



THE CITIZENS FOUNDATION

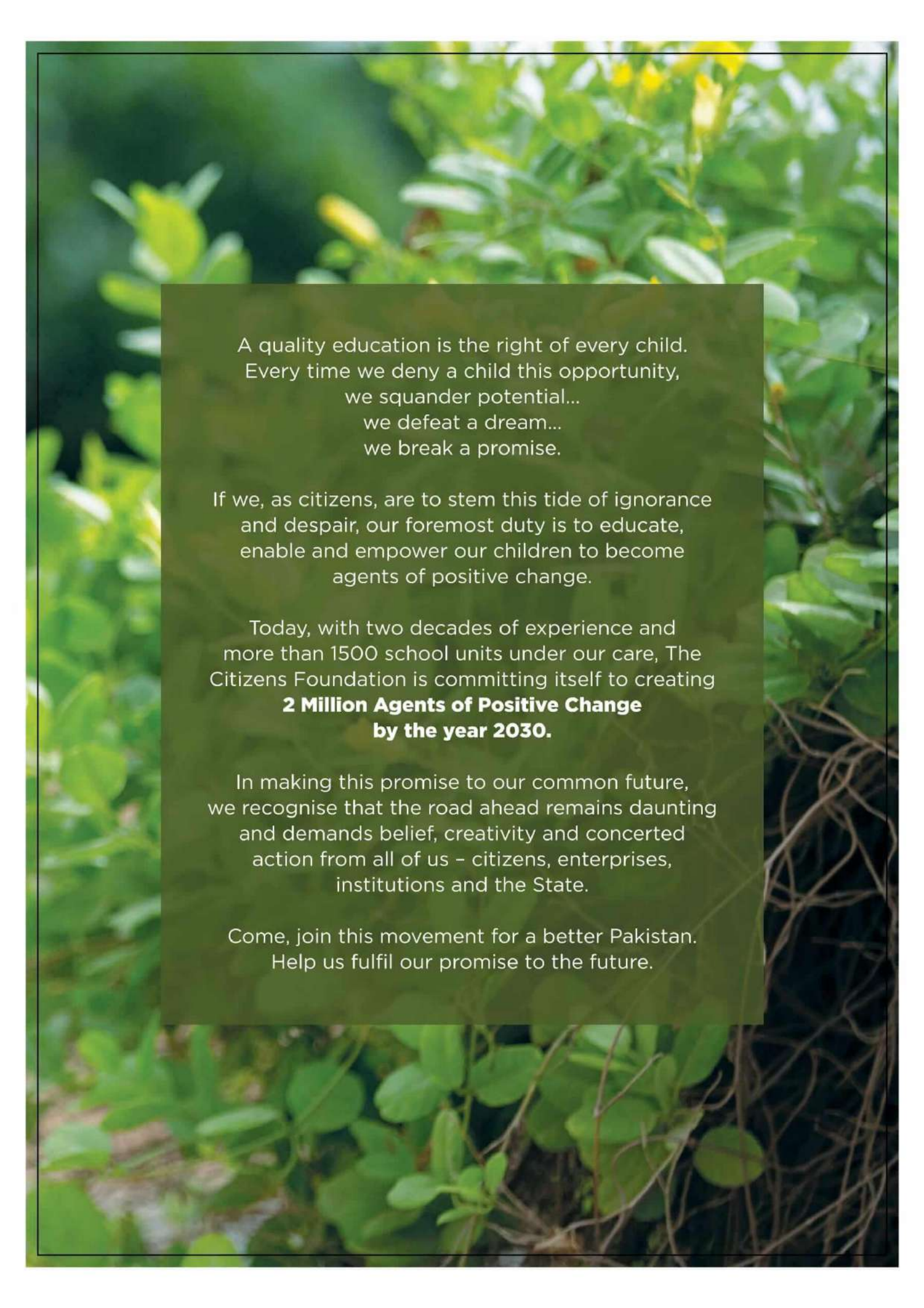


A PROMISE TO THE
FUTURE

ANNUAL REPORT | 2018



Photo Credit - Zorai Nalik



A quality education is the right of every child.
Every time we deny a child this opportunity,
we squander potential...
we defeat a dream...
we break a promise.

If we, as citizens, are to stem this tide of ignorance
and despair, our foremost duty is to educate,
enable and empower our children to become
agents of positive change.

Today, with two decades of experience and
more than 1500 school units under our care, The
Citizens Foundation is committing itself to creating
**2 Million Agents of Positive Change
by the year 2030.**

In making this promise to our common future,
we recognise that the road ahead remains daunting
and demands belief, creativity and concerted
action from all of us – citizens, enterprises,
institutions and the State.

Come, join this movement for a better Pakistan.
Help us fulfil our promise to the future.

Legal Status and Nature of Operations

The Citizens Foundation ('the Foundation') was incorporated in Pakistan as a company limited by guarantee on 24 September 1996 under section 42 of the Companies Act 2017. The Foundation is principally engaged in establishing schools to promote education. The Foundation receives funds from cross sections of society within and outside Pakistan for building primary and secondary schools as well as for operation of schools. These donations are made by organisations, institutions and individuals. All donations to TCF by individuals or corporates are exempt from Income tax as per prescribed limits given in Income tax Ordinance 2001.

The registered office of the Foundation is situated at Plot No. 20, Sector No. 14, Near Brookes Chowrangli, Korangi Industrial Area, Karachi, Pakistan.

JCR-VIS Credit Rating

JCR-VIS Credit Rating Company Limited has affirmed the Nonprofit Organisation Governance rating of The Citizens Foundation at 'GR-9+' on a scale of 1 to 10, which reflects a "Very High Level of Governance".



CONTENTS

- 05 Our Vision, Mission & Values
- 06 Our Impact & TCF School Network
- 12 Agents of Change - TCF Stories
- 27 Review Report by the Chairman
- 29 Directors' Report
- 34 Living Up to a Promise - Operational Updates
- 38 Celebration of Commitment - Supporter Updates
- 46 Our Team & Governance
- 66 Financials
- 109 Contact Information
- 110 Help us Educate
- 111 Easy ways to Give



THE CITIZENS FOUNDATION

The Citizens Foundation (TCF) is a professionally managed, not-for-profit organisation set up in 1995 by a group of citizens who wanted to bring about positive social change through education. 23 years later, TCF is now one of Pakistan's leading organisations in the field of education for the less privileged.

The TCF model focuses on providing quality education through purpose-built schools located in the heart of Pakistan's urban slums and rural communities.

The organisation ensures that girls make up nearly 50% of overall student strength. To magnify its impact, improve enrollment and quality of education, TCF is also adopting Government schools across Pakistan.



Vision

Positive Change

To remove barriers of class and privilege, to make the citizens of Pakistan agents of positive change.

Mission

Quality Education

Through the power of quality education, enabling moral, spiritual and intellectual enlightenment.

Better Future

Creating opportunities to improve quality of life.

Values

Integrity

Ownership

Continuous
Improvement

Our **IMPACT**

We're one of the world's leading formal schooling systems for the less privileged



220,000

students are having a school year filled with learning and laughter!



1,482



school units are imparting quality education

1,118

primary units

360

secondary units

4

higher secondary units

Here's the break-up of our national footprint of school units

Punjab **684**

Sindh **641**

Balochistan **78**

KP **69**

AJK **10**

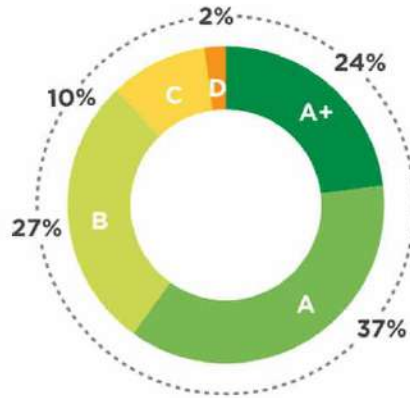


2 YEARS IN EDUCATION

61%

of our matriculating students
secured A+ & A grades this year

The passing percentage of our matriculating students was 95%.



3 YEARS EDUCATION

23,300

TCF students have
matriculated to date



88%

went on to attend college



71%

of alumni aged 22+
are gainfully employed
and another 15% are
still studying*



75,000

women have learnt to
read and write through
Aagahi, our adult
literacy programme



31,200

secondary students
have been mentored by
5000 volunteers through our
structured Rahbar programme



*The above alumni percentages are based on an alumni survey conducted by TCF in 2017.

The infographic shows cumulative numbers of both Aagahi & Rahbar programmes.

A PROMISE TO THE

FUTURE

EDUCATE

by expanding our formal schooling programmes and supporting our alumni through higher education.



We will enhance quality and deepen community outreach across our **TCF Flagship Schools**, enabling them to serve as hubs for thriving communities.



We will improve enrollment and quality of education by **adopting and supporting public schools** in partnership with Provincial Governments.



We will establish **new schools in partnership with provincial educational foundations** to provide quality education in underserved communities.



We will **help our alumni secure tertiary education** with support from the country's premier institutions of higher education.

We aim to create...

TWO MILLION

AGENTS OF POSITIVE CHANGE BY 2030

Pakistan faces a massive educational crisis. To confront this challenge, we have recommitted ourselves to scaling up TCF's impact across Pakistan at an even faster pace. Here's what we aim to do:

EMPOWER

by offering structured interventions providing basic literacy, essential life skills and work readiness competencies, outside the context of formal schooling.



We will continue to **scale our Aagahi Adult Literacy Programme**, providing vital literacy skills and uplifting community awareness.



We will introduce a large-scale, **tiered literacy and life skills programme for 10-16 year olds** who have missed out on formal schooling.



We will design **skill development programmes** focusing on employability and entrepreneurial skills for young people in the communities we serve.

ENABLE

other stakeholders within the education ecosystem to improve outcomes by sharing TCF's programme, experience and capabilities.



We will set up a **Publishing House** to develop and market textbooks, teacher guides and other learning materials in order to enable engaging and integrated student learning.



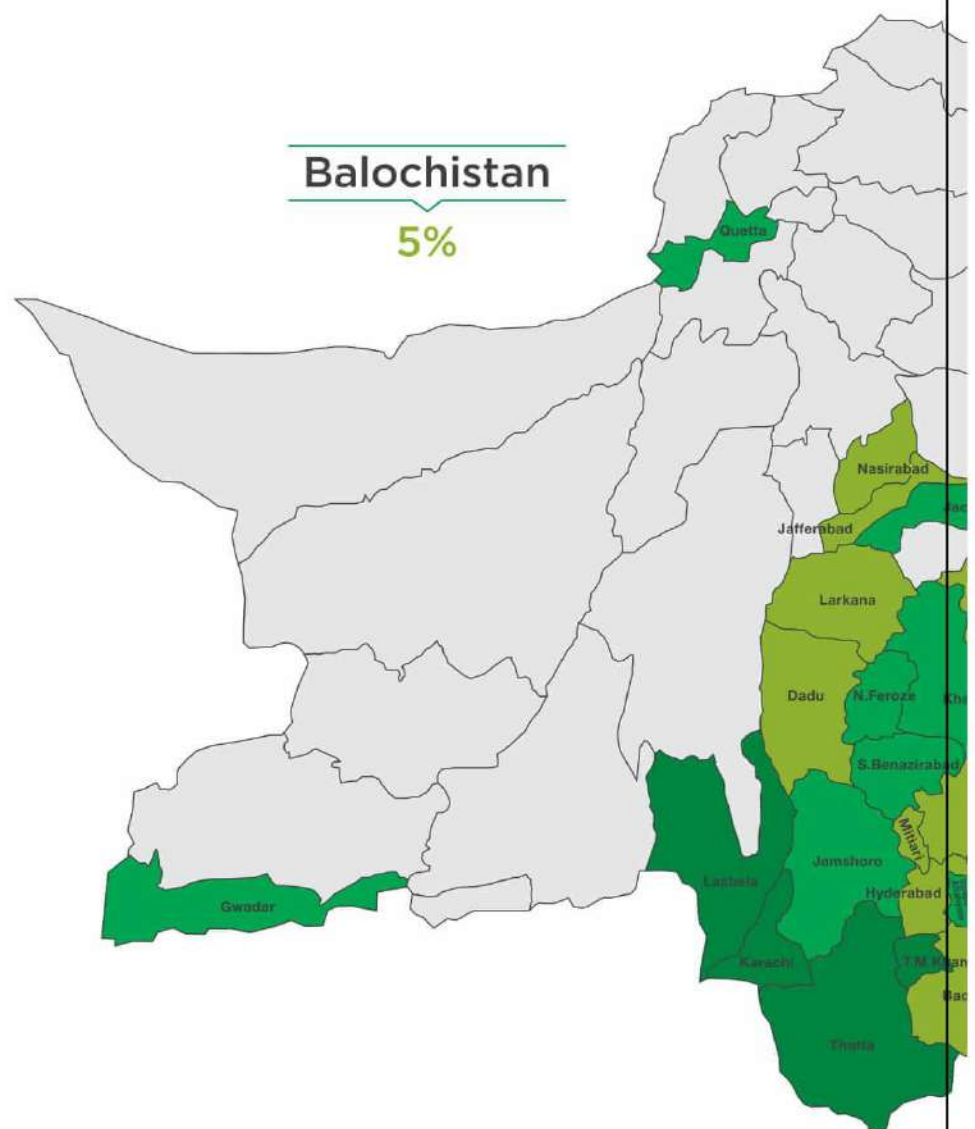
We will leverage decades of staff development experience to create a **teacher training & certification framework** that helps develop and motivate private and public school teachers across a large geographic footprint.

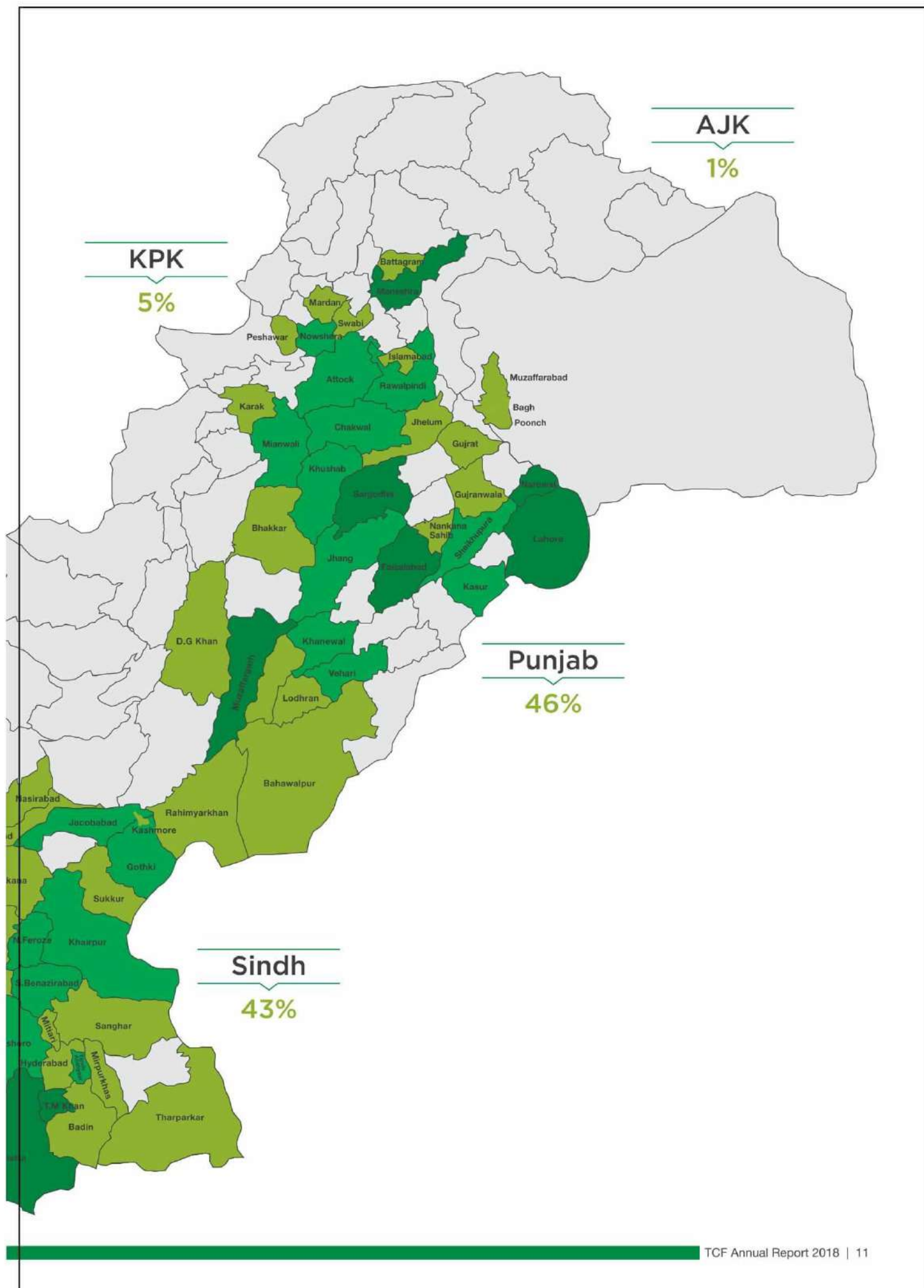
Providing Education ACROSS THE NATION

Our 1,482 school units across 700 sites of the country are equipped to solve the learning crisis and close achievement gaps for children from low-income families.

