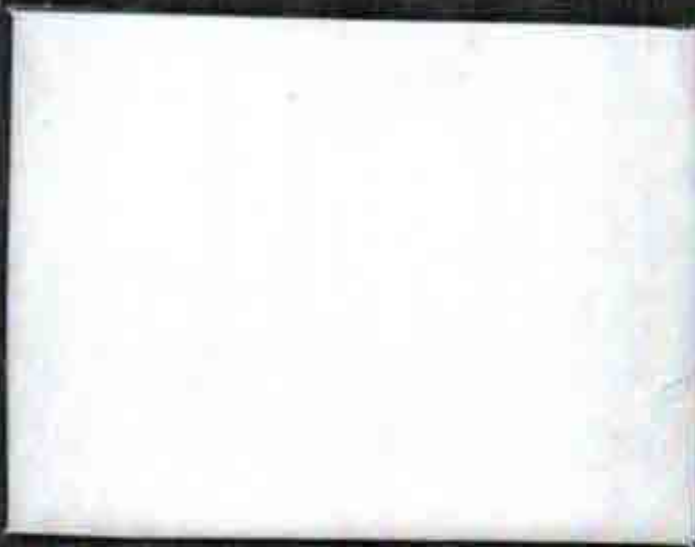


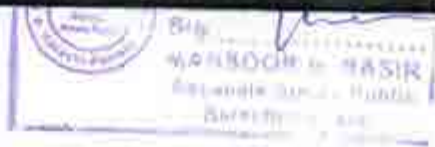
**Deloitte.**

Deloitte Yousuf Adil  
Chartered Accountants



Member of  
Deloitte Touche Tohmatsu Limited

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# Family Education Services Foundation

Financial Statements  
for the year ended June 30, 2018



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## INDEPENDENT AUDITOR'S REPORT

To the members of Family Education Services Foundation

Report on the Audit of Financial Statements

### Opinion

We have audited the annexed financial statements of **Family Education Services Foundation** (the Foundation), which comprise the statement of financial position as at June 30, 2018, and the income and expenditure statement, the statement of changes in net assets, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, income and expenditure statement, the statement of changes in net assets and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Foundation's affairs as at June 30, 2018 and of the income and expenditure, the changes in net assets and its cash flows for the year then ended.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Foundation 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.

### Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information includes Director's note and financial summary. Other information does not include the financial statements and our auditor's report thereon.

Our opinion to the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is material

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misstatement of this other information, we are required to report the fact. We have nothing to report in this regards.

### Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Foundation's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements.



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**MANSOOR A. NASIR**  
Advocate Notary Public  
ICAC/CPA/10001



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disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors 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.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Foundation as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the income and expenditure account, the statement of changes in net assets and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Foundation's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

### Other Matters

The financial statements of the Foundation for the year ended June 30, 2017 were audited by another firm of chartered accountants who expressed an unmodified opinion on those statements on September 15, 2017.

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

*Deloitte Yousof Adil*  
Chartered Accountants

Date: November 05, 2018  
Place: Karachi



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Family Education Services Foundation  
Statement of Financial Position  
As at June 30, 2018

|                                   | Note | 2018<br>Rupees            | (Restated)<br>2017<br>Rupees |
|-----------------------------------|------|---------------------------|------------------------------|
| <b>Assets</b>                     |      |                           |                              |
| <b>Non-Current Assets</b>         |      |                           |                              |
| Operating fixed assets            | 5    | 60,251,155                | 58,964,280                   |
| Intangible asset                  | 6    | 637,395                   | 745,619                      |
| Long term deposits                | 7    | 636,613                   | 1,717,428                    |
| Long term loans                   | 8    | 1,367,096                 | 1,910,160                    |
|                                   |      | <u>62,892,259</u>         | <u>63,337,487</u>            |
| <b>Current Assets</b>             |      |                           |                              |
| Loans and advances                | 9    | 18,883,094                | 2,667,918                    |
| Prepayments                       | 10   | 637,221                   | 1,613,969                    |
| Interest accrued                  |      | 197,609                   | 215,938                      |
| Other receivables                 |      | 450,843                   | 87,006                       |
| Investments                       | 11   | 104,938,601               | 89,246,791                   |
| Cash and bank balances            | 12   | 61,280,191                | 93,576,994                   |
|                                   |      | <u>186,387,559</u>        | <u>187,408,616</u>           |
| <b>Total Assets</b>               |      | <u><u>249,279,818</u></u> | <u><u>250,746,103</u></u>    |
| <b>Funds And Liabilities</b>      |      |                           |                              |
| <b>Fund</b>                       |      |                           |                              |
| General                           |      | 237,258,095               | 182,251,937                  |
| <b>Current Liabilities</b>        |      |                           |                              |
| Deferred donation                 | 13   | 11,664,884                | 68,349,163                   |
| Accrued liabilities               |      | 356,839                   | 145,003                      |
|                                   |      | <u>12,021,723</u>         | <u>68,494,166</u>            |
| <b>Total Fund and Liabilities</b> |      | <u><u>249,279,818</u></u> | <u><u>250,746,103</u></u>    |
| Contingencies and commitment      | 14   |                           |                              |

The annexed notes from 1 to 27 form an integral part of these financial statements.

Director

Director

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MANSOOR A. NASIR  
Advocate Notary Public  
Karachi-Pakistan

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Family Education Services Foundation  
 Income and Expenditure Statement  
 For the year ended June 30, 2018

|  | Note | 2018<br>Rupees | 2017<br>Rupees |
|--|------|----------------|----------------|
| <b>Income</b>  |      |                |                |
| Income from operating activities                     | 15   | 284,986,599    | 173,931,953    |
| <b>Expenditure</b>                                   |      |                |                |
| Operational expenses                                 | 16   | 214,010,158    | 138,106,475    |
| Administrative and management expenses               | 17   | 8,191,773      | 8,802,334      |
|  |      | (222,201,941)  | (148,908,809)  |
| Other income   | 18   | 2,036,126      | 3,583,788      |
| Other expenses                                       | 19   | (9,540,057)    | (3,935,204)    |
| Finance cost   |      | (274,569)      | (351,213)      |
| Surplus of income over expenditure - before taxation |      | 55,006,158     | 26,320,515     |
| Taxation   |      | -              | -              |
| Surplus of income over expenditure - after taxation  |      | 55,006,158     | 26,320,515     |
| Other comprehensive income for the year              |      | -              | -              |
| Total comprehensive income for the year              |      | 55,006,158     | 26,320,515     |

The annexed notes from 1 to 27 form an integral part of these financial statements.

