.3 *Long term loans to employees*

Loans to employees are carried at original amount less current matuarity of the loans and provision made for the doubtful receiveables based on review of all outstanding amounts at year end.

3.4 *Investments*

Held to maturity

Investments with fixed payments and maturity that the Company has the intent and ability to hold to maturity are classified as held-to-maturity investments and are carried at cost which is approximately equal to the amortized cost as the investment is for short periods. Profit on held-to-maturity investments are recognised in income and expenditure account.

At fair value through profit and loss

Investments which are acquired principally for the purpose of selling in the near term or the investments that are part of a portfolio of financial instruments exhibiting short term profit taking are classified as investment at fair value through profit and loss.

These are stated at fair values with any resulting gains or losses recognized directly in the profit and loss account. The fair value of such investments representing listed equity is determined on the basis of prevailing market prices.

3.5 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. It comprise of cash in hand and cash at banks on current and deposit accounts .

3.6 Revenue recognition

3.6.1 Donations in cash and kind

Donations and sponsorships are recorded on occurrence of transaction. Donation in kind is recorded at cost of bills / invoices provided by the donors.

3.6.2 Deffered donation

Donation from USAID, Grant in Aid, Planning & Development Authority of Sindh and Zakat are recognized where there is reasonable assurance that the amount will be received and all attached conditions will be complied with. These donations relate to the expenses, therefore, the amounts are initially recognized as liability and transferred gradually to income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

3.6.3 School fees

These are recorded at fair value of consideration to be received on issuance of fee vouchers.

	Note	2016 Rupees	2015 Rupees
4 EQUIPMENT			
Operating fixed assets	4.1	**57,009,130**	52,973,996

4.1 *Operating fixed assets*

Description	Karachi, Hyderabad and Lahore	Sukkur	Nawabshah	Rashidabad	2016 Total	2015 Total
	----Region----					
Note	4.1.1	4.1.2	4.1.3	4.1.4	Rupees	Rupees
Furnitures and fittings	**8,141,152**	**710,243**	**1,421,026**	**7,734,561**	**18,006,982**	16,382,516
Vehicles	**6,957,659**	**1,437,354**	**1,533,020**	**354,920**	**10,282,953**	8,826,480
Office equipments	**10,695,511**	**1,346,910**	**1,634,220**	**5,944,339**	**19,620,980**	18,725,224
Computer equipment	**4,082,726**	-	-	**684,032**	**4,766,758**	5,210,346
Office renovation	**2,508,599**	-	**1,822,858**	-	**4,331,457**	3,829,430
2016	**32,385,647**	**3,494,507**	**6,411,124**	**14,717,852**	**57,009,130**	52,973,996
2015	27,198,908	4,062,080	7,227,785	14,485,222	-	52,973,996

4.1.1 *Karachi, Hyderabad and Lahore region*

Particulars	Cost: As on July 01, 2015	Cost: Additions/ (Disposals) during the year	Cost: As on June 30, 2016	Rate	Depreciation: As on July 01, 2015	Depreciation: For the year	Depreciation: As on June 30, 2016	WDV as on June 30, 2016
Furniture and fittings	8,454,273	3,312,121 -	11,766,394	10%	2,878,646	746,596 -	3,625,242	8,141,152
Vehicles	15,369,600	5,136,100 (2,185,000)	18,320,700	20%	10,699,738	2,371,515 (1,708,212)	11,363,041	6,957,659
Office equipments	18,083,347	937,989 -	19,021,336	10%	7,204,490	1,121,335 -	8,325,825	10,695,511
Computer equipments	7,455,603	1,569,254 -	9,024,857	33.3%	3,271,254	1,670,877 -	4,942,131	4,082,726
Office renovation	2,268,240	835,052 -	3,103,292	10%	378,027	216,666 -	594,693	2,508,599
2016	**51,631,063**	**11,790,516** **(2,185,000)**	**61,236,579**		**24,432,155**	6,126,989 (1,708,212)	**28,850,932**	**32,385,647**
2015	44,839,524	6,853,539 (62,000)	51,631,063		20,313,561	4,148,553 (29,959)	24,432,155	27,198,908