SCHOOL UNITS

● 1 - 9 ● 10 - 29 ● 30 - 400+





Rebuilding a NEW LIFE

It was 2007; thousands of people were forced to flee their homes in Bajaur Agency as the Pakistan Army intensified its operation against the militants. Jawwad, who was just seven at that time, can clearly recall the horror.

“There were helicopters and jet fighters everywhere, explosions echoed and the sound of warplanes roared above us. We remained confined to our homes, but were soon running short of food and other supplies. That is when our family elders decided to move. We boarded a truck the next morning, travelled for 5-6 hours and reached Nowshera in Khyber Pakhtunkhwa,...our new home” recounts Jawwad.

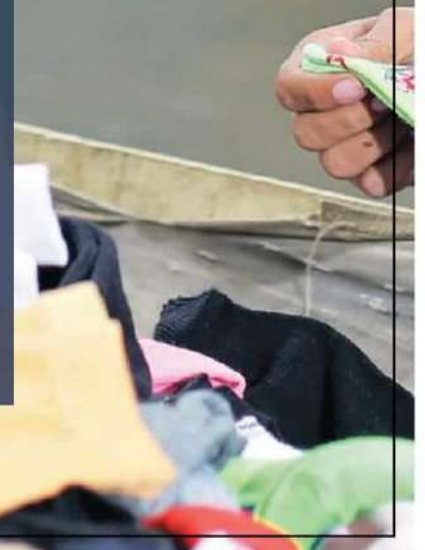
As his family settled into their new abode, Jawwad’s father started to look for work. He got Jawwad and his younger brothers admitted into a nearby government school.

“Our schoolmasters there did not teach us well. They would make us read textbooks without giving any understanding of the topic at all. Then a year later, we found out about the TCF School and its high standard of education. I finally got myself enrolled there in class 6.”

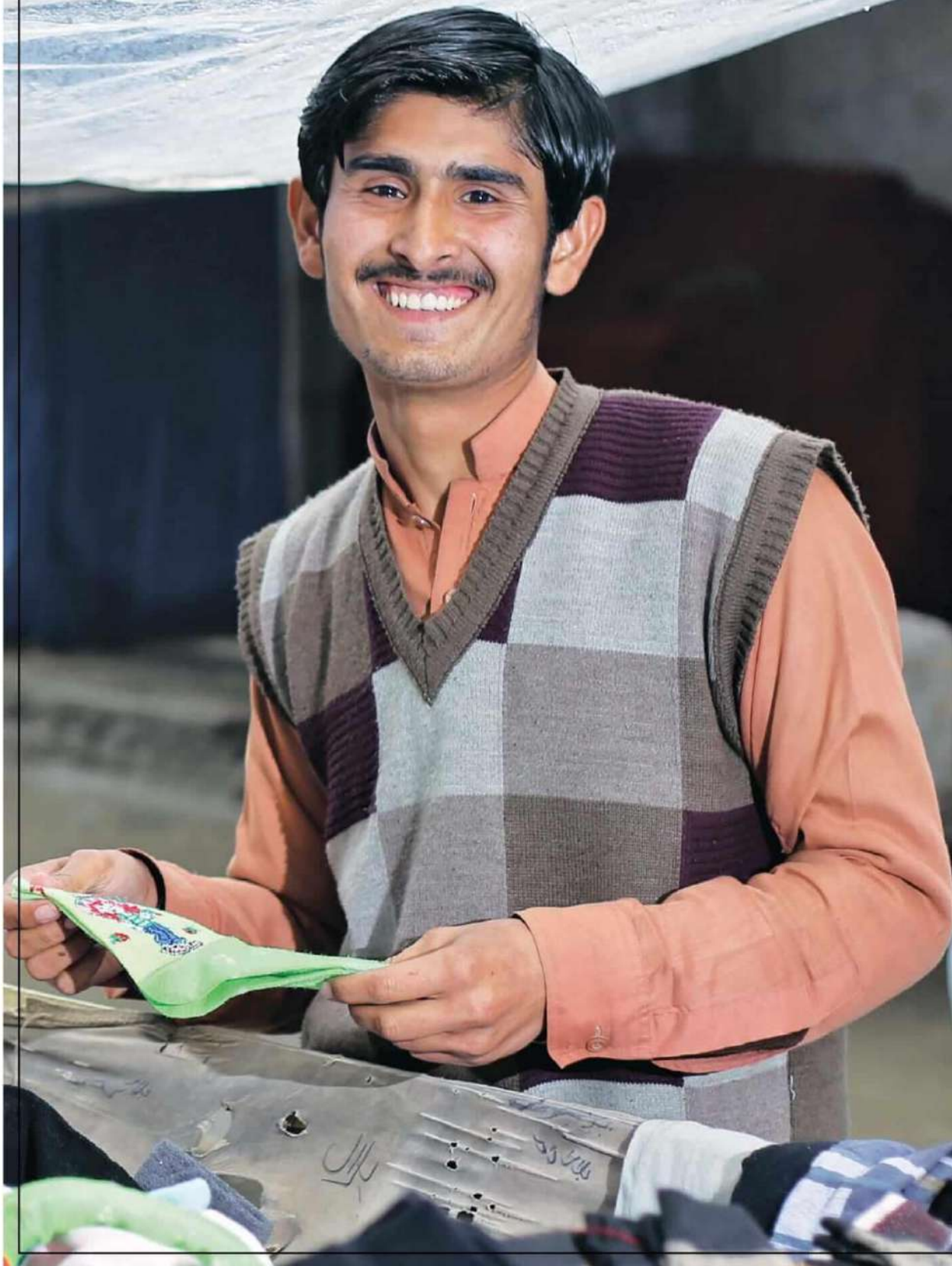
Today, Jawwad is in ninth grade at TCF School, Nowshera. He’s not only a well-rounded student but also assists his father in making a living selling seasonal items at a roadside stall.

“As the winter season approaches, we start selling woollen socks and other warm clothes on our stall, while in summers we sell caps and sunglasses. This helps us make ends meet,” shares Jawwad.

Jawwad wants to become a computer engineer. “My Rahbar (mentor) did tell me that it requires extensive college education, but he also told me that if I work hard at it, I will get there,” Jawwad finished with a grin.



There were helicopters and jet fighters everywhere, explosions echoed and the sound of warplanes roared above us.



The girl in the **CHILLI FIELDS**

Zainab's
parents, both
farmers,
want their
daughter to
become a
teacher,
while she
wants to be a
scientist.





"Hurry up, beti (daughter), it is time to pick," calls Zainab's mother as she wakes her up before the break of dawn. Zainab knows that it is going to be a long day because she and her family would have to work until late evening to get the harvesting done on time.

Zainab, aged 10, a fifth grade student at TCF's

Keti Bander Campus in Sindh goes out to the fields before school, yanks chillies from their plants and drops them into a cloth bag tied around her waist.

"We grow different crops at different times of the year. Sometimes I have to pick chillies, sometimes melons, corn or onions. It is hard, but not so much. My cousins and I also play while we work," Zainab says with a smile.

When it is time, she runs back to change and sets off to school – a place where she learns, laughs, and discovers.

While Zainab's parents, both farmers, want their daughter to become a teacher, Zainab wants to be a scientist.

"Science is so full of wonders. Do you know there is 'Behr-e-Murda' (the Dead Sea) in this world where people don't sink because of high salt in its water? My teacher told me this. I learn so many things about the world and science at my school."

When it is harvesting time, Zainab stays back to complete her homework right after school.

"We work long hours harvesting crop. I find it too difficult to finish my homework after we return, so I do it in the school. This way I also get to sleep on time, and wake up early again," Zainab reveals.



Breaking **THE MOULD**

Women are
more
comfortable
sharing their
grievances
with women.



When she was little, Samina Noreen, living in Moza Kot Sharif, a small village in the Chiniot district of Punjab used to rouse from her sleep for prayers; bowing her head in prostration, beseeching, "O Allah, please help me continue school."

"What's the point in educating your girls, what good will come of it...these were some of the hurtful comments that my father had to deal with all through our school life. He still made sure we continued our education," shares Samina.

Today, Samina's father Dost Muhammad, a daily wage labourer, takes immense pride in the fact that Samina and her three sisters are the only girls in their small village settlement who went on to complete their matriculation.

After matriculation, Samina, did her Intermediate and became the first female police constable of her village.

"Punjab Police had invited applications. When we saw the ad in the newspaper, my elder brother encouraged me to apply. I gave the test and was able to clear it quite easily," says Samina.

Samina is now posted at the Chenab Nagar Rabwa Police Station, an hour and a half away from her home. "Women are more comfortable sharing their grievances with women. I lodge their complaints and take appropriate action after consulting with my seniors."

"This field has never had too many women; but our society has slowly begun to accept the change. Girls are breaking the mould," she reflects.



A Long Walk TO EDUCATION

"My parents enrolled me in kindergarten at TCF School, Sumar Goth Campus, located near the coastline of Karachi, but soon pulled me out because it was nearly 35 minutes to school on foot each way. It wasn't until grade 6 that they decided to take on this difficulty for the sake of my good education, putting me back into TCF," narrates Sabahat Kashif, TCF School alumna 2015.

Sabahat's father, who is a machine operator, felt that it was unsafe for girls to be walking to school alone as they often run the risks of being harassed or teased. So, it was her mother who took the responsibility of walking her and her 3 siblings to school, braving the danger of walking the streets along with the intense heat and humidity.

After passing her matriculation with flying colours, Sabahat applied at the newly established TCF College for Intermediate. She went through a rigorous selection process and became part of the first cohort of TCF college students.

"TCF College offered us not only an excellent academics programme but also great opportunities for personal development. The College transportation service took about two hours to get us there but my parents were at ease because they were familiar with TCF's safe and female-friendly environment," shares Sabahat.

After graduating from TCF College, Sabahat has made her way to the Lahore University of Management Sciences (LUMS) to pursue a degree in Computer Science.

"Initially, my mother was reluctant to send me to Lahore to pursue my university education. It took quite a bit of convincing; my teachers at College actually did that job." Sabahat finished with a confiding smile.




**Sabahat has made her way
to LUMS to pursue a degree
in Computer Science.**



Towards the **LIGHT**

A woman with a warm smile, wearing a light blue patterned headscarf, holds a pink book. The book's cover features the Urdu title 'آگاہی' (Aagahi) in large blue calligraphic letters, with 'پروگرام' (Program) written below it. A small library stamp is visible in the top left corner of the book. The background is a soft-focus outdoor scene with green foliage and a tree branch.

**Forty years I've
been in darkness,
but after Aagahi, I
am finally reading!**



"It was just another morning in Mansehra; I was pregnant with my fourth child, busy getting my chores done, when suddenly the ground seemed to sway one way and the house lurched the other. Instantly I knew that it was an earthquake. I panicked and grabbed my children. Holding them tightly in my arms, I rushed out of the house as everything turned into rubble," recalls Shabana, an Aagahi learner, 13 years after the earthquake shattered her home...her life.

Shabana lost her husband in the disaster and was left alone to raise her children. She was moved to a shelter along with her other relatives who were also going through similar experiences of loved ones dying. Everyone was trying to support their own families.

In this moment of complete despair and helplessness, Shabana felt severely constrained with her inability to read. "I, with hundreds of other people, was in need of relief; completely dependent on other people to guide me, about what safety tips to follow, what medicines to give to my children. I was just putting my thumb impressions on every paper they were asking me to," remembers Shabana.

Eventually things began to settle down and Shabana's dead city started coming back to life. It was in 2007 that TCF opened its first school in Mansehra and Shabana got her fourth daughter admitted in that school in 2010.

"At the time of my daughter's admission, the Principal not only offered me to work as a school maid but also enrolled me in the Aagahi adult literacy programme. Forty years I've been in darkness, but after Aagahi, I was finally reading," shares Shabana.

Shabana, now wants to raise her children as educated and self sufficient individuals, "In our society those who are educated sit on chairs and those who aren't sit on the floor. That's the difference that education makes," says Shabana.

Fighting against THE ODDS

"My interest in taekwondo developed when I was 8. My cousin had signed up for martial arts classes near our home in Ittehad town, a low-income settlement on the outskirts of Karachi. I started going there with him to learn different forms of taekwondo and then practiced regularly," shares Irfan Zaman, a TCF alumnus.