Director

Director

Chief Executive



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Family Education Services Foundation  
 Statement of Changes in Net Assets  
 For the year ended June 30, 2018

| Description   | Total Net Assets          |
|---|---------------------------|
| Balance as at June 30, 2016   | 155,931,422               |
| Surplus of income over expenditure for the year ended June 30, 2017 | 26,320,515                |
| Other comprehensive income for the year then ended June 30, 2017    | -                         |
| Balance as at June 30, 2017   | <u>182,251,937</u>        |
| Surplus of income over expenditure for the year ended June 30, 2018 | 65,006,158                |
| Other comprehensive income for the year then ended June 30, 2018    | -                         |
| Balance as at June 30, 2018   | <u><u>237,258,095</u></u> |

The annexed notes from 1 to 27 form an integral part of these financial statements.

By

Director 

Director 

  
 Chief Executive



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Family Education Services Foundation  
Statement of Cash flows  
For the year ended June 30, 2018

|   | 2018<br>Rupees | (Restated)<br>2017<br>Rupees |
|---|----------------|------------------------------|
| <b>A. Cash flow from operating activities</b>                             |                |                              |
| Surplus of income over expenditure - before taxation                      | 55,006,158     | 26,320,515                   |
| Adjustment for:   |                |                              |
| Depreciation  | 8,861,265      | 8,593,423                    |
| Amortisation  | 108,224        | 106,016                      |
| Gain on disposal of operating fixed assets                                | (97,133)       | (816,208)                    |
| (Gain) / loss on disposal of investment                                   | (8,861)        | 298,354                      |
| Bad Debts   | 1,103,044      | -                            |
| Finance cost- bank charges  | 274,569        | 351,213                      |
| Exchange Gain   | (93,638)       | -                            |
| Dividend income   | (166,468)      | -                            |
| Unrealized loss / (gain) on remeasurement of investment                   | 2,100,200      | (36,246)                     |
|   | 12,081,203     | 8,496,552                    |
| (Increase) / decrease in current assets:                                  |                |                              |
| Loans and advances  | (16,215,176)   | (821,236)                    |
| Prepayments   | 976,748        | (1,084,044)                  |
| Interest accrued  | 18,329         | (0)                          |
| Other receivables   | (363,837)      | (87,006)                     |
|   | (15,583,936)   | (1,792,286)                  |
| Increase / (decrease) in current liabilities                              |                |                              |
| Deferred donation   | (56,684,279)   | 61,499,130                   |
| Accrued liabilities   | 211,836        | 8,645                        |
|   | (4,969,018)    | 94,530,556                   |
| Finance cost- bank charges paid   | (274,569)      | (351,213)                    |
| Net cash (used in) / generated from operating activities                  | (5,243,587)    | 94,179,343                   |
| <b>B. Cash flows from investing activities</b>                            |                |                              |
| Proceeds from sale of investment  | 383,318        | 55,201,646                   |
| Investment made   | (18,000,000)   | (81,888,322)                 |
| Purchase of operating fixed assets  | (10,506,057)   | (10,822,366)                 |
| Sale proceeds from disposal of operating fixed assets                     | 555,050        | 1,090,000                    |
| Purchase of intangible assets   | -              | (53,000)                     |
| Long term security deposits given   | (22,229)       | (345,000)                    |
| Long term loans repaid / (given)  | 543,064        | 2,340                        |
| Net cash used in investing activities                                     | (27,146,854)   | (36,614,702)                 |
| Net increase in cash and cash equivalent (A+B)                            | (32,390,441)   | 57,564,641                   |
| Cash and cash equivalents at the beginning of the year                    | 93,576,994     | 36,012,353                   |
| Effects of exchange rate changes on bank balance held in foreign currency | 93,638         | -                            |
| Cash and cash equivalents at the end of the year                          | 61,280,191     | 93,576,994                   |

The annexed notes from 1 to 27 form an integral part of these financial statements.

R/s



Director

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Director

MANSOOR A. NASIR  
Anwerakh Notary Public /  
BANDHUBHAIN, KARACHI



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**Family Education Services Foundation**  
**Notes to the Financial Statements**  
**For the year ended June 30, 2018**

**1. Legal status and operations**

1.1 Family Educational Service Foundation (the 'Foundation') was established in 2002 as a limited company. Foundation 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 repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The registered office of the Foundation is located at office # 302, 3rd floor, plot No.16-C, Rahat Lane 3, Phase VI, DHA, Karachi, Pakistan. Currently, the Foundation conducts following projects:

- Deaf Reach Training Centre
- Eduserve Training Program
- Community Service Program
- Technology Based Deaf Education Project
- Pakistan Sign Language Program



**1.2 The geographical location and address of business unit are as under:**

| Location              | Address   |
|-----------------------|---|
| Karachi - Head office | Office # 302, 3rd floor, plot no. 16-C, Rahat Lane 3, Phase VI, DHA, Karachi. |
| Karachi               | Gulistan-e-Jauhar, Block-12, Behind CNG Station, Near Telephone Exchange.     |
| Rashidabad            | Deaf Reach School, Rashidabad, Tando Allah Yar, Sindh.                        |
| Hyderabad             | House No. 282, Deh Sari Dhoreji, Opposite Rani Bagh                           |
| Nawabshah             | Essar Pura, Opposite Haji Naseer Qabristan, New Sabzi Mandi Road              |
| Sukkur                | A-3, Govt. Cooperative Housing Society S.I.T.E. Chowk, Shikerpur Road         |
| Lahore                | 14-Hurza Block, Main Boulevard, Allama Iqbal Town                             |

**2. Summary of significant transactions and events**

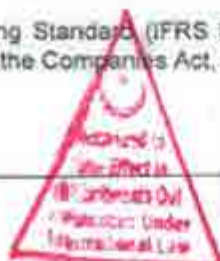
FESF was awarded 2 project based grants from Net hope Rs. 36.2 million and CJMF Foundation amounting Rs. 21.6 million to develop technology based educational tools for deaf children and to distributed all over the country. Furthermore, deferred donation amounting Rs 68.49 Million pertaining to prior year was realized during the year.

**3. Basis of preparation**

**3.1 Statement of compliance**

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;





- Accounting Standard for Not for Profit Organizations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards or Accounting Standard for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

### 3.2 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is also the functional currency of the Foundation. Amounts presented in the financial statements have been rounded off to the nearest of Rupee, unless otherwise stated.

### 3.3 Basis of measurement

These financial statement have been prepared under the historical cost convention except hereafter stated in relevant notes.