4.1.2 Sukkur Region

Particulars	Cost			Rate	Depreciation			WDV as on June 30, 2016
	As on July 01, 2015	Disposals during the year	As on June 30, 2016		As on July 01, 2015	For the year	As on June 30, 2016	
Furniture and fittings	1,436,020	-	1,436,020	10%	646,861	78,916	725,777	710,243
Vehicles	5,483,353	-	5,483,353	20%	3,686,660	359,339	4,045,999	1,437,354
Office equipments	2,612,471	18,800	2,631,271	10%	1,136,242	148,119	1,284,361	1,346,910
2016	**9,531,844**	**18,800**	**9,550,644**		**5,469,764**	**586,374**	**6,056,138**	**3,494,507**
2015	9,531,844	-	9,531,844		4,768,881	700,883	5,469,764	4,062,080

4.1.3 Nawabshah Region

Particulars	Cost			Rate	Depreciation			WDV as on June 30, 2016
	As on July 01, 2015	Addition during the year	As on June 30, 2016		As on July 01, 2015	For the year	As on June 30, 2016	
Furniture and fittings	2,098,252	-	2,098,252	10%	519,334	157,892	677,226	1,421,026
Vehicles	3,400,400	-	3,400,400	20%	1,484,125	383,255	1,867,380	1,533,020
Office equipments	2,360,644	21,200	2,381,844	10%	567,269	180,355	747,624	1,634,220
Office renovation	2,660,104	80,935	2,741,039	10%	720,888	197,294	918,182	1,822,858
2016	**10,519,400**	**102,135**	**10,621,535**		**3,291,615**	**918,796**	**4,210,411**	**6,411,124**
2015	10,348,600	170,800	10,519,400		2,229,008	1,062,607	3,291,615	7,227,785

4.1.4 Rashidabad Region

Particulars	Cost			Rate	Depreciation			WDV as on June 30, 2016
	As on July 01, 2015	Addition during the year	As on June 30, 2016		As on July 01, 2015	For the year	as on June 30, 2016	
Furniture and fittings	9,406,516	930,044 (641,054)	9,695,506	10%	967,704	993,241	1,960,945	7,734,561
Vehicles	693,204	-	693,204	20%	249,554	88,730	338,284	354,920
Office equipments	5,239,246	2,169,840	7,409,086	10%	662,483	802,264	1,464,747	5,944,339
Computer equipments	1,370,565	-	1,370,565	33.3%	344,568	341,965	686,533	684,032
2016	**16,709,531**	**3,099,884 (641,054)**	**19,168,361**		**2,224,309**	**2,226,200**	**4,450,509**	**14,717,852**
2015	6,583,204	10,126,327	16,709,531		727,641	1,496,668	2,224,309	14,485,222

	Note	2016 Rupees	2015 Rupees
5 *INTANGIBLE ASSETS*			
Computer software			
Cost			
Balance as on July 01		**760,607**	410,607
Additions during the year		**268,631**	350,000
Balance as on June 30		**1,029,238**	760,607
Amortization for the year			
Balance as on July 01		**138,872**	89,061
Charge for the year		**91,731**	49,811
Balance as on June 30		**230,603**	138,872
Net Book Value		**798,635**	621,735
Rate		**10%**	10%

6 *LONG TERM DEPOSITS*

	Note	2016 Rupees	2015 Rupees
- Against			
Rent		**573,000**	573,000
Benazir Bhutto Youth Project		**669,150**	669,150
Utilities		**130,278**	83,728
CNG station		**-**	10,000
		1,372,428	1,335,878

7 *LONG TERM LOANS*

	Note	2016 Rupees	2015 Rupees
- Considered good			
Vehicle loan to staff		**2,410,500**	-
Less: Current maturity of long term loans	8	**(498,000)**	-
		1,912,500	-

8 *LOANS AND ADVANCES*

	Note	2016 Rupees	2015 Rupees
Loans			
- Considered good			
Cash loan to staff		**1,212,682**	1,616,766
Current maturity of long term loans	7	**498,000**	-
		1,710,682	1,616,766
Advances			
Advance To Supplier		**336,000**	-
		2,046,682	1,616,766

9 *PREPAYMENTS*

	Note	2016 Rupees	2015 Rupees
Prepaid rent		**-**	1,527,303
Prepaid insurance		**529,925**	402,154
		529,925	1,929,457

10 OTHER RECEIVABLES

	Note	2016 Rupees	2015 Rupees
- Considered good			
Benazir Bhutto Shaheed Youth Development Program		-	1,968,780