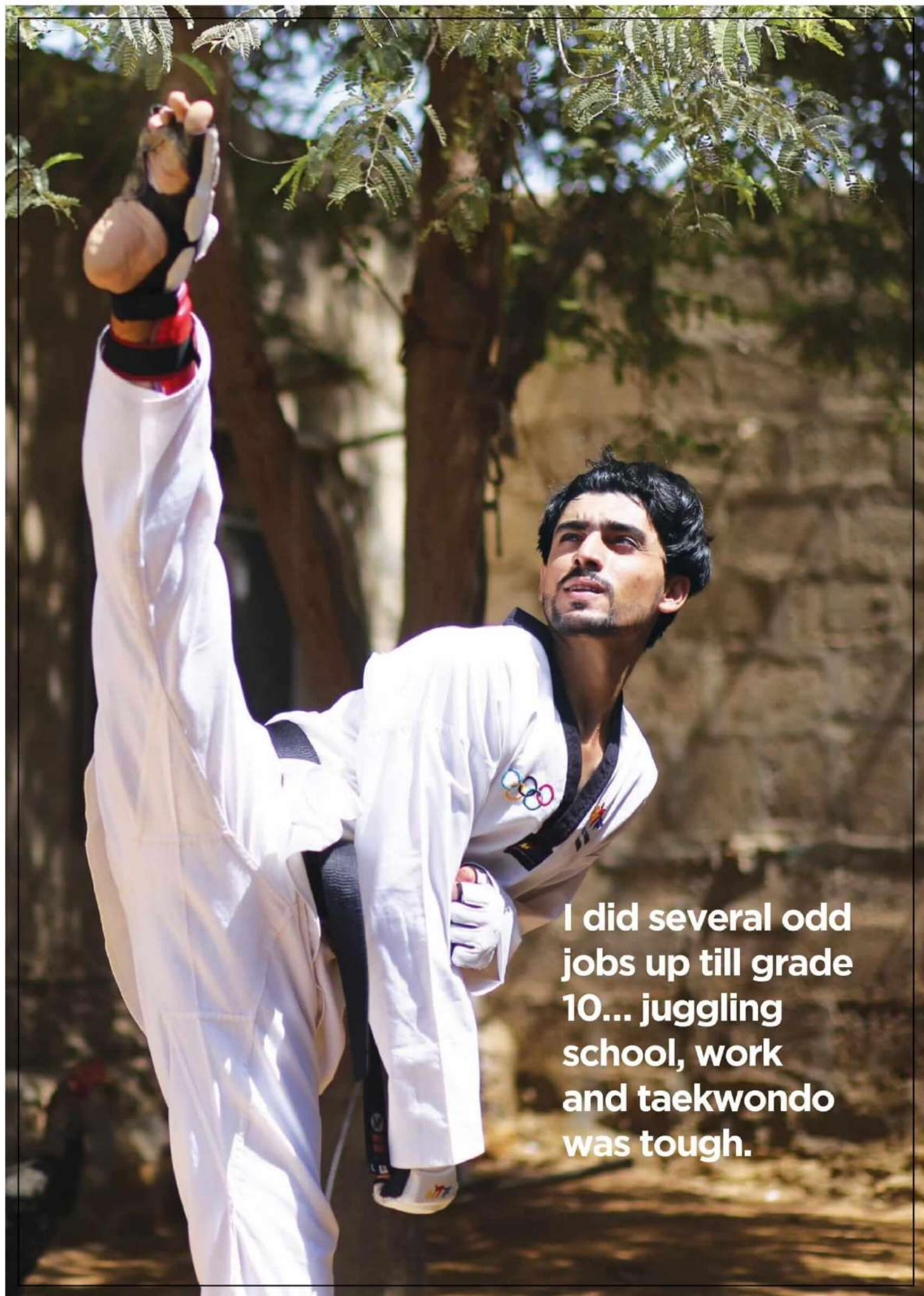
Being the eldest son of a daily wage labourer, life has never been easy for Irfan. He worked alongside his father to support a family of 10 members, including his 7 siblings. "I did several odd jobs up till grade 10 ... as a shopkeeper, a clinic helper, a packer in a factory; juggling school, work and taekwondo was tough," tells Irfan.

Irfan's association with TCF however, was not established until grade 9. He attended a low-cost private school run by a community elder. "I used to pay as much as I could afford to stay in that school, but suddenly the principal started asking me for a full fee and other dues. Since I couldn't afford to pay, he cancelled my admission," reveals Irfan.

After joining TCF school, Irfan discovered a deeper dimension of kindness and generosity. "Had it not been for TCF, I would not have completed my matriculation. My principal not only approved my full scholarship but my teachers also helped me pay my board exam fee, for which I shall always remain grateful," shares Irfan.

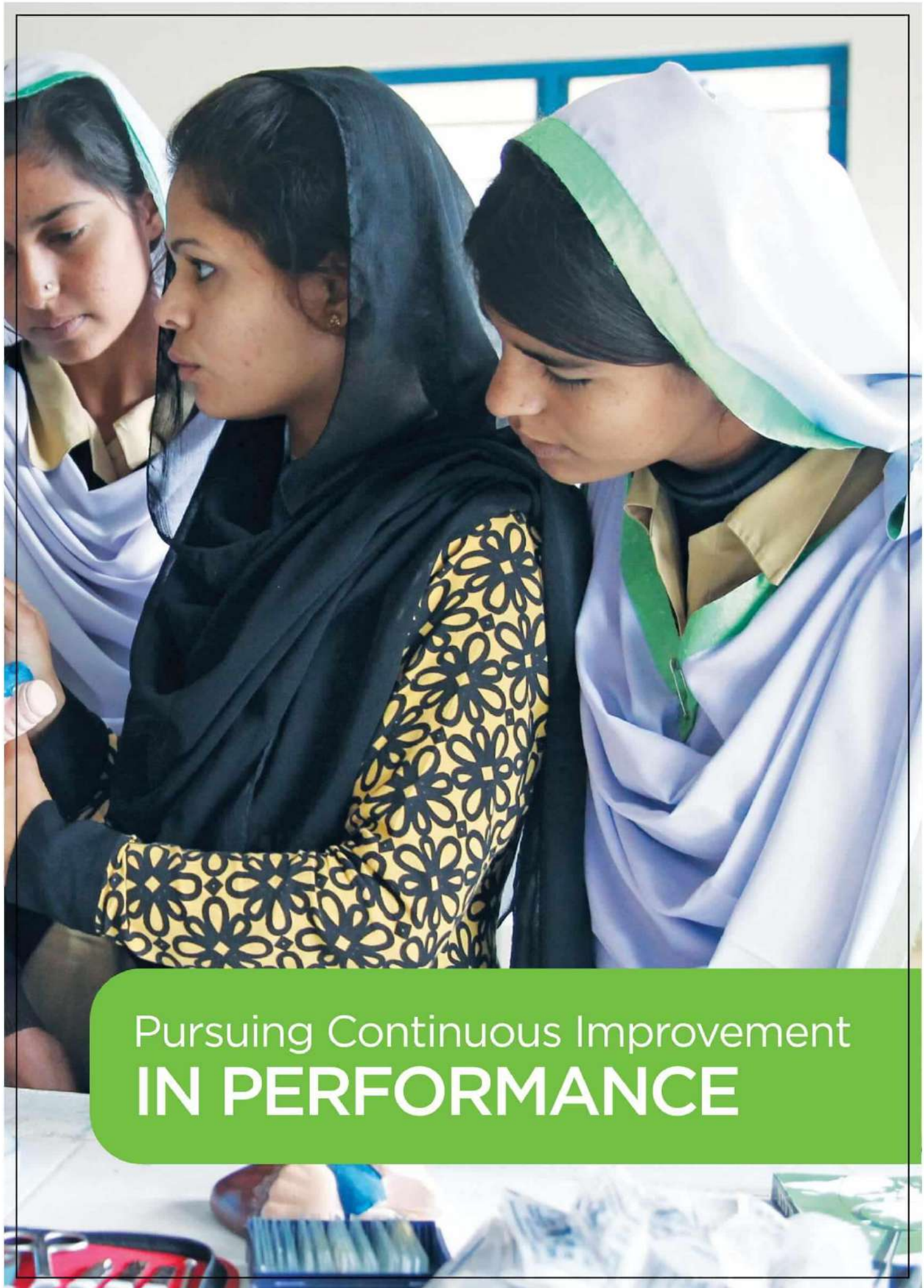
After matriculation in 2010, Irfan started participating in local and national level tournaments and managed to get a black belt. He also competed in the Sindh Olympics. Irfan could not study further because his family needed him to get a job that would bring home some money. Irfan teaches taekwondo at various private schools today, and wishes to represent Pakistan at the Olympic Games 2020.





I did several odd jobs up till grade 10... juggling school, work and taekwondo was tough.





Pursuing Continuous Improvement
IN PERFORMANCE



“

Our strength lies in the trust placed in us by our stakeholders. It is important for us to strengthen these trust-based relationships. We commit ourselves to being accountable to all our stakeholders!

Review Report BY THE CHAIRMAN

Dear Stakeholders,

On behalf of the Board, I am pleased to present my review report for the year.

The Board continued playing an essential role in delivering growth through the globally challenging and changing landscape of fundraising for social good. It continued to oversee the Foundation's programmes and operations, ensuring transparency of governance and compliance. It remained cognizant of its fiduciary responsibilities and carried on with the monitoring of financial results on a quarterly basis.

BOARD'S PERFORMANCE AND EFFECTIVENESS

An annual evaluation of the Board's overall performance is conducted as per the requirements of the Companies Act 2017. The purpose of this evaluation is to ensure that the Board's performance is measured in context of the overall objectives and governance structure of the Foundation. For the financial year ended 30 June 2018, the Board's overall performance and effectiveness has been assessed as satisfactory in achieving the Foundation's objectives.

We are committed to ensuring transparency and accountability across all operations. It is also important to highlight the key role played by the Committees (Audit Committee, Human Resource and Remuneration Committee) in underscoring areas of improvement and recommending practical solutions to achieve the highest level of transparency, implementing lean systems, and complying with the best governance practices.

SCALING UP - FROM VISION TO LARGE-SCALE IMPACT

The Board approved the Foundation's strategy 2030 to improve organisation's scalability. This involves not just expanding current programmes to a larger scale, but also branching out into new target groups that are in need of functional literacy and vocational skills; working with partners across sectors - including provincial governments, private sector, donors, other foundations, in order to ensure our reach to a greater number

of people across Pakistan and achieve a sustainable impact of interventions at scale.

All the Directors of the Board commit to performing at their full potential, supporting the management and overseeing the new strategy execution across the organisation.

SUPPORTING OUR PEOPLE

It is important to not just achieve good results, but to do so in a way that treats all of our stakeholders - donors, volunteers, employees, supporters and regulators - in a fair and transparent way.

As part of this commitment, the Board and I are determined to ensure that The Citizens Foundation remains a place where all our people have the opportunity to fulfill their potential in a nurturing environment that encourages the right behaviour. Our stakeholders expect honesty and integrity and we will continue to promote a culture in which people do the right thing.

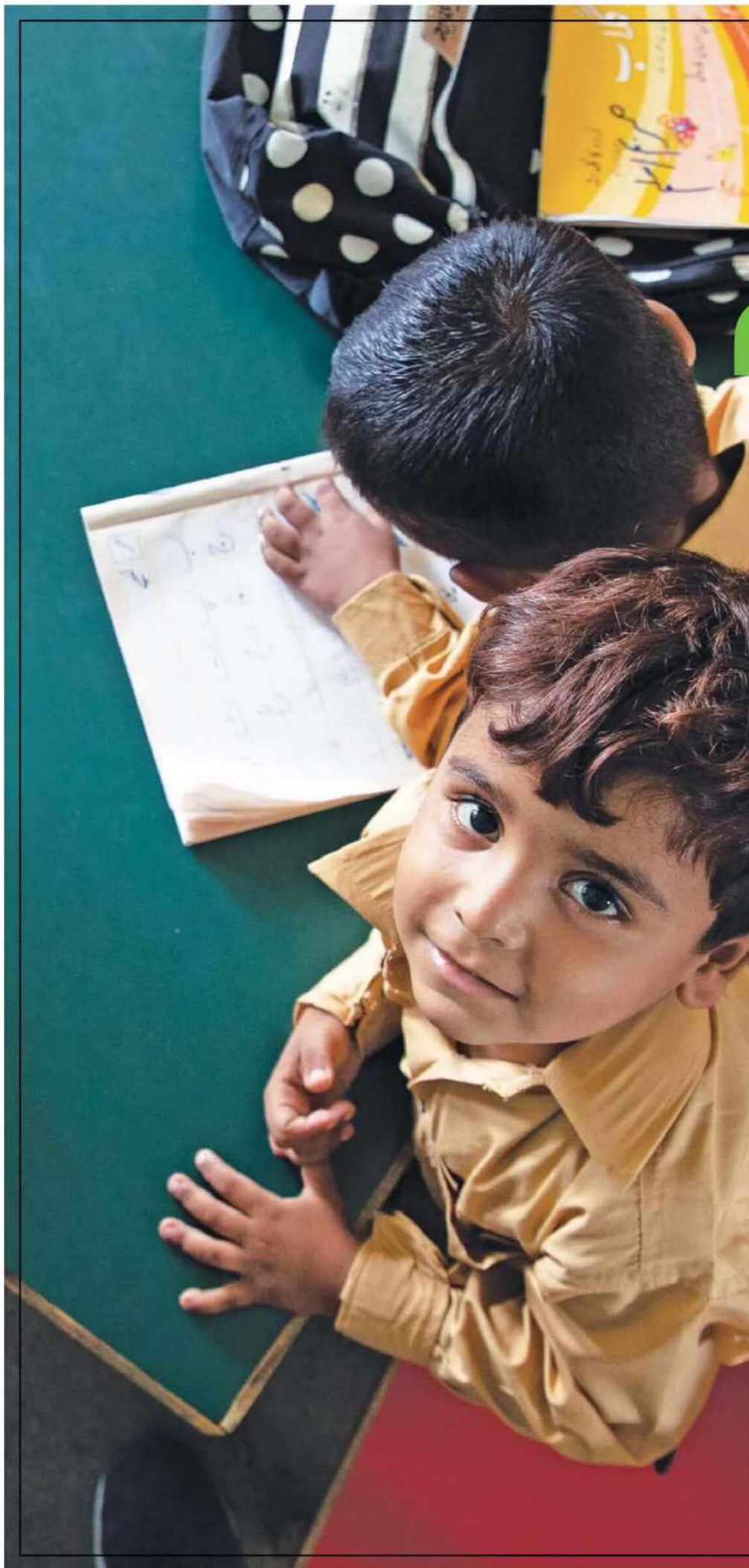
Our strength lies in the trust placed in us by our stakeholders. It is important for us to strengthen these trust-based relationships. We commit ourselves to being accountable to all our stakeholders.

My special thanks are due, on behalf of the Board, to all the employees and volunteers who work for the cause around the world, and to our global donors, supporters and grantors for their continued support. With your support, I look forward to another successful year of positive change.



Ateed Riaz
Chairman / Director

15 August 2018



“

Our vision for the future is to strive for an educated Pakistan. We desire to expand our programmes and build connections which can help change the country's education landscape.

Directors' REPORT

The Directors are pleased to submit their report together with the audited financial statements of The Citizens Foundation for the year ended 30th June 2018.

FOUNDATION'S PRINCIPAL ACTIVITIES

The Foundation is principally engaged in establishing schools across Pakistan for the less privileged children, giving them support and opportunities they deserve to become productive global citizens. The Foundation receives funds from a broad cross section of society within and outside Pakistan for building and operating primary and secondary schools.

OPERATING RESULTS

Description	2018	2017
	Rs. in million	
Donation and Concessional Fees	3,905	3,346
Operating Expenditure		
Education Programme	3,601	3,428
Programme Administration	322	240
Total Operating Expenditure	3,923	3,667
Total Assets	15,399	14,056

The year under review is a seminal one for the Foundation. As the network grew to 1,482 school units with our student base touching to 220,000; the Foundation found itself ready to take its initiatives and programmes to scale, increasing the impact of its work and reaching out to a greater number of beneficiaries with its strategy 2030, which was duly approved by the Board in May 2018.

The Foundation's total assets are on a strong footing of 15.4 billion PKR (c 127 million USD). The operating results of the Foundation for the year ended 30th June 2018 reflect a 7% increase in total operating expenses.

The Foundation further improved its compliance to the NPO accounting standard requirements. This has led to scholarships and other community development programmes are now being reflected under donation and expenses. Comparative numbers have also been restated accordingly.

Previously, these were treated directly through the statement of financial position. Furthermore, the Foundation is now duly

accounting for the inventories accordingly. Previously, the entire procurement used to be charged off to the Income and Expenditure account.

Additional disclosures have also been made on account of the school network, summary of significant events and transactions, salaries, allocation matrix including impact, sources of donation by origin, and disclosure of interest in other NPOs.

Our vision for the future is to strive for an educated Pakistan. We desire to expand our programmes and build connections which can help change the country's education landscape. Going forward, the new strategy will guide the Foundation's efforts to scale its impact over the next twelve years, creating two million agents of positive change by 2030.

CAPITAL EXPENDITURE

The Foundation spent 557 million PKR for the addition in fixed assets under lands and buildings.

LIQUIDITY PROFILE

The Foundation was able to generate 316 million PKR from operating activities during the year. As at 30th June 2018, the Foundation's reserves in foreign currency stood at c 15 million USD. Hence, this also resulted in garnering an exchange gain of 121 million PKR.

Cash flow projections are prepared, reviewed and monitored on a regular basis for seamless operations and optimizing returns via effective investment policy as per the approved risk appetite framework.