### 3.4 Use of Estimates and Judgment

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgement in the process of applying the Institute's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- Useful lives, residual values and depreciation method of operating fixed assets – Note 4.1 and 5.1
- Useful lives, residual values and Amortisation method of intangible assets – Note 4.2 and 6
- Classification of investments - Note 4.4 and 11
- Current income tax expense and provision for current tax - Note 4.5

The revisions to accounting estimates (if any) 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.

### 3.5 New amendments that are effective for the year ended June 30, 2018

The following amendments are effective for the year ended June 30, 2018. These amendments are either not relevant to the Foundation's operations or are not expected to have significant impact on the Institute's financial statements other than certain additional disclosures.

Effective from accounting period  
beginning on or after:

Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative

January 01, 2017

Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealized losses

January 01, 2017

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

The Companies Act, 2017 (the Act) has also brought certain changes with regard to preparation of annual financial statements of the Institute and change in nomenclature of primary statements.





Further, the disclosure requirements contained in the Fifth Schedule to the Act have been revised, resulting in the:

elimination of duplicative disclosures with the IFRS disclosure requirements; and

incorporation of significant additional disclosures.

### 3.6 New accounting standards, amendments and IFRS interpretations that are not yet effective in the current year

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. The applicable changes may have impact on the Foundation's annual financial statements. The management is in the process of determining the impact of such changes.

Effective from accounting period  
beginning on or after:

Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions

January 01, 2018

IFRS 4 'Insurance Contracts' Amendments regarding the interaction of IFRS 4 and IFRS 9.

An entity choosing to apply the overlay approach retrospectively to qualifying financial assets does so when it first applies IFRS 9. An entity choosing to apply the deferral approach does so for annual periods beginning on or after January 01, 2018.

IFRS 9 'Financial Instruments' - This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.

January 01, 2018

IFRS 15 'Revenue' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.

July 01, 2018

IFRS 16 'Leases': This standard will supersede IAS 17 'Leases' upon its effective date.

January 01, 2019

Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements.

January 01, 2019

Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied

January 01, 2019

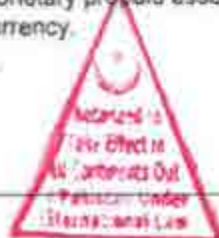
Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property

January 01, 2018,  
Earlier application is permitted.

IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.

January 01, 2018  
Earlier application

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MANSOOR A. NARSI  
Advocate Notary Public  
Karachi-Pakistan



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Effective from accounting period  
beginning on or after:

IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.

January 01, 2019.

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 14 – Regulatory Deferral Accounts
- IFRS 17 – Insurance Contracts

### 3.7 Prior period adjustments

In 2017, Management had erroneously recorded provision for performance guarantee given in the favour of Government of Sindh, which should have been disclosed as commitment. This error has been rectified in the current year and the financial statements have been restated in accordance with the requirements of 'IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors'.

Effect of error in prior period are as follows:

|                                | 2017                      |             |                             |
|--------------------------------|---------------------------|-------------|-----------------------------|
|                                | As previously reported    | As restated | Re-statement                |
|                                | -----Rupees in '000'----- |             |                             |
| <b>Effect on Balance Sheet</b> |                           |             |                             |
| Accrued Liabilities            | 2,752,619                 | 145,003     | 2,607,616                   |
| Long Term Deposit              | 4,325,044                 | 1,717,428   | (2,607,616)                 |
|                                |                           |             | <u>                    </u> |
|                                |                           |             | <u>                    </u> |

Since the above mentioned error occurred during the year ended June 30, 2017 balance sheet for June 30, 2016 has not been disclosed.

### 4. Summary of significant accounting policies

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

#### 4.1. Operating fixed assets

All items of operating fixed assets are initially stated at cost. Assets received as donation are recognized at fair value. Subsequent to initial recognition these are measured at cost less accumulated depreciation and impairment losses, if any.

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Depreciation is charged to income and expenditure statement using the reducing balance method at the rates specified in the note 4. Proportionate depreciation is charged for addition and disposal of assets during the year.

Repairs and maintenance are charged to income and expenditure statement as and when renewals and improvements are capitalized only when it is probable that the future economic benefits associated with the item will flow to the entity and its cost can be measured reliably. Disposal of assets is recognized when significant risk and rewards incidental to the ownership have been transferred.

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

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.

The residual values and useful lives of assets are reviewed and adjusted, if appropriate at each reporting date.

#### 4.2 Intangible asset

These are stated at cost less amortisation using straight line method at the rates stated in notes to the financial statements.

Amortisation is charged from the month in which the amortisable 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 statement.

The Foundation reviews the value of the intangible assets for possible impairment on an annual basis. Any change in the estimates is adjusted prospectively in accordance with the requirements of IAS 8.

#### 4.3 Loans to employees

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

#### 4.4 Investments

##### Held to maturity

Investments with fixed payments and maturity that the Foundation has the intent and ability to hold to maturity are classified as held-to-maturity investments and are carried at amortised cost. Profit on held-to-maturity investments are recognised in income and expenditure statement.

##### 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 income and expenditure statement. The fair value of such equity investments representing listed equity is determined on the basis of prevailing market prices.

#### 4.5 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and cash at banks in current and deposit accounts.

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#### 4.6 Taxation

The Foundation has been approved as a non-profit organization under section 2(36)(c) of the Income Tax Ordinance, 2001. The Foundation is allowed 100% tax credit against the tax liability including minimum tax and final taxes, under section 100C of the Income Tax Ordinance, 2001.

#### 4.7 Income recognition

Donations for operations of projects are recognised as income as and when received.

Donation in kind is recognised at fair value when received. If the fair value of donated asset exceeds the capitalisation limit, it is recognised as an item of operating fixed assets in accordance with the Foundation's policy and the amount of donation is recognised as deferred income and amortised over the useful life of asset from date asset is available for intended use. Donation received in kind which are below the capitalisation limit are recognised as income for the year.

Donation from USAID, Grant in Aid, Planning & Development Authority of Sindh, Net Hope, Sindh Government, Zakat and others are deferred and recognized as income on a systematic basis to match them with the related costs that they are intended to compensate.

Income from voluntary participation from parents are recognised as and when received.

#### 4.8 Change in Accounting Policy

During the year, the Foundation has changed its policy relating to restriction on net assets.

In previous years, the Foundation identified the un amortised cost of operating fixed assets at reporting date as restricted net assets. During the current year, the Foundation has re-evaluated and assessed that operating fixed assets are not restricted for any specific purpose.

As per revised policy, statement of changes in net assets would not require any bifurcation between restricted net assets and un restricted net assets.