11 SHORT TERM INVESTMENTS

	Note	2016 Rupees	2015 Rupees
- Held to maturity			
Term Deposit Receipts			
- Allied Bank Ltd		**5,500,000**	5,500,000
- Meezan Bank Ltd - General		**27,000,000**	27,000,000
- Meezan Bank Ltd - Endowment		**15,000,000**	-
		47,500,000	32,500,000
Certificates of Musharaka			
- KASB Modaraba		**5,000,000**	15,500,000
	11.1	**52,500,000**	48,000,000
-At fair value through profit and loss			
Mutual Fund			
Meezan Islamic Income Fund		**10,500,000**	-
Add: Unrealized gain on remeasurment of investment carried at fair value through profit and loss		**22,222**	-
	11.2	**10,522,222**	-
		63,022,222	48,000,000

11.1 These investments carry mark-up at the rate of 3.5% to 10.5% (2015: 6% to 10.5%) per annum.

11.2 This represents 205,192 units of Meezan Islamic Income Fund purchased during the year.

12 CASH AND BANK BALANCES

	Note	2016 Rupees	2015 Rupees
Cash in hand		**1,009,566**	1,430,372
Cash at bank			
- Local currency			
Current accounts		**21,935,107**	22,777,207
Deposit accounts	12.1	**11,980,856**	10,576,229
		33,915,963	33,353,436
- Foreign currency			
Current accounts		**1,086,824**	987,333
		36,012,353	35,771,141

12.1 These carry markup at the rate of 3% to 6.8% (2015: 3.8% to 7.5%) per annum.

13 FUND

	2016 Rupees	2015 Rupees
-General Fund		
Balance as on July 01	**132,708,058**	115,020,551
Surplus for the year	**23,223,364**	17,687,507
	155,931,422	132,708,058

14 DEFERRED DONATION

	Note	2016 Rupees	2015 Rupees
Grant-in-aid		-	2,000,000
Zakat		-	5,000,000
DFID project		-	1,016,193
Rashidabad project		6,850,033	3,627,716
	14.1	6,850,033	11,643,909

14.1 *Reconciliation of defferd donation*

	Note	2016 Rupees	2015 Rupees
Balance as at July 1		11,643,909	-
Received during the year	14.2	6,850,033	11,643,909
		18,493,942	11,643,909
Trasnfered to Income and expenditure account		(11,643,909)	-
Balance as at June 30	14.3	6,850,033	11,643,909

14.2 This represents donation received from Planning & Development Authority of Sindh for Rashidabad project.

14.3 These donations relate to the expenses to be incurred in subsequent periods, therefore, the amounts are initially recognized as liability and transferred to income gradually over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

15 DONATIONS IN CASH

	Note	2016 Rupees	2015 Rupees
For following designated projects			
Nawabshah project		7,200,000	6,100,000
Rahsidabad project		6,958,224	8,608,319
KYI project		6,281,100	11,430,494
DFID project		-	880,807
		20,439,324	27,019,620
For other activities of the Company		110,124,698	108,982,580
		130,564,022	136,002,200

16 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

16.1 *Financial Instruments by Category*

	Note	2016 Rupees	2015 Rupees
Financial Assets			
Long term deposits	6	1,372,428	1,335,878
Long term loans	7	1,912,500	-
Loans and Advances	8	2,046,682	1,616,766
Short term investments	11	63,022,222	48,000,000
Interest accrued		215,938	199,214
Other receivables	10	-	1,968,780
Cash and bank balances	12	36,012,353	35,771,141
		104,582,123	88,891,779
Financial Liabilities			
Accrued liabilities		138,358	65,000

16.2 Risk management policies

The Board of Directors has overall responsibility for the establishment and oversight of the Company's financial risk management. The responsibility includes developing and monitoring the Company's risk management policies. To assist the Board in discharging its oversight responsibility, management has been made responsible for identifying, monitoring and managing the Company's financial risk exposures. The Company's exposure to the risks associated with the financial instruments and the risk management policies and procedures are summarized as follows:

16.2.1 Credit risk and Concentration of Credit Risk

The Company has exposures to the following risks from its use of financial instruments:

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

i) 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. Credit risk arises from the inability of the issuers of the instruments, the relevant financial institution or counter parties, in case of placements or other arrangements, to fulfill their obligations.

Exposure to credit risk

The Company's policy is to enter into financial contracts in accordance with the risk management policies and investment & operations guidelines approved by the Board of Directors.