EVALUATION OF FOUNDATION'S PERFORMANCE

There is a robust mechanism for evaluating the performance of the Foundation. The Management uses several indicators to assess performance including benchmarking with other NPOs, historical results, economic and compliance situations, grantors and donors funding and other factors.

Budgets are designed to set targets for the management and used to measure progress against actual results periodically, allowing necessary actions to be taken preemptively.

PRINCIPAL RISKS AND UNCERTAINTIES

Below are the key risks and uncertainties that are faced by the Foundation, along with the mitigating actions:

Risks	Mitigating Action
Reputational risk	Our organisational training, policies and procedures ensure that all the Foundation's employees know how to act and respond appropriately in any situation.
Contribution risk	It is managed by diversifying our financial resources for continuous flow of funds.
Regulatory risk	We keep up with regulatory changes, and create internal procedures to implement them.
Investment and FCY risk	We stay diversified within each type of investment and closely monitor exchange rate movements in foreign exchange market
Internal control risk	We manage this through an independent internal audit function that reports directly to the Board. Other monitoring mechanisms are in place at organisational and departmental level.
Recruitment & Retention risk	We attract, develop and retain the best talent at all levels of the organisation

CORPORATE GOVERNANCE

- The financial statements appended, present fairly, the results of the Foundation's operations, cash flows and changes in equity;
- Proper books of accounts have been maintained;
- Appropriate accounting policies, as applicable, have consistently been applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment;
- International Financial Reporting Standards have been followed in the preparation of financial statements;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- There are no significant doubts upon the Foundation's ability to continue as a going concern;
- Statements regarding the following are annexed in the notes to the financial statements:

- Number of meetings of Board of Directors and its committees held and attended by the Directors
- Key financial data for the last six years
- Names of endowment donors

APPROPRIATION OF RESERVES

The Board approved an appropriation of surplus funds of 593.5 million PKR at the end of the year to be transferred to the General Fund in 2018-19.

SUBSEQUENT EVENTS

No material changes or commitments affecting the financial position of the Foundation have taken place between the end of the financial year and the date of the Report except the appropriation of reserves as mentioned above.

ABSTRACT UNDER SECTION 213 (1) OF THE COMPANIES ACT 2017

During the year ended 30th June 2018, the Board of Directors has revised the remuneration of Mr. Syed Asaad Ayub Ahmad, Chief Executive Officer (CEO), from 851,710 PKR per month to 919,850 PKR per month effective 1 January 2018. There was no change in other terms and conditions of his appointment. By virtue of being the CEO, Mr. Syed Asaad Ayub Ahmad is deemed to be a Director of the Foundation and is considered as interested in the aforementioned revision of his terms of appointment.

BOARD OF DIRECTORS

No casual vacancy occurred on the Board during 2017-18. The election of the directors will be held in 2019. Their profiles are included in this Annual Report on pages 48 & 49.

DETAILS OF BOARD MEETINGS HELD OUTSIDE PAKISTAN

During the financial year ended 30 June 2018, six meetings of Board of Directors were held, none of which were held outside Pakistan.

Attendance record of the Board Meetings during 2017-18 is as under:

Board Members	Status	Attendance
Mr. Adnan Asdar	Non-Executive Director	6/6
Mr. Ahsan M. Saleem	Non-Executive Director	6/6
Mr. Ateed Riaz	Non-Executive Director	6/6
Ms. Bushra Afzal	Non-Executive Director	4/6
Gen. (R) Sabeeh Qamar uz Zaman	Non-Executive Director	1/6
Mr. Musadaq Zulqarnain	Non-Executive Director	5/6
Mr. Mushtaq K. Chhapra	Non-Executive Director	4/6
Mr. Rashid Abdulla	Non-Executive Director	0/6
Ms. Saima Amin Khawaja	Non-Executive Director	3/6
Mr. Shahab Bilal Sajjad Haider	Non-Executive Director	2/6
Mr. Shahid Abdulla	Non-Executive Director	0/6
Mr. Tariq Raza Hussain	Non-Executive Director	3/6
Mr. Syed Asaad Ayub Ahmad	Executive Director	6/6

FINANCIAL STATEMENTS

The financial statements of the Foundation have been approved and duly audited without qualification by the auditors, KPMG Taseer Hadi & Co.; their report is attached to the financial statements on pages 69-72.

Accountants of Pakistan (ICAP). It is fully compliant with the International Federation of the Accountants' guideline on code of ethics, as adopted by ICAP.

The Audit Committee and the Board of Directors of the Foundation have endorsed their reappointment for members' consideration at the forthcoming Annual General Meeting.

AUDITORS

The audit firm has a satisfactory rating under the Quality Control Review Programme of The Institute of Chartered



Ateed Riaz
Chairman & Director



Syed Asaad Ayub Ahmad
Chief Executive Officer

15 August 2018



“

TCF promotes a culture of observation, reflection, and continuous improvement. This practice not only helps improve the quality of our programmes, but also enables learning and sustainable growth.

Message from THE CEO

The Citizens Foundation's growth is tied directly to our culture of continuous improvement. Today we have embedded this principle into the very fabric of our organisation and believe that we need to make small, incremental improvements every day in order to progress radically.

QUALITY OF EDUCATION

Our biggest priority continues to be the quality of education that is offered to our children. We are committed to making our education system stronger and more effective day by day. This was another remarkable year for our matriculating batch as 61% of our students scored A+ & A grades, and the overall pass rate remained at 95%.

We developed three new textbooks this year for Mathematics, English and Science, and also introduced a series of 10 English readers, made to instill a love of reading and stories in children. TCF aims to have a complete range of its own textbooks, with quality content that's not only relevant but also easy to understand for our students.

One of the prerequisites for imparting quality education is specialised training of our principals and teachers. This year, 454 rooms with audio-visual technology were set up in various school locations to assist teachers in preparing and delivering lessons more effectively. A video on-demand service using SMS or WhatsApp was also rolled out for teachers, giving them access to a library of 2000+ training videos sorted by key student learning objectives.

ENHANCING OPERATIONAL EXCELLENCE

This year, we carved a specialised 'Operational Excellence' function within Operations Department in order to increase the efficiency of our process management efforts, especially at the school level.

This department made a concerted effort to localise our teaching staff. Local hiring was encouraged and more teaching jobs were offered to educated women from surrounding communities. This helped reduce not only the teacher transportation cost and turnover, but also promoted

greater ownership.

A new mobile application was also implemented in 257 TCF adopted government schools and in 66 TCF flagship schools in Mansehra and Nowshera to manage student data, which includes enrollment, attendance, and other student-related information. The data captured through this application facilitates management decisions, daily operations and field and back office communications.

STRENGTHENING TIES WITH OUR ALUMNI

This year, we also reached out and re-connected with more than 15,400 TCF alumni to find out how they have fared since leaving the familiar walls of their TCF school. I'm happy to share that 88% of our alumni continued their education beyond matriculation. Of all the alumni aged 22 or more (male and female), 71% are employed or running their own enterprises, while another 15% are still studying.

ENVISIONING 2030

Our journey started in 1995 with the determination to uplift the lives of children in Pakistan from ignorance and despair. Nineteen years later, in 2014, we reached our first milestone of establishing 1000 school units across the country, giving children from low-income background the gift of education. But clearly much work remains!

This year, we have recommitted ourselves to advancing our mission to educate at a much faster pace with our strategy 2030. We've pledged to accelerate our current programme and introduce new programmes to reach out to 2 million beneficiaries in the course of next twelve years.

TCF promotes a culture of observation, reflection, and continuous improvement. This practice not only helps improve the quality of our programmes, but also enables learning and sustainable growth. As we close this year and begin another, I'd like to thank each and every member of the TCF family - our donors, volunteers, supporters, teachers, principals and office staff whose contribution and passion has evolved this organisation into a movement of positive change.



Syed Asaad Ayub Ahmad
President & CEO

Living up to A PROMISE

We are committed to making our education system stronger and more efficient with each passing day. We promote education, healthcare, and social development within communities that surround our schools to strengthen support systems for our students. Here are some highlights of the year.

RE-ENVISIONING TRAINING THE CASCADE APPROACH

In order to provide an on going, individualised learning environment to our teachers, teacher-training at TCF was moved to a decentralised model this year. This training framework is designed to support our teachers throughout the year in the delivery of their lessons and in providing quality teaching using information technology.

An online database of nearly 2,500 teacher-training videos, tagged by key student learning objectives was developed for teachers' use. The delivery of this content is being managed by special audio-visual rooms set up in schools, and a video on-demand service using SMS, WhatsApp and Facebook through which teachers can request the videos they require. A YouTube Channel has also been set up to host these videos.

During the year, school principals were also trained to completely lead the training and development of their teachers' pedagogical needs. This approach has helped them run customised sessions based on school level requirements.

Additionally, to bring new teachers on board and help them understand TCF's ethos more quickly, tablet-based pre-service training modules were rolled out, which include videos, interactive lesson plans, and online quizzes.

HOW DOES VIDEO ON DEMAND WORK?



OVER 2,500 TEACHER TRAINING VIDEOS HAVE BEEN CATALOGUED & HOSTED ONLINE WITH CODES



USING THESE CODES, TEACHERS REQUEST VIDEOS ON THEIR PHONES VIA SMS, WHATSAPP OR FACEBOOK



PLATFORM MODERATORS RESPOND BACK WITH REQUESTED VIDEOS



THREE-LANGUAGE FRAMEWORK

TCF has partnered with the Sindh Engro Coal Mining Company to conduct a thorough research that aims to develop a multilingual educational framework. This will allow for the students' mother tongue to be utilised as the medium of instruction till a certain stage. Furthermore, it will also incorporate regional language, language of common use and an international language (English) at various stages of a child's schooling journey. The primary goals of research include understanding of curriculum development requirements and conducting of primary and secondary research to understand local and international best practices in multilingual education.

TCF TEXTBOOKS DEVELOPMENT

The year marked the completion of the “Meri Riyazi” Mathematics series for primary and “Amli Science” series for secondary classes.

The primary Social Studies curriculum was reviewed based on feedback from the teachers, and revised versions of the “Hamari Dilkash Duniya” resources for grades 1 through 3 were rolled out this year. A new curriculum for teaching digital literacy in the modern technological environment is also being developed and tested in 10 schools this year.



FIRST BATCH OF TCF COLLEGE STUDENTS GRADUATE

TCF College graduated its first batch of intermediate students this year. For the 203 students appearing in the second year Intermediate Board Exams, the pass percentage stood at 92% with 31% of the students securing 'A+' or A grades.

All these students went on to secure admissions for undergraduate studies at some of the most reputed universities of the country including LUMS, IBA, GIKI, FAST, IoBM to name a few. A new cohort of 210 students has enrolled into the third batch at the College.



EXPANDING THE GOVERNMENT SCHOOLS PROGRAMME

This year, TCF's Government Schools Programme which was heavily concentrated in Punjab, expanded into Sindh, assuming the management of almost 61 additional school units in Jamshoro, Matiari, Kambar Shahdaskot and Dadu districts of the province.



This was achieved through partnerships with Sindh Education Foundation (SEF) and Sindh Basic Education Programme, a USAID-funded project being implemented by Government of Sindh's School Education Department.

Entering its 4th year, TCF's Government Schools Programme has

successfully collaborated with all provincial governments of the country to deliver TCF's school governance model, in all of the adopted government schools. This helped increase enrollment, improve student outcomes and ensure teacher retention. Today, TCF is managing 333 government school units across Pakistan.

ALUMNI CONNECTIVITY



Volunteers and Alumni Department at TCF initiated the "Alumni Connectivity" project to build and strengthen the alumni body, creating a platform for communication and mentorship. As a first step, an in-house call centre was set up to reach out the TCF alumni who graduated between 2012 and 2017. This survey provided useful information on how our graduates fared in the job market and how they look back on their school years. The alumni survey provided useful information for policy decision-making. This year, the call centre is gathering information on TCF matriculates from 2003 to 2011.

ALUMNI SUPPORT

TCF's multiple alumni programmes extended support to our graduating students in order to ensure post-matriculation success. Free Intermediate coaching classes were provided to the students by partnering with five coaching centres across Karachi, Quetta, and Hub. In addition to this, more than 200 students attended the Alumni Development Programme's admissions test preparatory classes at our partner university campuses. These classes prepared the students for competitive entrance exams at major local universities.

By the end of this year, more than 500 students will make their way into mainstream tertiary education programmes at professional colleges and universities.



WORLD LITERACY SUMMIT 2018, OXFORD

Nadia Naviwala, an advisor to TCF and a fellow with the Woodrow Wilson Center, USA attended the World Literacy Summit 2018, themed "Closing the Literacy Gap in the 21st Century". She took this opportunity to also talk about "Aagahi", our female adult literacy programme, which has also won UNESCO's Confucius Prize for Literacy - 2017.



EDUCATE A CHILD (EAC) PARTNERS' MEETING, NEW YORK

Riaz Kamlani, our Vice President flew out to New York for the EAC Partners' meeting. This meet-up was intended to celebrate the collective commitments of EAC partners to enroll 10 million out-of-school children across 50 countries, and share their experiences and lessons from the field.

EAC is a programme of "Education Above All," a global initiative launched by Her Highness Sheikha Moza bint Nasser of Qatar, which aims to significantly reduce the number of children worldwide who are missing out on their right to education.

GLOBAL SCHOOLS FORUM (GSF) ANNUAL MEETING, ZURICH

To connect with great school operators from around the world, Zia Akhter Abbas, our Vice President attended the GSF Annual Meeting in Zurich. This meeting brought together senior leaders from 32 school networks operating in 19 countries across Africa, Latin America and East and South Asia. These school networks are diverse in nature, ranging from small, early stage public-private partnership schools to well established affordable private schools. In addition, the group included high caliber external stakeholders, including donors, investors, economists, researchers and industry specialists.

Global Schools Forum is a community of education entrepreneurs who are running and supporting innovative and inclusive schools in underserved markets.



AWARD CEREMONY & LITERACY CONFERENCE, CHINA

Amna Khalid, our Executive Advisor, CDU and Grants, flew out to China's Shandong Province, the birthplace of Confucius, to receive an award at the country's Annual Cultural Festival for "Aagahi, TCF's adult literacy programme for women. The programme received this award in connection with the UNESCO Confucius Prize for Literacy it had won earlier. The ceremony was followed by a study tour and participation in a conference on "Literacy in the Digital World."



COMMUNITY DEVELOPMENT UNIT (CDU) CONTINUES TO GROW

Expansion of Aagahi, CDU's key programme in communities around TCF's adopted Government Schools in Punjab, received an overwhelming response. The State Bank of Pakistan, under its National Financial Literacy Programme (NFLP), conducted financial literacy awareness sessions for TCF community members, educating them on topics such as personal savings, budgeting, and mobile financial transactions.

CDU's clean water programme, provided over 17,000 people with daily access to clean drinking water through 17 water filtration plants installed at TCF schools across Sindh and Punjab. 80 mohalla (community) groups, comprising of 580 women, were trained by TCF's community mobilisers at five national locations to adopt safer "WASH" practices - water, sanitation, and hygiene under the "Drink for Life" project.

Over 600 girls from eight TCF school communities received skills training in the domestic tailoring trade under CDU's Vocational Training Programme this year. Around 200 of the trained girls were contracted as apprentices, working on various orders including stitching of 20,000 TCF uniforms.



A Celebration OF COMMITMENT

Ever since our beginnings in 1996, we have only relied on the generosity, passion and commitment of our supporters who help us educate hundreds and thousands of children every year. Our belief that every child must learn binds us together, and gives us an urgency to unlock the potential we know lies within every child. Here are some events, campaigns and projects led by our supporters that shaped yet another extraordinary year for us.