The above mentioned change in policy does not have any impact on statement of financial position in the financial statements for the year ended June 30, 2016 and June 30, 2017 and therefore statement of financial position for June 30, 2016 has not been disclosed.

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5. Operating Fixed Assets

| Particulars            | Region                        |            |           |            | 2018       | 2017       |            |
|------------------------|-------------------------------|------------|-----------|------------|------------|------------|------------|
|                        | Karachi, Hyderabad and Lahore | Sukkur     | Nawabshah | Rashidabad | Total      | Total      |            |
| Note                   | 5.1                           | 5.2        | 5.3       | 5.4        |            |            |            |
| ----- Rupees -----     |                               |            |           |            |            |            |            |
| Furniture and fittings | 7,136,946                     | 575,297    | 1,151,031 | 11,932,797 | 20,796,071 | 20,009,715 |            |
| Vehicles               | 6,301,455                     | 919,906    | 981,133   | 227,149    | 8,429,673  | 10,476,341 |            |
| Office equipments      | 11,866,061                    | 2,931,848  | 1,323,718 | 5,730,719  | 21,852,346 | 19,918,938 |            |
| Computer equipments    | 3,647,013                     | 430,195    | 116,452   | 304,045    | 4,497,705  | 3,064,965  |            |
| Office renovation      | 3,196,845                     | -          | 1,476,514 | -          | 4,673,359  | 5,192,621  |            |
|                        | 2018                          | 32,148,350 | 4,857,246 | 6,050,849  | 18,194,710 | 60,251,155 | 58,964,280 |
|                        | 2017                          | 32,740,311 | 3,001,321 | 5,818,700  | 17,605,940 | -          | 58,964,280 |

5.1 Karachi, Hyderabad and Lahore Region

| Particulars            | Cost                |  |                     |            | Depreciation        |                     |                     | WDV as on June 30, 2018 |            |
|------------------------|---------------------|--|---------------------|------------|---------------------|---------------------|---------------------|-------------------------|------------|
|                        | As on July 01, 2017 | Additions/ (Disposals) during the year | As on June 30, 2018 | Rate       | As on July 01, 2017 | For the year        | As on June 30, 2018 |                         |            |
| ----- Rupees -----     |                     |  |                     |            |                     |                     |                     |                         |            |
| Furniture and fittings | 12,049,136          | 315,364                                | 12,364,500          | 10%        | 4,456,057           | 771,497             | 5,227,554           | 7,136,946               |            |
| Vehicles               | 19,589,900          | 260,000 (785,000)                      | 19,794,900          | 20%        | 11,771,794          | 2,018,704 (327,083) | 13,463,415          | 6,301,465               |            |
| Office equipments      | 20,334,736          | 2,184,700                              | 22,499,526          | 10%        | 9,466,561           | 1,166,664           | 10,633,465          | 11,866,061              |            |
| Computer equipments    | 9,272,357           | 1,821,313                              | 11,193,670          | 33.3%      | 6,363,456           | 1,183,221           | 7,546,657           | 3,647,013               |            |
| Office renovation      | 4,472,573           | -                                      | 4,472,573           | 10%        | 920,523             | 355,205             | 1,275,728           | 3,196,845               |            |
|                        | 2018                | 65,716,702                             | 5,361,467 (785,000) | 70,295,169 |                     | 32,978,391          | 5,495,611 (327,083) | 38,146,819              | 32,148,350 |
|                        | 2017                | 81,236,579                             | 4,482,123           | 65,716,702 |                     | 28,850,932          | 4,127,459           | 32,978,391              | 32,740,311 |

5.2 Sukkur Region

| Particulars            | Cost                |                           |                     |            | Depreciation        |              |                     | WDV as on June 30, 2018 |
|------------------------|---------------------|---------------------------|---------------------|------------|---------------------|--------------|---------------------|-------------------------|
|                        | As on July 01, 2017 | Disposals during the year | As on June 30, 2018 | Rate       | As on July 01, 2017 | For the year | As on June 30, 2018 |                         |
| ----- Rupees -----     |                     |                           |                     |            |                     |              |                     |                         |
| Furniture and fittings | 1,436,020           | -                         | 1,436,020           | 10%        | 796,801             | 63,922       | 860,723             | 575,297                 |
| Vehicles               | 5,453,353           | -                         | 5,453,353           | 20%        | 4,333,470           | 229,977      | 4,563,447           | 919,906                 |
| Office equipments      | 2,031,271           | 2,000,010                 | 4,636,281           | 10%        | 1,419,052           | 285,381      | 1,704,433           | 2,926,848               |
| Computer equipments    | -                   | 455,498                   | 455,498             | 33.3%      | -                   | 25,303       | -                   | -                       |
|                        | 2018                | 9,550,644                 | 2,460,508           | 12,011,152 |                     | 6,549,323    | 604,583             | 8,550,644               |
|                        | 2017                | 9,550,644                 | -                   | 9,550,644  |                     | 6,056,137    | 493,186             | -                       |

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 Assistant Deputy Public  
 Karachi Region



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5.3 Nawabshah Region

| Particulars            | Cost                |                          |                     | Rate  | Depreciation        |                  |                     | WDV as on June 30, 2018 |                  |
|------------------------|---------------------|--------------------------|---------------------|-------|---------------------|------------------|---------------------|-------------------------|------------------|
|                        | As on July 01, 2017 | Addition during the year | As on June 30, 2018 |       | As on July 01, 2017 | For the year     | As on June 30, 2018 |                         |                  |
|                        | ----- Rupees -----  |                          |                     |       | ----- Rupees -----  |                  |                     |                         |                  |
| Furniture and fittings | 2,098,252           |                          | 2,098,252           | 10%   | 819,329             | 127,892          | 947,221             | 1,151,031               |                  |
| Vehicles               | 3,400,400           |                          | 3,400,400           | 20%   | 2,173,984           | 245,293          | 2,419,207           | 981,133                 |                  |
| Office equipments      | 2,381,844           |                          | 2,381,844           | 10%   | 911,046             | 147,080          | 1,058,126           | 1,323,718               |                  |
| Office renovation      | 2,741,039           |                          | 2,741,039           | 10%   | 1,100,468           | 164,057          | 1,264,525           | 1,478,514               |                  |
| Computer equipments    | -                   | 126,742                  | 126,742             | 33.3% |                     | 8,290            | 8,290               | 118,452                 |                  |
|                        | <b>2018</b>         | <b>10,621,535</b>        | <b>126,742</b>      |       | <b>10,748,277</b>   | <b>5,004,827</b> | <b>692,602</b>      | <b>5,697,429</b>        | <b>5,050,848</b> |
|                        | <b>2017</b>         | <b>10,621,535</b>        | <b>-</b>            |       | <b>10,621,535</b>   | <b>4,210,412</b> | <b>794,415</b>      | <b>5,004,827</b>        | <b>5,816,708</b> |