The carrying amounts of financial assets represent the maximum credit exposures as specified below:

	Note	*2016* *Rupees*	*2015* *Rupees*
Long term deposits	6	**1,372,428**	1,335,878
Long term loans	7	**1,912,500**	-
Loans and Advances	8	**2,046,682**	1,616,766
Short term investments	11	**63,022,222**	48,000,000
Interest accrued		**215,938**	199,214
Other receivables	10	**-**	1,968,780
Bank balances	12	**35,002,787**	34,340,769
		103,572,557	87,461,407

ii) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Company finances its operations through donations and profits from investments with a view to maintaining an appropriate mix between various sources of finances to minimize risk.

The following are the contractual maturities of financial liabilities:-

2016	***Carrying amount***	***Six months or less***	***More than six months***
		-Rupees-	
Accrued liabilities	**138,358**	**138,358**	-

2015	*Carrying amount*	*Six months or less*	*More than six months*
		-Rupees-	
Accrued liabilities	65,000	65,000	-

iii) Market Risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instrument.

a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly due to conversion of foreign currency assets and liabilities into local currency.

Currently, the Company is exposed to currency risk on account of foreign currency bank accounts.

	2016 Rupees	*2015 Rupees*
Foreign currency bank accounts	**1,086,824**	987,333

The following exchange rates have been applied:	***Spot Rate at Reporting Date***	
	2016	*2015*
Euro to Rupees	**116.8013**	113.3611
USD to Rupees	**104.8344**	101.7787

Currency risk sensitivity analysis

At reporting date, if the Rupee is strengthened by 10% against the US dollar and Euro, with all other variables held constant, surplus for the year would have been lower by the amount shown below:

	2016 Rupees	*2015 Rupees*
Effect on surplus	**108,682**	98,733

The weakening of the Rupees against US dollar and Euro would have an equal but opposite impact on the surplus for the year.

The sensitivity analysis prepared is not necessarily indicative of the effects on surplus for the year and assets of the Company.

b) ***Interest rate risk***

The 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.

The Company has significant interest bearing assets where interest rate risk may arise due to fluctuations in the rates. At the balance sheet date, the interest rate profile of the Company's interest bearing financial assets are:

	2016 Rupees	2015 Rupees
Variable rate instruments		
Short term investments	**63,022,222**	48,000,000
Deposit accounts	**11,980,856**	10,576,229
	75,003,078	58,576,229

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit or loss by the amount shown below. This analysis assumes that all other variables remain constant. The analysis has been performed on the same basis for 2015.

	Profit and loss change due to 100 bp increase	Profit and loss change due to 100 bp decrease
	(Rupees in '000')	
As at June 30, 2016		
Cash flow sensitivity	**750,031**	585,762
As at June 30, 2015		
Cash flow sensitivity	**585,762**	265,262

c) ***Price risk***

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Company is exposed to price risk with respect to equity investment. Investments are monitored through continuous trend prevailing in the market for which an investment committee has been setup to take appropriate decision.

A 10% increase / (decrease) in share prices at year end would have increased / (decreased) the Company's profit in case of short term investments at fair value through profit or loss and increase / (decrease) in unrealized gain / (loss) on remeasurement of available for sale investments through OCI as follows:

	Profit and loss change due to 10% increase	Profit and loss change due to 10% (decrease)
	Rupees	
As at June 30, 2016		
Investment at fair value through profit or loss	**1,052,222**	(1,052,222)
As at June 30, 2015		
Investment at fair value through profit or loss		

17 CAPITAL RISK MANAGEMENT

The Company is not exposed to any capital risk management as it has no borrowings from financial institutions and others.

18 RELATED PARTY TRANSACTIONS

The Company has not executed any transaction with related party during the year except for remuneration to chief executive as disclosed in note 19 to these financial statements.

19 REMUNERATION TO CHIEF EXECUTIVE

	Chief Executive		Directors		Total	
	2016	2015	2016	2015	2016	2015
	Rupees					
Managetial remuneration	**210,000**	190,000	-	-	**210,000**	190,000
Number of person	**1**	1	-	-	**1**	1

20 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Director of the Company on 02 SEP 2016.

21 GENERAL

21.1 Figures have been rounded off to the nearest Rupees.

21.2 Number of employees as at June 30, 2016 is 205 (2015: 194)

Director **Director** **Chief Executive**