SOUL SISTERS PAKISTAN STEPS UP



Soul Sisters Pakistan - a Facebook community group of more than 113,000 women - successfully rallied to fund an online campaign to support a TCF school. This initiative is a brilliant example of the vital role that community hubs can play in bringing about the change we all wish to see in our country.



HIKING TO THE HEIGHTS

A group of adventurers trekked through the rugged Himalayas, climbed 17,600 ft. up to the Everest Base Camp whilst raising funds for us. The group comprised Sheeraz Siddiqui, Mariam Hassan, Inderpeer Singh, Madiha Ahmed, Shadab Ahmed, Javeria Khuhro, Omar Azam.

Trek was strenuous and tested the individuals to the core. One of the trekkers suffered from altitude sickness but she braved through snow & rain to make it to the Everest Base Camp (5365m) on day 9 of the trek. She had to be brought down to Periche (4200m) on a mule due to heavy fog, which made a helicopter rescue impossible and was air-lifted to Kathmandu the next day. After a long-drawn recovery at sea level, she is now ready for her next adventure. The group showed resilience and courage for a much-cherished trip of a lifetime.



THE RED THREAD

Henriette, our tireless volunteer in the Netherlands, came up with a novel idea to raise funds for TCF. She carried around a cone of red cotton thread and gave a yard of the thread to anyone who donated a Euro to TCF. Many people ended up giving much more than a Euro.



WE TALKED ABOUT GIRLS' EDUCATION AT KLF

TCF hosted a panel discussion on girls' education at the popular Karachi Literature Festival. All in attendance agreed that investing in girls' education is a sure way of empowering them and ensuring their success.



CAREEM IS DRIVING FUTURES



During Ramzan, hundreds of Careem customers chose to ride a designated car that donated proceeds to TCF. These funds helped support three schools. Careem is committed to build Pakistan by educating the less privileged children of the country with TCF.



THE BAGHBAAN PROGRAMME

The Baghbaan Internship Programme aims to create lifelong ambassadors for TCF amongst university students by providing a meaningful learning experience. After rigorous training and extensive mentorship over a period of 6 months, students are tasked with raising funds for TCF. Launched in February 2018 in select universities of Karachi, interns and mentors gathered to celebrate the closing ceremony of the first Baghbaan Internship Programme in September of this year.

TCF Baghbaan is an overarching fundraising programme where our supporters give us their time to help raise donations, either through directly collecting money, organising events, or making connections with local businesses to bring about long-term support.

LIPTON IS TAKING CHHOTUS TO SCHOOL



Lipton stepped in for a strategic partnership with TCF to educate children who are out of school. As part of its Lipton Chhotu campaign, it adopted ten TCF schools across all provinces of Pakistan. Lipton believes that as a brand it needs to take a stand for education - one of the most critical problems being faced by our country.



KFC'S BUCKETS OF CHANGE

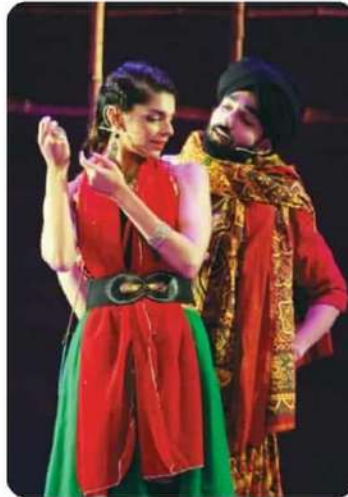
KFC Pakistan sold hundreds of 'Bhook Mitao' chicken buckets across the nation to help raise funds for five TCF schools, giving hundreds of children the gift of a life-changing education. KFC is one of our long-standing partners that has been rallying people behind its idea of "Giving Back Feels So Good."

Global Highlights



HEER RANJHA THE MUSICAL THEATRE

Our friends at the National Academy of Performing Arts (NAPA) helped us put together a star-studded theatre play "Heer Ranjha", based on a Punjabi folk tale. The Urdu musical ran for a week in three major Pakistani cities, raising invaluable funds to support our schools.



OBHARTAY SITARAY COMPLETES ITS 7TH YEAR!

This year again, over 70,000 children in 120 school campuses participated in fundraising for TCF, while 629 students set the stage on fire with their amazing singing talent at "Obhartay Sitaray," TCF's flagship fundraising and singing competition.



14TH TCF GOLF TOURNAMENT

250 golfers in more than 60 teams took a swing at the education crisis of Pakistan by joining us for the 14th TCF Fundraising Golf Tournament.



ANNUAL STCF HI-TEA

Supporters of The Citizens Foundation (STCF) once again drew a large number of ladies for its annual hi-tea. This year's theme was "Celebrating 70 years of Pakistan's Independence." The programme included an on-site auction in which the guests participated generously. All proceeds from the auction went to support two TCF school units.



EID BAZAAR BY YOUNG EDUCATION SUPPORTERS

Celebrated designers, artists and businesses donated a wide range of items for the TCF Eid Bazaar, organised by our enthusiastic Young Education Supporters (YES) Group.





ANNUAL CHAPTERS' CONFERENCE

Delegates of over 30 TCF-USA Chapters gathered for their "Annual Chapters' Conference" in Houston, to carve out strategies to expand fundraising for school projects supported by our US-based donors.



FUNDRAISING ROADSHOWS ACROSS USA

More than 51 successful events were hosted by our passionate volunteers across USA. These included fundraising galas, information sessions, donor appreciation events and others. This year young professionals came together in Los Angeles, Boston and San Francisco to start chapters and spread TCF's cause among the youth. TCF-USA's presence was also marked in Philadelphia City, Atlanta, Knoxville.



TCF - USA IS RATED AS A FOUR STAR CHARITY

"Charity Navigator" rated TCF-USA 4 on 4 stars for the 5th consecutive year in running!



13TH ANNUAL GALA & FUNDRAISER AT TORONTO

900 guests and more than 22 corporate sponsors were hosted at the Greater Toronto Area Annual Gala. The event, which was themed "She is the Change," highlighted the importance of empowering girls in Pakistan by giving them equal opportunities for education.



TCF Literacy Challenge

EDUCATION SUPPORTERS SPENT A DAY WITHOUT READING OR WRITING!

120 young campaigners in 32 teams across Canada spent a day without reading or writing to experience illiteracy, while participating in the annual online peer-to-peer fundraising campaign, "The Literacy Challenge."



UAE'S ANNUAL SUPPORTERS CONFERENCE

Over 500 supporters attended the "Annual Supporters Conference" in Dubai, where they interacted with TCF's Founders and Management to learn how they are achieving their objective of imparting quality education in some of Pakistan's poorest communities.



ART AUCTION & MUSICAL EVENING

The local community, art lovers, and collectors admired and bought more than 70 pieces of contemporary art to support TCF-UAE at an auction organized in collaboration with "Poetic Strokes Art & Music Events".

Additionally, 300 music enthusiasts swayed to the beat of traditional Pakistani music, performed by renowned singer Humaira Channa at a musical evening organized by TCF-UAE's ladies volunteer group.



THE BRITISH 10K

5 young TCF-UK supporters participated in the most prestigious 10km road race - "The British 10K" to help raise funds for children studying in TCF schools.



COLLEGE FUNDRAISERS

More than 400 compassionate supporters in Croydon and Imperial College, London got together to raise invaluable funds for TCF-UK.

**Big Give
Christmas
Challenge**

BIG GIVE ONLINE CHALLENGE

The "Big Give Online Challenge" brought together hundreds of supporters across the UK to raise funds for TCF's Government Schools Programme, which provides children in government schools better opportunities for a quality education.



ANNUAL DONORS' EVENT IN MILAN

350 guests attended the Annual Donors and Supporters event, a Christmas Brunch this year, organised by the Italian Friends of TCF to show appreciation to all the supporters in Italy who have generously volunteered their time and funds to ensure more children can attend schools in Pakistan.



ITALIAN PHOTOGRAPHERS VISITED TCF SCHOOLS

Italian photographers Albertina d'Urso and Alessandro Belgiojoso donated their work for an exhibition and auction to support TCF. The exhibit took place at the prestigious showroom of Buccellati Jewellery in Rome.



TCF - AUSTRALIA HOSTED COMMUNITY EVENTS

Multiple community events, such as ticketed movie nights, dinners and informative talks, brought together friends, family and neighbours across Sydney to combine fun and fundraising for TCF.



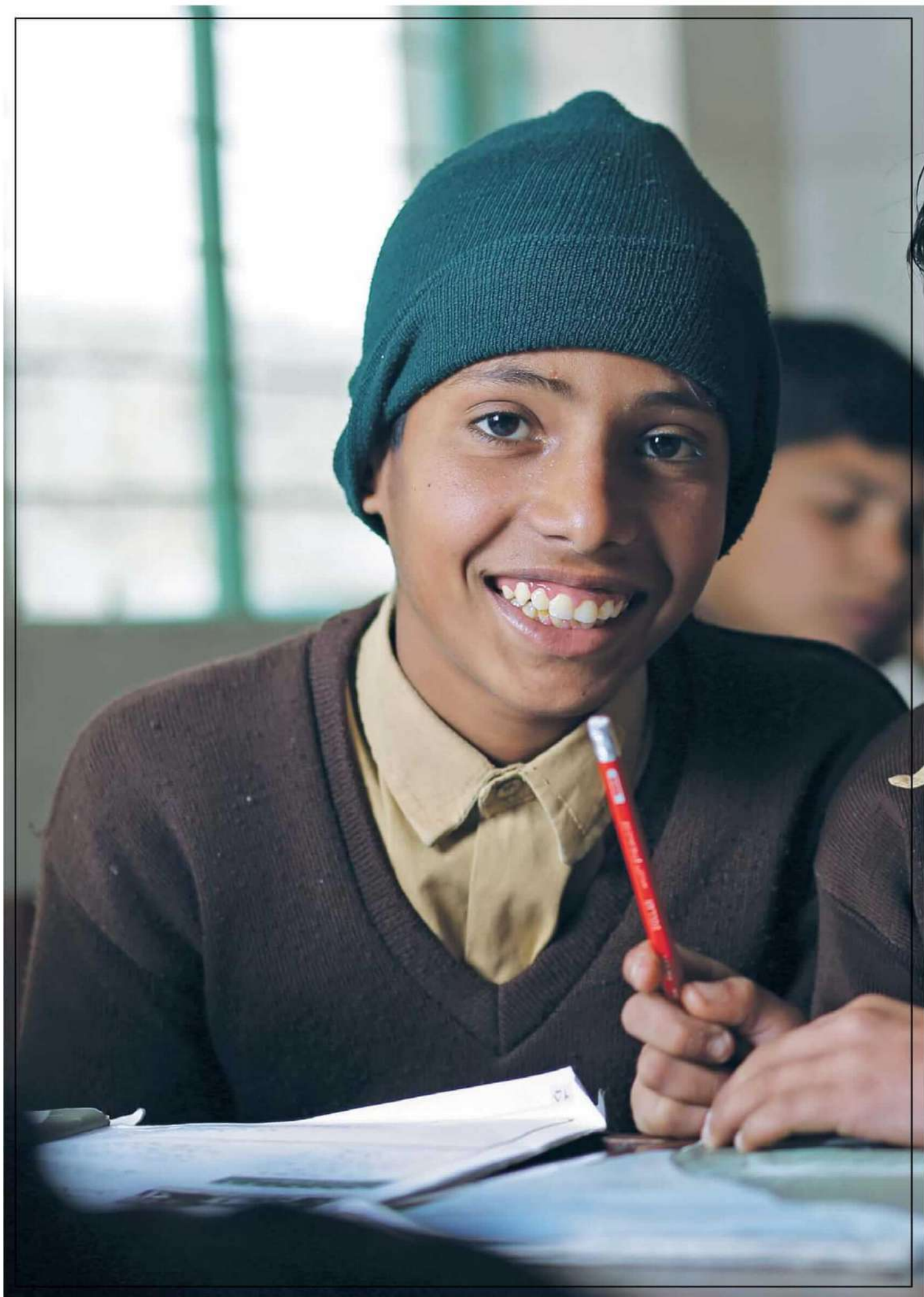
CHARITY EXHIBITION IN NORWAY

Renowned Norwegian painter Thore Hogstvedt helped TCF - Norway built a new school by offering his paintings for a charity exhibition, "Beauty of Pakistan," a show featuring his colourful journey through the country.



LEARN FOR LEARNING CAMPAIGN

TCF Switzerland's innovative "Learn for Learning" campaign inspired people to host their own mini-events, where they helped members of their community to learn new skills. At these events they also advocated the TCF cause of educating less-privileged children. Suhaila Mufti, one of our campaigners, taught her crochet art to a group of 20 ladies while raising funds for TCF.



A close-up portrait of a young boy with dark, wavy hair, smiling warmly at the camera. He is wearing a dark brown V-neck sweater over a light-colored collared shirt. The background is slightly blurred, showing other people in a classroom setting. An orange banner is positioned at the bottom of the image, containing white text.

Taking Ownership and Reinforcing
GOOD GOVERNANCE

Profiles of the BOARD OF DIRECTORS



ADNAN ASDAR

Mr. Adnan Asdar is a co-founder of Multinet Pakistan Private Limited. He is currently involved with Karachi Relief Trust as a Trustee. Mr. Asdar also serves on the board of The Hunar Foundation and Progressive Education Network and is a General Body Member of The Indus Hospital.



AHSAN M. SALEEM

One of TCF's Co-Founders, Mr. Ahsan M. Saleem has also served as Chairman of TCF from 1998 till 2006. He is the Chief Executive Officer of Crescent Steel & Allied Products Limited and is also presently serving on the board of several listed companies.

ATEED RIAZ

One of TCF's Co-Founders, Mr. Ateed Riaz currently serves as the Chairman of the Board. He also served as Chief Executive Officer of TCF (in honorary capacity) from July 2002 till March 2005. Mr. Riaz manages the operations of the Imrooz Association of Companies which includes First Imrooz Modaraba, Tarseel Private Limited and Atherton Imrooz Company.



BUSHRA AFZAL

Ms. Afzal has been associated with TCF as a volunteer since its inception. She has served as a Treasurer and Vice-Chairperson of the Supporters of TCF (STCF), a passionate group of volunteers spearheading fundraising efforts for the organisation. She has played a pivotal role in the growth and success of the group over the past 23 years.



**MUSADAQ
ZULQARNAIN**

Inducted as a Director of TCF in April 2013, Mr. Musadaq Zulfarnain is the CEO of Interloop Limited including its subsidiaries in USA, Bangladesh and the Netherlands. Mr. Zulfarnain was the CEO of FIEDMC, formed to develop industrial parks and infrastructure. He also presides over Interloop Welfare Trust which is engaged in numerous philanthropic activities in the country.

LT. GEN. (RETD.) SABEEH QAMAR UZ ZAMAN

Lt. Gen. (Retd.) Sabeeh Qamar uz Zaman has been a Director of TCF since 1996. He has also served as Chief Executive Officer of TCF from 1995 till 2001. As CEO, he received a UN Award for 'his and his organisation's outstanding work in support of primary education for boys and girls in under-privileged areas.' He was also awarded Hilal-e-Imtiaz and Sitara-e-Basalat for distinguished service in the Pakistan Army. He is the Chairman and CEO of Quality Schools Foundation.





MUSHTAQ K. CHHAPRA

One of TCF's Co-Founders, Mr. Mushtaq Chhapra has played a key role in nurturing a number of prominent non-profit organisations. He serves on the boards of Patients' Aid Foundation and The Kidney Centre as well. In recognition of his eminent service to society, the Government of Pakistan has conferred upon him the Sitara-e-Imtiaz, one of Pakistan's highest civil honours.



RASHID ABDULLA

One of TCF's Co-Founders and the first Chairman of the Board of Directors of TCF, Mr. Rashid Abdulla is a leading businessman and a philanthropist at heart. He serves as Director on the boards of several companies associated with the IBL Group including The Searle Company Limited, International Brands Limited and IBL HealthCare Limited.