5.4 Rashidabad Region

| Particulars            | Cost                |                          |                     | Rate % | Depreciation        |                  |                     | WDV as on June 30, 2018 |                   |
|------------------------|---------------------|--------------------------|---------------------|--------|---------------------|------------------|---------------------|-------------------------|-------------------|
|                        | As on July 01, 2017 | Addition during the year | As on June 30, 2018 |        | As on July 01, 2017 | For the year     | As on June 30, 2018 |                         |                   |
|                        | ----- Rupees -----  |                          |                     |        | ----- Rupees -----  |                  |                     |                         |                   |
| Furniture and fittings | 13,416,779          | 2,657,340                | 16,074,119          | 10%    | 2,918,285           | 1,223,037        | 4,141,322           | 11,932,797              |                   |
| Vehicles               | 693,204             | -                        | 693,204             | 20%    | 409,268             | 56,787           | 466,055             | 227,149                 |                   |
| Office equipments      | 8,607,056           | -                        | 8,607,056           | 10%    | 2,239,590           | 636,747          | 2,876,337           | 5,730,719               |                   |
| Computer equipments    | 1,370,565           | -                        | 1,370,565           | 33.3%  | 914,521             | 151,999          | 1,066,520           | 304,045                 |                   |
|                        | <b>2018</b>         | <b>24,087,604</b>        | <b>2,657,340</b>    |        | <b>26,744,944</b>   | <b>6,481,664</b> | <b>2,068,570</b>    | <b>8,550,234</b>        | <b>18,194,710</b> |
|                        | <b>2017</b>         | <b>16,188,381</b>        | <b>4,919,243</b>    |        | <b>24,067,604</b>   | <b>4,450,509</b> | <b>2,031,155</b>    | <b>6,481,664</b>        | <b>17,605,940</b> |

Note: 2018 Rupees 2017 Rupees

5.5 Depreciation charge for the year has been allocated as follows:

|  |    |                  |                  |
|--|----|------------------|------------------|
| Operational expenses                   | 16 | 7,978,138        | 7,734,061        |
| Administrative and management expenses | 17 | 886,127          | 859,342          |
|  |    | <b>8,864,265</b> | <b>8,593,403</b> |

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|                                  | Note | 2018<br>Rupees   | 2017<br>Rupees     |
|----------------------------------|------|------------------|--------------------|
| <b>6. Intangible asset</b>       |      |                  |                    |
| <b>Computer software</b>         |      |                  |                    |
| <b>Cost</b>                      |      |                  |                    |
| Balance as on July 01,           |      | 1,082,238        | 1,029,238          |
| Additions during the year        |      | -                | 53,000             |
| Balance as on June 30,           |      | <u>1,082,238</u> | <u>1,082,238</u>   |
| <b>Amortisation for the year</b> |      |                  |                    |
| Balance as on July 01,           |      | 336,619          | 230,603            |
| Charge for the year              |      | 108,224          | 106,016            |
| Balance as on June 30,           |      | <u>444,843</u>   | <u>338,619</u>     |
| Net book value as on June 30,    |      | <u>637,395</u>   | <u>745,619</u>     |
| <b>Rate</b>                      |      | <u>10%</u>       | <u>10%</u>         |
|                                  |      | 2018             | (Restated)<br>2017 |
|                                  |      | Rupees           | Rupees             |
| <b>7. Long term deposits</b>     |      |                  |                    |
| - Against                        |      |                  |                    |
| Rent                             |      | 533,000          | 573,000            |
| Benazir Bhutto Youth Project     | 6.1  | -                | 1,074,150          |
| Utilities                        |      | 103,613          | 70,278             |
|                                  |      | <u>636,613</u>   | <u>1,717,428</u>   |

6.1 FESF in collaboration with Benazir Bhutto Shaheed Youth Development Program has been running a skill training and Development program in Karachi, Hyderabad, Rashidabad, Sukkur and Nawabshah since 2010. As per agreement, FESF had to submit a security deposit for each phase. The amount is pending for more than 8 years. Despite of several follow-ups and reminders no positive response is received. Therefore, Management has decided to write off these security deposits as it is certain that FESF will not be able to recover those amounts.

|   | Note | 2018<br>Rupees | 2017<br>Rupees |
|---|------|----------------|----------------|
| <b>8. Long term loans</b>                         |      |                |                |
| - Considered good                                 |      |                |                |
| Car loan  |      |                |                |
| Bike loan   |      |                |                |
| Vehicle loans to staff                            |      |                |                |
| Less: current maturity shown under current assets |      |                |                |

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|  | Note | 2018<br>Rupees     | 2017<br>Rupees    |
|--|------|--------------------|-------------------|
| 9. Loan and advances                   |      |                    |                   |
| Loans                                  |      |                    |                   |
| - Considered good                      |      |                    |                   |
| Cash loans to staff                    |      | 1,047,519          | 779,869           |
| Current maturity of long term loans    | 8    | 626,034            | 659,004           |
|  |      | <u>1,673,553</u>   | <u>1,438,893</u>  |
| Advances:                              |      |                    |                   |
| Advance to suppliers                   |      | 17,197,709         | 1,247,193         |
| Advance salary                         |      | 11,632             | (18,168)          |
|  |      | <u>18,883,094</u>  | <u>1,229,025</u>  |
| 10. Prepayments                        |      |                    |                   |
| Insurance                              |      | 637,221            | 653,969           |
| Rent                                   |      | -                  | 960,000           |
|  |      | <u>637,221</u>     | <u>1,613,969</u>  |
| 11. Investments                        |      |                    |                   |
| - Held to maturity                     |      |                    |                   |
| Monthly modarba certificates           |      |                    |                   |
| - Meezan Bank Ltd                      | 11.1 | 45,000,000         | 27,000,000        |
| -At fair value through profit and loss |      |                    |                   |
| Mutual funds                           |      |                    |                   |
| Meezan - Islamic Income Fund           |      | 10,615,970         | 10,526,589        |
| - Balanced Fund                        |      | 19,909,516         | 21,861,864        |
| NAFA - Islamic Asset Allocation Fund   |      | 13,398,629         | 14,689,502        |
| - Islamic Income Fund                  |      | 15,991,382         | 15,168,836        |
| - Islamic Stock Fund                   |      | 22,448             | -                 |
| - Riba Free Saving Fund                |      | 656                | -                 |
|  |      | <u>59,938,601</u>  | <u>62,246,791</u> |
|  |      | <u>104,938,601</u> | <u>89,246,791</u> |

11.1 These investments carry mark-up at the rate of 4% to 4.5% (2016: 3.5% to 4%) per annum.

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11.2 Details of investments in mutual funds are as follows:

2018

| Particulars                        | Number of units | Carrying value at June 30, 2018 | Fair value at June 30, 2018 | Unrealized (loss) / gain |
|------------------------------------|-----------------|---------------------------------|-----------------------------|--------------------------|
|                                    |                 |                                 |                             |                          |
| Meezan Islamic Income Fund         | 198,136         | 10,182,475                      | 10,615,970                  | 433,495                  |
| Meezan Balance Fund                | 1,289,785       | 21,861,864                      | 19,909,516                  | (1,952,348)              |
| NAFA Islamic Asset Allocation Fund | 863,714         | 14,749,934                      | 13,398,629                  | (1,351,305)              |
| NAFA Islamic Income Fund           | 1,600,419       | 15,221,289                      | 15,991,382                  | 770,093                  |
| NAFA Islamic Stock Fund            | 1,970           | 22,604                          | 22,448                      | (156)                    |
| NAFA Riba Free Savings Fund        | 61              | 635                             | 656                         | 21                       |
| <b>Total</b>                       |                 | <b>62,038,801</b>               | <b>59,938,601</b>           | <b>(2,100,200)</b>       |

2017

| Particulars                        | Number of units | Carrying value at June 30, 2017 | Fair value at June 30, 2017 | Unrealized (loss) / gain |
|------------------------------------|-----------------|---------------------------------|-----------------------------|--------------------------|
|                                    |                 |                                 |                             |                          |
| Meezan Islamic Income Fund         | 204,837         | 10,522,214                      | 10,526,589                  | 4,375                    |
| Meezan Balance fund                | 1,289,785       | 22,000,008                      | 21,861,864                  | (138,144)                |
| NAFA Islamic Asset Allocation Fund | 859,940         | 14,553,460                      | 14,689,502                  | 136,043                  |
| NAFA Islamic Income Fund           | 1,594,990       | 15,134,863                      | 15,168,836                  | 33,973                   |
| <b>Total</b>                       |                 | <b>62,210,544</b>               | <b>62,246,791</b>           | <b>36,247</b>            |

| 12. Cash and bank balances | Note | 2018       | 2017       |
|----------------------------|------|------------|------------|
|                            |      | Rupees     | Rupees     |
| Cash in hand               |      | 912,646    | 1,817,415  |
| Cash at bank               |      |            |            |
| - Local currency           |      |            |            |
| Current accounts           | 12.1 | 43,784,665 | 74,815,832 |
| Deposit accounts           | 12.2 | 16,007,749 | 16,362,372 |
|                            |      | 59,792,414 | 91,178,204 |
| - Foreign currency         |      |            |            |
| Current accounts           |      | 575,131    | 581,375    |
|                            |      | 61,280,191 | 93,576,994 |

12.1 An amount of Rs. 2,607,616 (2017: Rs. 2,607,616) has been marked as lien against guarantee provided by Meezan Bank Limited in favour of Government of Sindh as disclosed in note 14.2.

12.2 These carry markup at the rate of 4 % to 4.5% (2017: 3.5% to 4.5%) per annum.

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|   | Note | 2018<br>Rupees       | 2017<br>Rupees      |
|---|------|----------------------|---------------------|
| 13. Deferred donation                           | 13.1 | <u>11,664,884</u>    | <u>68,349,163</u>   |
| 13.1 Reconciliation of deferred donation        |      |                      |                     |
| Balance as at July 01,                          |      | 68,349,163           | 68,50,033           |
| Received during the year                        |      | <u>79,025,959</u>    | <u>104,122,644</u>  |
|   |      | 147,375,122          | 110,972,677         |
| Transferred to income and expenditure statement |      | <u>(135,710,238)</u> | <u>(42,623,514)</u> |
| Balance as at June 30,                          | 13.2 | <u>11,664,884</u>    | <u>68,349,163</u>   |

13.2 These are donations / contributions related to the expenses to be incurred in subsequent periods, and are therefore, 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.

|   | 2018<br>Rupees    | 2017<br>Rupees    |
|---|-------------------|-------------------|
| Breakup of the deferred donations as on the reporting date is as follows: |                   |                   |
| Net Hope Project  | 1,478,301         | 28,922,451        |
| USAID Sukkur Project  | 12,945            | 28,019            |
| Planning and Development (P&D) Project Phase 6                            | 481,194           | 5,398,693         |
| Nawabshah Project   | -                 | 2,000,000         |
| KYI Grant   | 8,340,071         | -                 |
| CJMF Foundation grant   | 1,352,373         | -                 |
| Sindh Government  | -                 | 32,000,000        |
|   | <u>11,664,884</u> | <u>68,349,163</u> |

13.3 Breakup of the deferred donations realised during the year is as follows:

(a) Designated for specific projects

|  |                    |                   |
|--|--------------------|-------------------|
| Net Hope Project                               | 34,722,590         | -                 |
| Planning and Development (P&D) Project Phase 6 | 10,316,749         | -                 |
| KYI Grant                                      | 36,360,029         | -                 |
| CJMF Foundation grant                          | 20,295,796         | -                 |
| Sukkur Project                                 | 15,074             | 15,272,981        |
| Rashidabad Project                             | -                  | 9,350,533         |
| Nawabshah project                              | 2,000,000          | 10,000,000        |
|  | <u>103,710,238</u> | <u>34,623,514</u> |
|  | 32,000,000         | 8,000,000         |
|  | <u>135,710,238</u> | <u>42,623,514</u> |

(b) Non-designated



14. Contingencies and Commitments

14.1 Contingencies

There are no contingencies as at June 30, 2018 and June 30, 2017.