SAIMA AMIN KHAWAJA

Ms. Saima Amin Khawaja, a practising lawyer, has 19 years of professional experience as a legal consultant and Advocate of the High Court. She currently serves as a partner at Progressive Advocates and Legal Consultants. Ms. Khawaja has been a dedicated TCF volunteer since 1998. She is also a member of TCF's Regional Advisory Board (RAB) based in Punjab.



SHAHID ABDULLA

Mr. Shahid Abdulla is the principal architect and CEO of Arshad Shahid Abdulla Private Limited. He has been involved with a number of social projects in Pakistan and is amongst the founders of Indus Valley School of Art and Architecture, The Hunar Foundation and The Kidney Center.



SHAHAB HAIDER

Mr. Shahab Haider has been associated with TCF for the past 18 years. During this time, he has served as the CEO of the UAE Chapter as well. He is the Managing Partner of the Sajjad Haider Group of Professional Firms in Dubai and a Fellow of the Institute of Chartered Accountants in England and Wales. He is also a member of the EMEA Board of NEXIA International, the 10th largest worldwide network of independent accounting and consulting firms.

TARIQ RAZA HUSSAIN

Mr. Tariq Raza Hussain has 26 years of experience in the financial services sector, with a specialisation in mergers and acquisitions. He is currently heading 'European Mergers and Acquisitions' for an international investment bank in the UK. Mr. Tariq has been involved with TCF's work since 2000, when he helped set up the UK registered affiliate of TCF, TCF - UK as a registered charity.

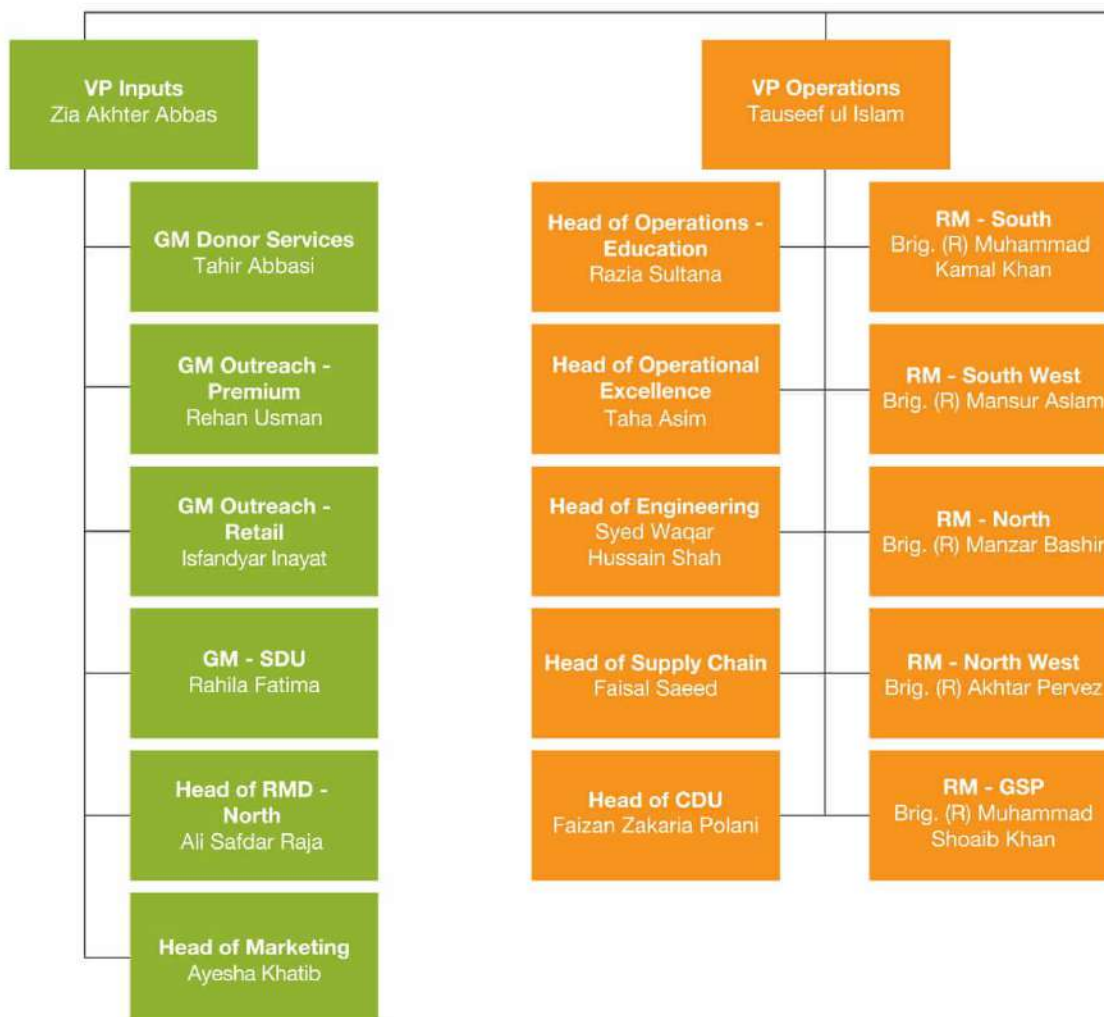


SYED ASAAD AYUB AHMAD

Mr. Syed Asaad Ayub Ahmad is the President and Chief Executive Officer of TCF and a member of its Board of Directors. Prior to joining TCF in January 2009, Mr. Ahmad held senior management positions at Castrol, British Petroleum, Exxon Mobil and Shell. He holds an MBA degree from the University of Texas at Austin and a Bachelors degree in Civil Engineering from NED University of Engineering and Technology, Karachi.



TCF ORGANOGRAM



Executive Advisors (Pro bono)

Ahmed Habib
Akbar Adil
Amna Khalid

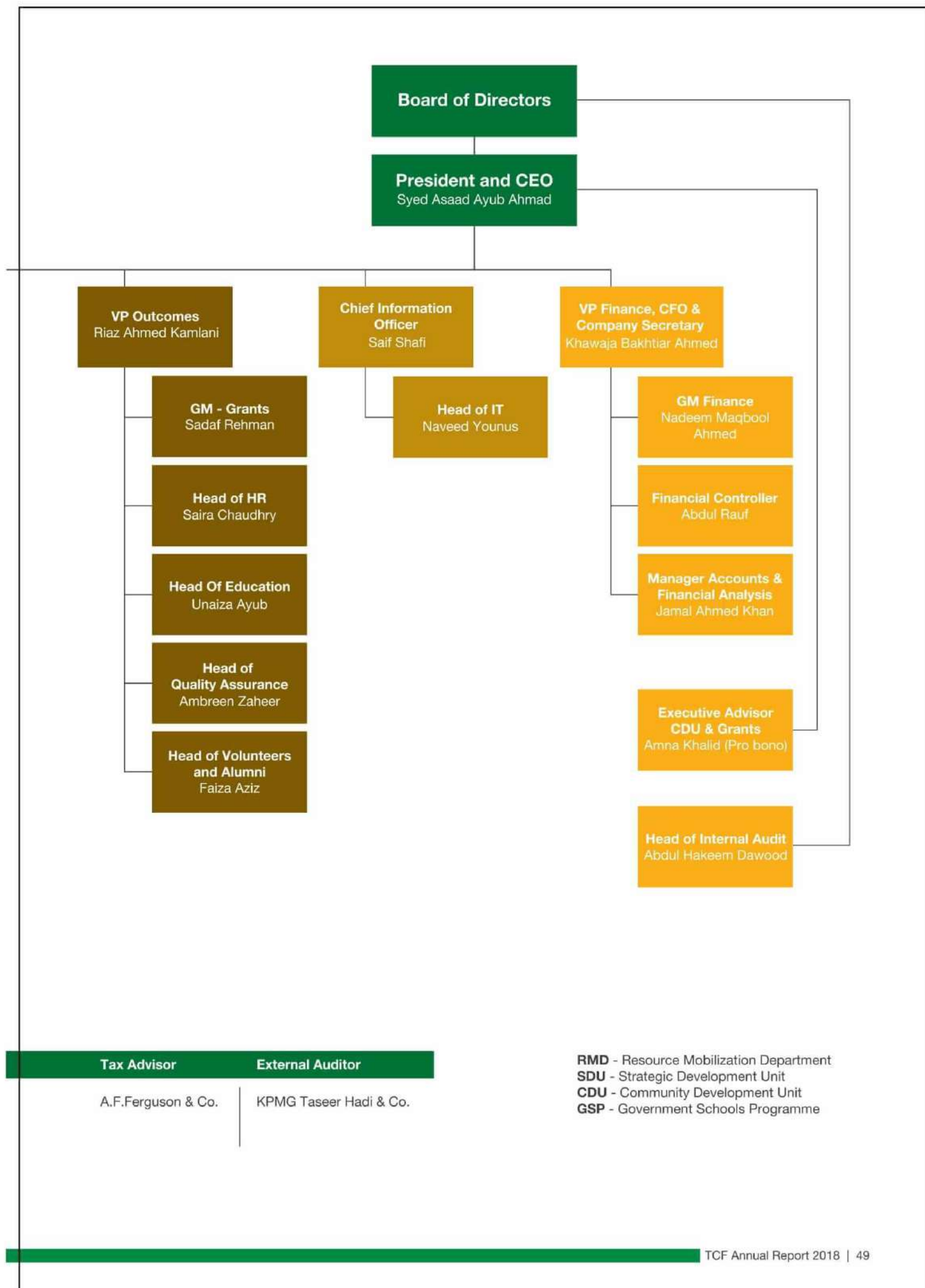
Aneesa Naviwala
Arif Irfanullah
Areej Kirmani

Legal Advisors

Faisal Mahmood & Co. (Pro bono)
Roshan Zamir & Co.

Shariah Advisor

Mufti Ibrahim Essa





“

The Citizens Foundation Board has established seven committees for effective governance of the organisation. Their mission is to provide informed input for the Board's discussions and facilitate decision-making. The tasks of the committees and their work procedures are specified in written instructions issued by the Board.

Board COMMITTEES

AUDIT COMMITTEE

The Audit Committee is established to review the principles, policies and practices adopted in the preparation of the financial statements of the organisation. It aims at ensuring that the Annual Report of the organisation and any other announcement relating to financial performance comply with all statutory requirements. The terms of reference include:

- to determine and monitor compliance with statutory requirements and with the best practices of corporate governance;
- to oversee the process for selecting the external auditors, their appointment, reappointment and removal; to approve the audit fee or any fees in respect of non audit services provided by the external auditors ensuring that the provision of non audit services does not impair the external auditors' independence or objectivity;
- to review quarterly, half year and year end financial statements of TCF, providing information to the Board on organisation's assets, its cash flows, net asset value calculations, any changes in accounting policies and practices and significant related party transactions;
- to ensure coordination between the internal and external auditors of the organisation;
- to review the external auditors' audit report;
- to review the findings of the audit with the external auditors including, but not limited to: a discussion of any major issues which arose during the audit; materiality levels; key accounting and audit judgments; levels of errors identified during the audit; and the effectiveness of the audit process;
- to ensure that the internal audit function has adequate resources and is appropriately placed;
- to determine that the internal control systems including financial and operational controls, accounting systems and reporting structures are adequate and effective;
- to consider major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- to consider any other issue or matter as may be assigned by the Board of Directors.

Four meetings of the committee were held during the year.

Members of the Committee are:

Mr. Adnan Asdar , Non-Executive Director
Ms. Bushra Afzal, Non-Executive Director
Mr. Musadaq Zulqarnain, Chairman of the Committee
Mr. Shamshad Nabi, Non-Executive Member
Mr. S.M Ehtishamullah, Non-Executive Member
Mr. Tariq Raza Hussain, Non-Executive Director

HUMAN RESOURCE AND REMUNERATION COMMITTEE

The HR & Remuneration Committee assists the Board in fulfilling its obligations relating to human resource matters, through oversight of the internal Human Resource Policies and practices that support strong organisational performance and people risk management. The terms of reference include:

- to review and recommend Human Resource Management (HRM) policies to the Board (including recruitment, retention, training, performance and compensation);
- to ensure that the HRM policies are in compliance with applicable laws;
- to review and recommend to the Board selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO and other senior management;
- to consider major changes in the organisational structure;
- to review the annual salary plan including increments and performance related bonuses of the staff;
- to ensure leadership continuity in the event of an unexpected departure or emergency leave of the CEO or any senior staff member.

Two meetings of the committee were held during the year.

Members of the Committee are:

Mr. Ahsan M. Saleem, Non-Executive Director
Mr. Ateed Riaz , Non-Executive Director
Mr. Mushtaq K. Chhapra, Chairman of the Committee
Ms. Saima Amin Khawaja, Non-Executive Director
Mr. Syed Asaad Ayub Ahmad, Executive Director
Mr. Irfan Ali Hyder, Executive Member
Mr. Riaz Ahmed Kamrani, Executive Member

Board COMMITTEES

PROCUREMENT COMMITTEE

The committee ensures transparency in procurement and dealing with suppliers and service providers. The terms of reference include:

- to suggest measures to streamline and simplify procurement of goods and services;
- to review the major decisions taken by the Procurement Department on the basis of quality, cost, quantity, condition, location, documentation and timeliness of delivery;
- to identify, review and approve better procurement policies and practices that strengthen and speedup the procurement process and achieve value for money;
- to monitor that the sub committees formed by the Procurement Department are active and involved in the decision making process;
- to review, in consultation with the CEO, the effectiveness of the standard operating procedure and purchase policy and provide feedback.
- to recommend to the Board, improvements in the procedures for raising and approving purchase requisitions and orders;
- to recommend improvements to the Board on those sections of the schedule of financial delegation of authority which fall under the Procurement Department's purview.

No meeting of the committee was held during the financial year.

Members of the Committee are:

Mr. Adnan Asdar, Chairman of the Committee
Ms. Nilofer Saeed, Non-Executive Member
Ms. Saadia Awan, Non-Executive Member
Mr. Shahid Abdulla, Non-Executive Director
Mr. Syed Asaad Ayub Ahmad, Executive Director
Mr. Tauseef ul Islam, Executive Member

GOVERNANCE AND NOMINATION COMMITTEE

The objective of the committee is to evaluate the effectiveness of the Board and to assist the Board in the discharge of its functions as well as to ensure compliance with the governing

principles of TCF. The Committee takes a leadership role in shaping the governing principles for TCF and to keep the organisation aligned with international best practices. The terms of reference include:

- to recommend qualified candidates for Board membership and to structure, monitor and review the collective and individual responsibilities of the Board and its members;
- to evaluate the performance of the Directors;
- to review the Board structure and organisational architecture;
- to monitor the overall compliance with the SECP's Code of Corporate Governance and governing principles of TCF;
- to recommend CEO's and senior management's compensation and benefits for Board approval, exclusive of what is mandated to the HR&R Committee;
- to oversee the succession planning of the CEO and other senior management;

No meeting was held during the financial year.

Members of the Committee are:

Mr. Ahsan M. Saleem, Chairman of the Committee
Mr. Mushtaq K. Chhapra, Non-Executive Director
Ms. Saima Amin Khawaja, Non-Executive Director
Mr. Syed Asaad Ayub Ahmad, Executive Director

RESOURCE MOBILISATION COMMITTEE

The Resource Mobilisation Committee assists the Board for the purpose of increasing donations and reviewing TCF's fundraising strategy. The terms of reference include:

- to periodically review the fundraising targets set for various support groups and Global Chapters of TCF and evaluate performance;
- to review and report to the Board on business development strategies;
- to review tactical plans developed to achieve business development goals set out in the strategic plan;
- to review, monitor and report to the Board on business development projects, initiatives and potential opportunities;

Board COMMITTEES

- to monitor compliance with guidelines established by TCF relating to business development;
- to evaluate donor management standards and the Resource Mobilisation Department's adherence to these standards;
- to review TCF publications and donor reports and recommend changes to the format or information that is being provided;
- to monitor TCF's fundraising campaign related activities and ensure their cost efficiency.