14.2 Commitment

Two letter of guarantees amounting to Rs. 2,607,616 (2017: Rs. 2,607,616) given by Meezan Bank Limited. Foundation had entered into a project agreement with Planning and Development Department, Government of Sindh in 2017, according to which they are required to establish a Deaf Reach School in Hyderabad and Rashidabad for which Government of Sindh has provided funding of Rs. 26,996,250 each. According to the project agreement, Foundation had to provide performance security at 5% of the total approved project cost in form of bank guarantee in favour of Government of Sindh to Rs. 1,349,812 and Rs. 1,257,804 respectively.

|                                      | Note | 2018<br>Rupees     | 2017<br>Rupees     |
|--------------------------------------|------|--------------------|--------------------|
| 15. Income from operating activities |      |                    |                    |
| Donation                             | 15.1 | 276,450,501        | 165,447,891        |
| Donation in kind                     | 15.2 | 2,965,218          | 1,227,490          |
| Voluntary participation from parents | 15.3 | 5,570,880          | 7,256,572          |
|                                      |      | <u>284,986,599</u> | <u>173,931,953</u> |

15.1 Donation

(a) Designated for specific projects

|  |        |                    |                    |
|--|--------|--------------------|--------------------|
| Nawabshah project                                |        | 12,000,000         | -                  |
| Rashidabad Project                               |        | 3,925,117          | -                  |
| Sukkur project                                   |        | 7,203,242          | -                  |
| KYI Project                                      |        | -                  | 8,889,300          |
|  |        | <u>23,128,359</u>  | <u>8,889,300</u>   |
| (b) Non-designated                               | 15.1.1 | 117,611,904        | 113,935,097        |
| (c) Deferred donation realized during the period | 13.3   | 135,710,238        | 42,623,514         |
|  |        | <u>276,450,501</u> | <u>165,447,911</u> |

15.1.1 Includes sponsorships received from Department for International Development amounting to Rs.2,097,621 (2017: Rs. 772,000). These funds are utilized according to the agreement.

15.2 It includes Rs. 2,183,735 (2017: Rs. 1,209,025) and Rs. 656,483 (2017: Rs. 18,465) in respect of items of necessities and insurance services respectively.

15.3 This represents voluntary payments from the parents of students against the educational services being rendered by the Foundation for their children.

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|   | Note | 2018<br>Rupees     | 2017<br>Rupees     |
|---|------|--------------------|--------------------|
| <b>16. Operational expenses</b>           |      |                    |                    |
| Salaries and other benefits               |      | 91,472,434         | 73,847,481         |
| Eduserve program                          |      | 32,160,843         | 7,279,181          |
| Technology based deaf education project   |      | 38,278,434         | -                  |
| Transportation                            |      | 2,021,428          | 1,722,893          |
| Utilities                                 |      | 7,769,057          | 8,232,266          |
| Rent, rates and taxes                     |      | 7,899,291          | 7,395,808          |
| Pakistan Sign Language Program            |      | 350,100            | 26,500             |
| Training costs                            |      | 2,427,422          | 6,884,172          |
| Vehicle running expense                   |      | 4,768,499          | 3,526,968          |
| Student benefits                          |      | 4,130,986          | 4,058,442          |
| Repair and maintenance                    |      | 2,494,046          | 3,937,564          |
| Community service                         |      | 231,851            | 574,750            |
| Events, function and fund raising program |      | 7,488,306          | 8,917,761          |
| Consultancy and professional charges      |      | 166,000            | -                  |
| Printing and stationery                   |      | 1,668,548          | 1,751,970          |
| Insurance                                 |      | 1,052,737          | 1,010,218          |
| Hospitality                               |      | 474,862            | 419,960            |
| Postage and communication                 |      | 1,180,186          | 986,663            |
| Depreciation                              | 5.   | 7,975,139          | 7,734,081          |
|   |      | <u>214,010,168</u> | <u>138,106,475</u> |

**17. Administrative and management expenses**

|   |   |                  |                  |
|---|---|------------------|------------------|
| Salaries and other benefits               |   | 6,078,536        | 5,585,902        |
| Transportation                            |   | 116,548          | 696,376          |
| Utilities                                 |   | 261,388          | 234,738          |
| Rent, rates and taxes                     |   | 170,637          | 114,000          |
| Training costs                            |   | 72,497           | 26,934           |
| Vehicle running expense                   |   | 30,038           | 51,457           |
| Repair and maintenance                    |   | 253,055          | 519,358          |
| Events, function and fund raising program |   | 17,814           | 3,600            |
| Consultancy and professional charges      |   | 203,000          | 349,340          |
| Printing and stationery                   |   | 101,531          | 26,947           |
| Insurance                                 |   | 35,803           | 76,711           |
| Hospitality                               |   | 209,863          | 58,733           |
| Postage and communication                 |   | 646,722          | 92,882           |
| Depreciation                              | 5 | 886,127          | 859,342          |
| Amortization                              | 6 | 108,224          | 106,016          |
|   |   | <u>8,191,773</u> | <u>6,802,334</u> |

**18. Other income**

Markup income  
Exchange gain  
Gain on disposal of equipment  
Gain on disposal of investments  
Unrealized gain on short term investment  
Dividend income

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Advocate Notary Public  
Karachi



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|                                 | Note | 2018<br>Rupees   | 2017<br>Rupees   |
|---------------------------------|------|------------------|------------------|
| <b>19. Other expenses</b>       |      |                  |                  |
| Other expenses                  |      | 6,211,813        | 3,511,850        |
| Bad debt written off            |      | 1,103,044        | -                |
| Unrealised loss on investments  |      | 2,100,200        | -                |
| Loss on disposal of investments |      | -                | 298,354          |
| Advance tax written off         |      | -                | -                |
| Auditor's remuneration          | 19.1 | 125,000          | 125,000          |
|                                 |      | <u>9,540,057</u> | <u>3,935,204</u> |

19.1 This only pertains to audit fee as out of pocket was not charged and no other service was provided by auditor.

**20. Remuneration of Chief Executive, Directors and Executives**

|                         | Chief Executive    |           | Executives |            |
|-------------------------|--------------------|-----------|------------|------------|
|                         | 2018               | 2017      | 2018       | 2017       |
|                         | ----- Rupees ----- |           |            |            |
| Managerial remuneration | 3,383,000          | 2,305,600 | 26,812,735 | 18,969,950 |
| Number of person        | 1                  | 1         | 10         | 10         |

The Board of Directors have not drawn any remuneration from the Foundation.

**21. 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 20 to these financial statements.

|  | Note | 2018<br>Rupees     | (Restated)<br>2017<br>Rupees |
|--|------|--------------------|------------------------------|
| <b>22. Financial Instruments and risk management</b> |      |                    |                              |
| <b>22.1 Financial Instruments by Category</b>        |      |                    |                              |
| <b>Financial Assets</b>                              |      |                    |                              |
| Long term deposits                                   | 7    | 636,613            | 1,717,428                    |
| Long term loans                                      | 8    | 1,367,096          | 1,910,160                    |
| Loans and advances                                   | 9    | 1,685,385          | 1,420,725                    |
| Investments  | 11   | 104,938,601        | 89,283,038                   |
| Interest accrued                                     |      | 197,609            | 215,938                      |
| Other receivables                                    |      | 450,843            | 87,006                       |
| Cash and bank balances                               | 12   | 61,280,191         | 93,576,994                   |
|  |      | <u>170,556,338</u> | <u>188,211,289</u>           |

**Financial Liabilities**

Accrued liabilities

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## 22.2 Risk management policies

The Board of Directors has overall responsibility for the establishment and oversight of the Foundation's financial risk management. The responsibility includes developing and monitoring the Foundation's risk management policies. To assist the Board in discharging its oversight responsibility, management has been made responsible for identifying, monitoring and managing the Foundation's financial risk exposures. The Foundation's has exposure 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

Credit risk of the Foundation mainly arises from balances with banks, long term deposits, loan to staff, investments and other receivable from members on account of provision of different services. The maximum exposure to credit risk at the reporting date is as follows:

|                    | Note | 2018<br>Rupees     | (Restated)<br>2017<br>Rupees |
|--------------------|------|--------------------|------------------------------|
| Long term deposits | 7    | 636,613            | 1,717,428                    |
| Long term loans    | 8    | 1,367,096          | 1,910,160                    |
| Loans and advances | 9    | 1,625,385          | 1,438,893                    |
| Investments        | 11   | 104,938,601        | 89,283,038                   |
| Interest accrued   |      | 197,609            | 215,938                      |
| Other receivables  |      | 450,843            | 87,006                       |
| Bank balances      | 12   | 60,367,545         | 91,759,579                   |
|                    |      | <u>169,643,692</u> | <u>185,412,042</u>           |

#### Long term deposits

The Foundation has deposited various amounts as security to suppliers against provision of different services. The management does not expect to incur material losses on such deposits and consider such amount is receivable upon termination of service contract from respective suppliers.

#### Long term loans

The Foundation does not expect material loss as such loan is collateralized against the final settlement and retirement benefit accrue to the respective employees who availed the loan

#### Loans and advances

The Foundation has given cash loans to employees. The management does not expect to incur material losses as loans are collateralized against the final settlement of employees.

#### Investments

The Foundation has invested in Modarba certificate in Meezan Bank Limited which has AA+ has also invested in mutual funds managed by Al Meezan Investment Management Management Limited. Mutual funds have ratings in the range of A(f)- to A(f).



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Sig. Mansoor A. Nasir  
MANSOOR A. NASIR  
Notary Public  
ISLAMABAD



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### Interest accrued

The Foundation has accrued interest on Modarba certificate in Meezan Bank Limited which has AA+ rating.

### Other receivables

This includes receivable from employees against payment to health insurance company on their behalf. Foundation does not expect to incur material losses on other receivables as it is collateralized against the final settlement of employees.

### Bank balances

The Foundation has kept surplus liquidity with banks having credit rating in the range of A- to AAA.

## ii) Liquidity Risk

Liquidity risk is the risk that the Foundation will not be able to meet its financial obligations as they fall due. Foundation 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:-

| 2018                | Carrying amount  | Upto one year | more than one year |
|---------------------|------------------|---------------|--------------------|
|                     | -----Rupees----- |               |                    |
| Accrued liabilities | 356,839          | 356,839       | -                  |

| 2017 (Restated)     | Carrying amount  | Upto one year | more than one year |
|---------------------|------------------|---------------|--------------------|
|                     | -----Rupees----- |               |                    |
| Accrued liabilities | 145,003          | 145,003       | -                  |

## 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 Foundation'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 Foundation is exposed to currency risk on account of foreign currency bank accounts.

|                                | 2018<br>Rupees | 2017<br>Rupees |
|--------------------------------|----------------|----------------|
| Foreign currency bank accounts | 575,131        | 581,376        |

The following exchange rates have been applied:

Euro to Rupees

USD to Rupees

2018

142

120





### Currency risk sensitivity analysis

At reporting date, if the Rupee is strengthened / weakened by 10% against the US dollar and Euro, with all other variables held constant, surplus for the year would have been lower/higher by Rs. 57,513 (June 30, 2017: Rs. 58,138) mainly as a result of net foreign exchange loss / gain on translation of foreign currency bank account.

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

### 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 Foundation 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 Foundation's interest bearing financial assets are:

|                                  | 2018<br>Rupees    | 2017<br>Rupees    |
|----------------------------------|-------------------|-------------------|
| <b>Variable rate Instruments</b> |                   |                   |
| Monthly modarba certificates     | 45,000,000        | 27,000,000        |
| Deposit accounts                 | 16,007,749        | 16,362,372        |
|                                  | <u>61,007,749</u> | <u>43,362,372</u> |

### 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) income and expenditure statement by the amount shown below. This analysis assumes that all other variables remain constant. The analysis has been performed on the same basis for 2017.

|                            | Income and expenditure change<br>due to 100 basic points |                 |
|----------------------------|--|-----------------|
|                            | Increase   | (Decrease)      |
|                            | -----Rupees-----   |                 |
| <b>As at June 30, 2018</b> |  |                 |
| Cash flow sensitivity      | <u>16,700</u>  | <u>(16,700)</u> |
| <b>As at June 30, 2017</b> |  |                 |
| Cash flow sensitivity      | <u>27,313</u>  | <u>(27,313)</u> |

### 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 Foundation 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 Foundation surplus in case of investments at fair value through profit or loss as follows:

|   | Surplus change due to 10% |                    |
|---|---------------------------|--------------------|
|   | Increase                  | (Decrease)         |
|   | -----Rupees-----          |                    |
| As at June 30, 2018                             |                           |                    |
| Investment at fair value through profit or loss | <u>5,993,860</u>          | <u>(5,993,860)</u> |
| As at June 30, 2017                             |                           |                    |
| Investment at fair value through profit or loss | <u>6,224,679</u>          | <u>(6,224,679)</u> |

23. Capital risk management

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

24. Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Foundation is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Institute to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Unobservable inputs for the asset or liability (level 3).

As at year end, units in mutual funds are financial instruments which are carried at fair value through profit and loss and are classified under level 1 financial instruments. There are no level 2 and level 3 financial instruments.

25. Number of employees

- At June 30
- Average during the year

2018                      2017



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*[Signature]*  
**MANSOOR A. NASIR**  
Advocate Notary Public  
Karachi Pakistan



26. RECLASSIFICATION

Comparative figures have been re-arranged and re-classified for the purpose of better presentation, the effect of which is not material.

27. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Director of the Foundation on

~~03 NOV 2018~~

*DA*

  
Director

  
Director

  
Chief Executive



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