Two meetings were held during the year.

Members of the Committee are:

Mr. Ahsan M. Saleem, Non-Executive Director
Mr. Ateed Riaz, Non-Executive Director
Mr. Ishaque Noor, Non-Executive Member
Mr. Musadaq Zulqarnain, Non-Executive Director
Mr. Mushtaq K. Chhapra, Chairman of the Committee
Ms. Nilofer Saeed, Non-Executive Member
Ms. Saadia Awan, Non-Executive Member
Ms. Saima Amin Khwaja, Non-Executive Director
Mr. Shahid Abdulla, Non-Executive Director
Mr. Syed Asaad Ayub Ahmad, Executive Director
Mr. Zia Akhter Abbas, Executive Member

TECHNOLOGY STEERING COMMITTEE

The purpose of the Committee is to oversee the IT related activities and provide guidance for effective implementation of projects. The terms of reference include:

- to prepare multi-year academic and administrative plan with respect to IT;
- to review and monitor IT projects and assign priorities;
- to approve major IT initiatives and projects;
- to provide strategic direction for adaptation of emerging technologies;
- to discuss any other matter proposed to the committee.

No meeting was held during the financial year.

Members of the Committee are:

Mr. Adnan Asdar, Chairman of the Committee
Mr. Ahsan M. Saleem, Non-Executive Director
Mr. M. Iqbal Abdulla, Non-Executive Member
Mr. Shahab Sajjad Haider, Non-Executive Director
Mr. Riaz Ahmed Kamlani, Executive Member
Mr. Syed Asaad Ayub Ahmad, Executive Director
Mr. Tauseef ul Islam, Executive Member
Mr. Zia Akhter Abbas, Executive Member

EDUCATION COMMITTEE

The Purpose of the Education Committee (the Committee), is to assist the Board in overseeing TCF's Education Division management activities. The terms of reference include:

- to prepare multi-year education plan covering quantitative and qualitative parameters with respect to the school system.
- to review and monitor the plan on a half yearly basis.
- to approve major Education division initiatives and projects and assign implementation priorities.
- to assess HR capacity and recommend capacity building initiatives.
- to assess overall funding requirement for the education for the school system in terms of per student fund allocation.
- to receive quarterly dashboard on Annual Plan KPIs from management.
- to ensure all major project spending of TCF Education Plan have been included in every year OPEX and CAPEX budget of TCF.

One meeting was held during the year.

Members of the Committee are:

Mr. Musadaq Zulqarnain, Non-Executive Director
Ms. Nighat Daudi, Non-Executive Member
Mr. Riaz Ahmed Kamlani, Executive Member
Ms. Roqaiya Riaz, Non-Executive Member
Ms. Saima Amin Khwaja, Chairman of the Committee
Mr. Syed Asaad Ayub Ahmad, Executive Director



Details of the Audit Committee are set out in the section, specifying the Committees of the Board of Directors in this report.

The Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Audit Executive (CAE) and External Auditor attend Audit Committee meetings by invitation. The Committee meets with CAE and External Auditor with and without CEO and CFO being present.

The Committee performs its functions in accordance with the Terms of Reference approved by the Board of Directors. Four meetings of the Audit Committee were held during the year ended 30 June 2018.

Report of the AUDIT COMMITTEE

ROLE OF THE COMMITTEE

The role and responsibilities of the Audit Committee are set out in written terms of reference which are reviewed annually by the Committee taking into account relevant legislation and recommended good practice. The Committee's responsibilities include, but are not limited to, the following matters with a view to bringing any relevant issues to the attention of the Board:

- Oversight of the integrity of Foundation's Financial Statements.
- Review of Foundation's quarterly and annual Financial Statements (including clarity and completeness of disclosure together with Related Party Transactions), and recommend them to the Board of Directors for approval.
- Oversight of Risk Management and internal control arrangements.
- Oversight of compliance with legal and regulatory requirements.
- Oversight of the external auditors' performance, objectivity, qualifications and independence; the approval process of non-audit services; recommendation to the Board of their nomination.
- Ensure that proper and adequate accounting records have been maintained by the Foundation in accordance with the Companies Act, 2017 and external reporting is consistent with the management processes.
- The performance of the Internal Audit Function.

INTERNAL AUDIT FUNCTION

A comprehensive internal control framework has effectively been implemented through an independent internal audit function established by the Board, reporting directly to the Audit Committee.

This year, the audit fieldwork across schools in all TCF regions was undertaken by the Internal Audit department. This activity was previously outsourced for schools in North, North West and GSP Regions to an audit firm, Avas Hyder Liaqat Nouman (Chartered Accountants) and was supervised by the Internal Audit function.

Audit reports of schools located in all six regions of the foundation have been generated by the Internal Audit

Department. A performance audit score is being calculated by the School Management System for each school audited.

Furthermore, internal audit of all Regional Offices, Area Offices, garages and selected Head Office functions was also conducted in accordance with internal audit plan duly approved by the Audit Committee. Certain follow-up audits were carried out as well.

For improvement as well as for better control in schools, Area Offices, and Regional Offices and the Head Office several trainings and meetings were held with the staff throughout the year.

The Head of Internal Audit has direct access to the Chairman of Audit Committee for discussing any serious matter and for guidance in performing the assigned tasks professionally and diligently.

The Audit Committee was able to confirm that all expected key controls for operational compliance, financial reporting and safeguarding the assets of the Foundation were in place through effective internal control and risk management processes.

The cooperation between the external and internal auditors has ensured the most appropriate financial reporting and compliance with laws and regulations producing effective reporting of results.

EXTERNAL AUDIT

Statutory auditors of the Foundation, M/s. KPMG Taseer Hadi & Co. Chartered Accountants, have completed their audit engagement of the "Foundation's Financial Statements" for the year ended 30 June 2018 and shall retire on the conclusion of the 22nd Annual General Meeting.

Audit Committee has reviewed and discussed the auditors' report.

The Audit Firm has been given a satisfactory rating under the Quality Control Review Programme of the ICAP and the Firm is fully compliant with the IFAC Guidelines on the Code of Ethics, as adopted by the ICAP.

Both TCF and KPMG have safeguards in place to avoid the possibility that the external auditors' objectivity and independence could be compromised.

Being eligible for re-appointment as Auditor of the Foundation, the Audit Committee recommends reappointment of M/s. KPMG Taseer Hadi & Co. Chartered Accountants - for the year ending 30 June 2019.



Our code of conduct and governance policies form the framework for all our operations and set out standards of behaviour for all TCF employees including senior management and directors without exception. The Code of Conduct and governance policies have been approved by the Board of Directors.

Code of Conduct AND GOVERNANCE POLICIES

The following activities can result in disciplinary action:

- Consistent lack of punctuality
- Unjustified or unauthorised absenteeism
- Habitual resting or sleeping during office timings
- Using office timings and/or resources for personal use
- Giving illegal or unreasonable direction to others
- Using influence or external pressure for promotion, transfer or induction
- Unsatisfactory or negligent performance
- Conduct that violates decency and morality
- Smoking at non-designated areas
- Theft of any of the properties or assets of Foundation
- Breaking of safety regulations
- Breach of privacy and/or trust
- Bullying or intimidation, hitting and uncalled for physical roughness, mental and gender harassment
- Inappropriate public comment and/or rumour mongering
- Discrimination on basis of caste, creed, religion & gender
- Misusing confidential information or record
- Falsification of records
- Undue patronage or nepotism
- Offering or accepting bribes and gifts
- Intentional damage to Foundation's property
- Mishandling or misusing Foundation's resources and property
- Reporting on duty drugged or intoxicated
- Activities bringing disrepute to Foundation
- Use or possession of arms and explosives
- Insubordination or failure to obey legitimate instruction

WHISTLE BLOWING POLICY

TCF has implemented a Whistle Blowing Policy with effect from 01 July 2014 as part of its broader efforts to ensure that all employees adhere to guidelines laid out in the Foundation's Code of Conduct. This policy has laid out procedures for lodging, handling and reporting of concerns whilst also ensuring the protection of a whistle blower's identity. Monitoring of the effectiveness and compliance of the Whistle Blowing Policy has to be carried out by the Audit Committee. During the year ended 30 June 2018, no complaint was reported.

OPERATIONAL CONTINUITY PLANNING & PROCEDURES FOR DATA PROTECTION

As part of the Foundation's efforts to ensure continuity of operations, an action plan is in place that aims to prevent the breakdown of TCF's operations and to restore them in as little time as possible if they are interrupted by any unexpected event or natural disaster. TCF has formulated detailed standard operation procedures (SOPs) for the backup of its assets including the virtual data. It has designed an effective backup plan to ensure that all the critical data and information remains intact.

MECHANISM FOR PROVIDING INFORMATION TO THE BOARD

Formal Reporting Line

There are six regions and broadly thirteen departments of the Foundation, each led by a Head reporting directly to the Vice Presidents. The Vice Presidents report to the CEO. Clear lines of authority run from top to bottom of the organisational structure and represent formal communication channels. The CEO is responsible for formally communicating with the Board.

EMPLOYEES

We believe in a culture of openness and freedom of expression. We do this by providing several forums for employees to bring their valuable suggestions and feedback to the management and the Board. TCF has provided a server based Improvement Opportunity System (IOS) accessible to all employees allowing them to share their feedback, concerns and recommendations directly with the CEO and Head of Departments.

DONORS

The Foundation has provided its contact details and other information to facilitate donors on its website www.tcf.org.pk

MANAGING CONFLICT OF INTEREST

As per the provisions of the Companies Act, 2017, every Director is required to provide the Board with complete details regarding any material transaction which may cause a conflict of interest with the Foundation, for prior approval of the Board. The interested Director(s) do not participate in the discussion nor do they vote on such matters.

The transactions with all the related parties are made on an arms-length basis and complete details are provided to the Board for their approval. Furthermore, all transactions with the related parties are fully disclosed in the Financial Statements of the Foundation.

FIT AND PROPER CRITERIA

An undertaking has been taken from the Directors in respect of fit and proper criteria as set out under regulation 10 of Associations with Charitable and Not for Profit Objects Regulations, 2018 issued vide S.R.O. 733(I)/2018 dated 7 June 2018.

QUALITY CONTROL MEASURES

The Quality Assurance (QA) team reinforces accountability, transparency and organisational learning of all stakeholders through systematic evaluation of educational policies, programmes and processes. To assess the quality of students' learning the team has developed a systematic, centralised assessment system. The QA team conducts two centralised exams (Mid Term and Final Term) in an academic

year. Students' results are then entered into the system for report generation and future planning.

PROCEDURES ADOPTED FOR STAKEHOLDER ENGAGEMENT

The Foundation recognises and respects the rights of each and every stakeholder including members, employees, financial institutions, creditors, business partners, local communities and others. The Foundation is also cognizant of its legal and constructive obligations towards its stakeholders and takes their input into consideration.

REGULATORS

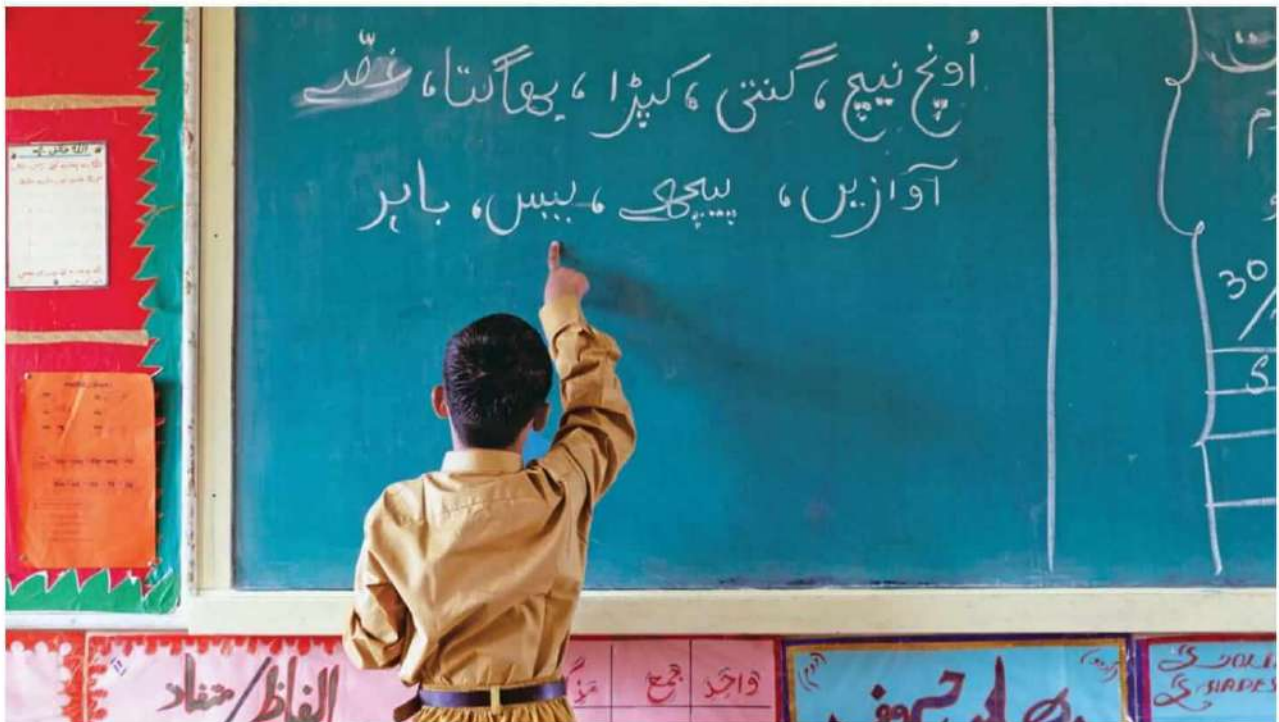
TCF continually engages with the Government of Pakistan and other regulatory bodies at local, provincial and federal levels on various education related matters and issues.

MEDIA

TCF engages with media through press releases as and when required.

OTHER STAKEHOLDERS

Other stakeholders include donors, bankers, suppliers and employees. TCF engages with these stakeholders on a regular basis through meetings and other ways of correspondence.



Role of the Chairman AND CEO

ROLE OF THE CHAIRMAN

The Chairman of the Board of Directors ensures that the organisation's trajectory is aligned with its vision, at all times. Providing leadership and direction to the Board, the Chairman ensures that the Board fulfills its responsibilities in a diligent manner. The Chairman's role entails the following:

- To make sure that all members of the Board participate in all meetings and have the opportunity to explain their opinion;
- To act as a liaison between management and the Board;
- To provide independent advice and counsel to the CEO;
- To keep abreast generally of the activities of the organisation and its management;
- To ensure that the Directors are properly informed and that sufficient information is provided to enable the Directors to form appropriate judgments;
- To ensure that dissent of Directors, if any, is properly recorded in the minutes of meetings;
- To assist the Board in fulfilling its role effectively and swiftly in line with regulatory requirements;
- To ensure that the Board subcommittees perform their designated functions with due diligence.

ROLE OF THE PRESIDENT & CEO

The role of the President and CEO constitutes an absolutely engaged position, demanding complete involvement in leading the organisation. The role entails the following:

- To ensure execution of the strategy developed by the Board;

- To make sure that the Foundation maintains its business position and brand image as one of the leading non-profit organisations of the country;
- To efficiently allocate and manage organisational resources and budgets, ensuring attainment of its long-term strategic goals;
- To establishing systems of checks and controls to support the fast-paced growth of the Foundation;
- To providing liaison between the Board and the Foundation's management to ensure alignment of managerial efforts with Board's directives;
- To foster a culture of professionalism and high ethical standards within the Foundation;
- To facilitate an organisational culture of continuous improvement to ensure quality education outcomes and enhanced donor services.

PRESIDENT & CEO'S PERFORMANCE REVIEW

The President and CEO of TCF is responsible for supervising and leading the strategic and managerial affairs of the organisation. Various elements of the President and CEO's performance are monitored and discussed periodically by the Board. As leader of the organisation and executor of its long-term strategy approved by the Board, the President and CEO is evaluated on parameters such as governance and compliance, business processes and policies, financial performance, people management and facilitating the desired organisational culture of integrity, ownership and continuous improvement.

Shariah approval for paying Zakat and donations to The Citizens Foundation (TCF)

Introduction:

TCF is a professionally managed, non-profit and philanthropic organization set up in 1995 by a group of citizens concerned with the dismal state of education in Pakistan. It is now one of Pakistan's leading organizations in the field of formal education. The vision of TCF is to remove barriers of class and privilege and to make the citizens of Pakistan Agents of Positive Change. TCF believe that access to basic education is the right of each individual and not a privilege. Apart from following the regular curriculum, TCF focus on the character building of students to equip them with high moral values and confidence. The organization supports the education of less-privileged children. Under the administration of TCF hundreds of schools spread throughout Pakistan are providing education to thousands of children.

Method of utilization of Zakat and donation:

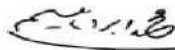
The organization's financial needs are being covered by general donations and Zakat that Pakistani individuals and corporate throughout the world contribute towards. The Procedure is that the administrators check out the financial condition of children and their parents/Guardians in respect of Zakat eligibility. If they are eligible for Zakat, then administrators of TCF get permission to collect Zakat on their behalf and to spend that directly on their educational needs as per the conditions of Zakat administration. According to these limits, TCF uses Zakat and donation funds very carefully.

To ensure that the whole process is Sharia-compliant, both in letter and in spirit, Alhamd Shariah Advisory Services Limited has been appointed as Shariah Advisor to review all Zakat-related documents and procedures. We confirm that The Citizens Foundation collects and spends Zakat funds considering the rulings and guidance of Shariah Advisor.

Shariah Ruling:

It is confirmed that The Citizen Foundation collects and spends Zakat fund in accordance with the instructions of Shariah. It is also confirmed that whosoever will give Zakat to this Foundation; their Zakat will be paid as per Shariah point of view.

May Allah grant the management of The Citizens Foundation best reward for their services, and may give in their mission more blessings and sincerity. Aameen



MUFTI MUHAMMAD IBRAHIM ESSA

For and on behalf of

Alhamd Shariah Advisory Services Private Limited

SECP/IFD/SA/046



Email: info@alhamdshariahadvisory.com

Website: www.alhamdshariahadvisory.com

Phone: +92 322 2671867



THE CITIZENS FOUNDATION

Notice of 22nd Annual General Meeting of Members

Notice is hereby given to all the members of **The Citizens Foundation** that **22nd Annual General Meeting** of the Foundation will be held on **Monday, 15 October 2018 at 11:30 a.m.** at TCF Registered Office, Plot No 20, Sector 14, Korangi Industrial Area, Karachi-74900 to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited financial statements of the Foundation for the year ended 30 June 2018 together with Auditors' report thereon.
2. To adopt the Directors' Report and Review Report by the Chairman for the year ended 30 June 2018.
3. To appoint Foundation's Auditors for the year ending 30 June 2019 and to fix their remuneration. M/s. KPMG Taseer Hadi & Co. Chartered Accountants, retired and being eligible, offer themselves for reappointment.

Special Business:

1. To consider and if deemed fit, pass the following resolution as a "Special Resolution" with or without modification, addition or deletion, authorizing the alteration in the liability clause of the Memorandum of Association of the Foundation by amendment of clause VII as per the requirements of the Associations with Charitable and Not for Profit Objects Regulations, 2018.

"RESOLVED THAT subject to the approval of the Securities and Exchange Commission of Pakistan and in compliance with regulation 7(iv) of Associations with Charitable and Not for Profit Objects Regulations, 2018 the Memorandum of Association of the Foundation be and is hereby altered by amendment of clause VII as under:

Clause VII of the Memorandum of Association:

The liability of the members is limited.

Each member of the Company undertakes to contribute to the assets of the Company in the event of its being wound up while he is a member or within one year afterwards, for payment of the debts and liabilities of the Company contracted before he ceases to be a member and the costs, charges and expenses of winding up and for adjustment of the rights of the contributories among themselves. The sum to be contributed by the Members shall be as follows:

All Members of the Company shall individually contribute a sum not exceeding Rs. 100,000 (Rupees One Hundred Thousand Only).

If the total sum required on winding up for payment of the debts and liabilities of the Company and of the said costs and expenses shall be less than Rs. 100,000 then the Members shall contribute thereto in proportion to the maximum specified liability."

"FURTHER RESOLVED THAT the Chief Executive Officer and/or the Company Secretary of the Foundation be and hereby authorised singly or jointly to file petition along with the other required documents and papers before the Security and Exchange Commission of Pakistan to undertake all such steps, acts and deeds necessary, ancillary and incidental for the purpose of altering the Memorandum of Association complying with other regulatory requirements so as to effectuate the alteration in the Memorandum of Association while implementing the aforesaid resolution".

Other Business:

1. To transact any other business with the permission of the chair.

By order of the Board.



Khwaja Bakhtiar Ahmed
Company Secretary

Date: 24 September 2018
Place: Karachi

Statement Under Section 134 (3) of The Companies Act, 2017

The Special Resolution for amendment to the Liability Clause in the Memorandum of Association of the Company is being proposed to comply with the legal requirement pursuant to regulation 7(iv) of Associations with Charitable and Not for Profit Objects Regulations, 2018 which has been recently notified by the Securities and Exchange Commission of Pakistan.

A comparative table of the existing vs Proposed Clause VII of Memorandum of Association of The Citizens Foundation is given below:

Existing Clause VII of Memorandum of TCF	Proposed and Revised Clause VII of Memorandum of TCF, as consented by the Board, and recommended by KPMG following the promulgation of Association with Charitable and Not for Profit Objects, Regulations 2018 vide SRO 733 (I) / 2018 dated 7 June 2018
<p>The liability of the members is limited.</p> <p>Each member of the Company undertakes to contribute to the assets of the Company in the event of its being wound up while he is a member, or which or year afterwards, for payment of the debts and liabilities of the Company contracted before he ceases to be member, and of the costs charges and expenses of winding up and for adjustment of the rights of the contributories among themselves. The sum to be contributed by the Members shall be as follows:</p> <p>All Members of the Company shall individually contributes a sum not exceeding Rs. 1,000 (Rupees One Thousand Only).</p> <p>If the total sum required on winding up for payment of the debts and liabilities of the Company and of the said costs and expenses shall be less than Rs. 1,000 then the Members shall contribute thereto in proportion to the maximum specified liability.</p>	<p>The liability of the members is limited.</p> <p>Each member of the Company undertakes to contribute to the assets of the Company in the event of its being wound up while he is a member or within one year afterwards, for payment of the debts and liabilities of the Company contracted before he ceases to be a member and the costs, charges and expenses of winding up and for adjustment of the rights of the contributories among themselves. The sum to be contributed by the Members shall be as follows:</p> <p>All Members of the Company shall individually contribute a sum not exceeding Rs. 100,000 (Rupees One Hundred Thousand Only).</p> <p>If the total sum required on winding up for payment of the debts and liabilities of the Company and of the said costs and expenses shall be less than Rs. 100,000 then the Members shall contribute thereto in proportion to the maximum specified liability.</p>

The Board of Directors have no interest in the proposed Special Resolution.



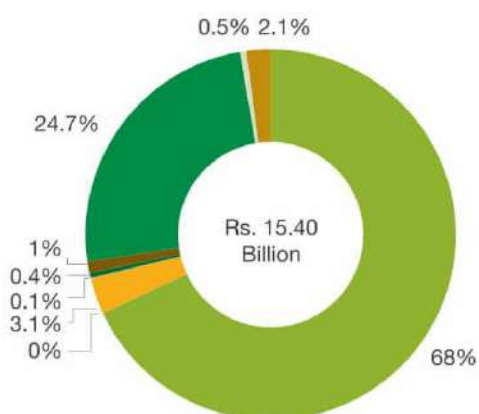
A photograph of a group of school children in a courtyard. In the foreground, a girl with a braid, wearing a yellow shirt and a light blue scarf, is seen from the back, holding hands with other children. To her right, a girl in a green sweater and light blue scarf is smiling at the camera. Other children in yellow shirts and light blue scarves are visible in the background, some holding hands, suggesting a group activity or dance. The scene is outdoors with trees in the background.

Establishing Integrity through
TRANSPARENCY

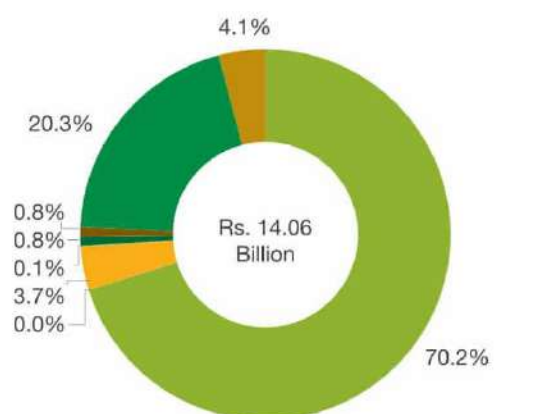
Financial Highlights

GRAPHICAL PRESENTATION OF BALANCE SHEET

ASSETS 2018

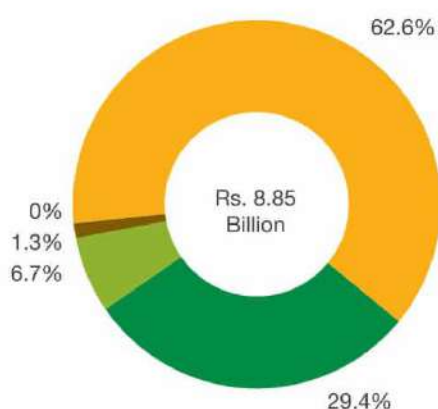


ASSETS 2017

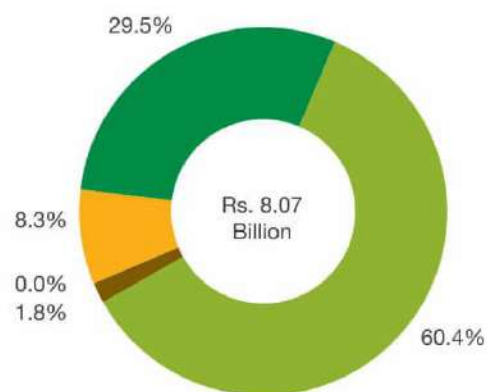


- Property and Equipment
- Intangible Assets
- Long Term Investments
- Long Term Deposits
- Advances and Prepayments
- Accrued Income and Other Receivables
- Short Term Investments
- Cash and Bank Balances
- School Uniforms, Books and Other Consumables

FUNDS AND RESERVES 2018



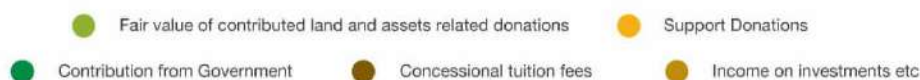
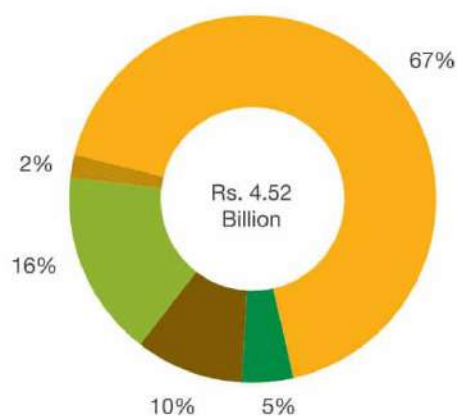
FUNDS AND RESERVES 2017



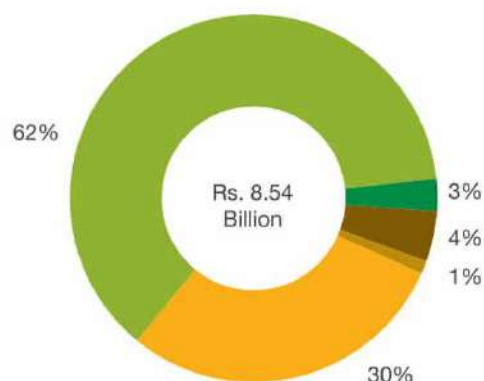
- Surplus / (deficit) of income over expenditure for the year
- Unrealized gain on remeasurement of available for Sale Investments
- Endowment Fund
- General Fund
- Capital Fund

GRAPHICAL PRESENTATION OF INCOME AND EXPENDITURE ACCOUNT

INCOME 2018



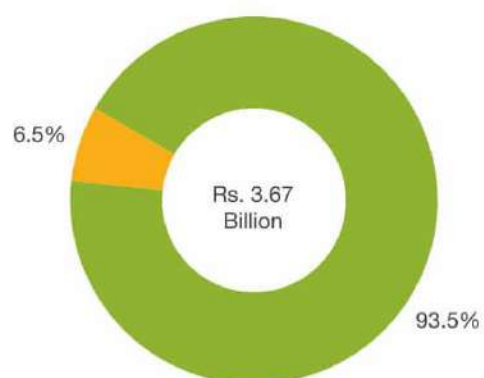
INCOME 2017



OPERATING EXPENDITURE 2018

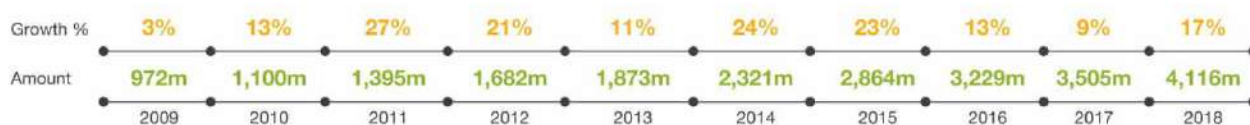


OPERATING EXPENDITURE 2017



RECEIPTS PATTERN

This receipts pattern includes donations for school support, students' education (KG to Matric), building schools and other incomes. Donations received for TCF relief operations are not included in this pattern.



Financial Highlights Six Years Financial and Operating Information at a Glance (2013 to 2018)

Operating Results (Rupees in Million)	2018	2017	2016	2015	2014	2013
Donation and Concessional Fees	3,905.2	8,401.0	2,862.5	2,368.4	1,874.7	1,523.9
Other Income	92.2	95.4	36.0	138.0	120.2	116.0
Education Programme Expenses	3,601.1	3,380.9	2,660.3	2,277.6	1,860.7	1,524.4
Programme Administration	322.5	239.5	229.7	189.8	177.8	133.7
Surplus / (deficit) of Income over Expenditure for the Year	593.6	4,876.1	8.4	39.0	(43.6)	(18.2)
Financial Position (Rupees in Million)						
School Land and Building	9,703.5	9,324.9	3,924.3	3,581.8	3,152.3	2,801.3
Other Non-Current Assets	1,268.4	1,082.5	1,818.0	1,874.3	1,337.0	759.2
Current Assets	4,427.4	3,648.9	2,319.0	1,516.8	1,424.6	1,193.6
Total Assets	15,399.3	14,056.3	8,061.2	6,972.9	5,913.9	4,754.1
Deferred Income	6,111.3	5,542.0	5,074.3	4,417.3	3,890.4	3,353.6
Current Liabilities	433.8	444.7	388.1	397.8	240.1	180.9
Total Liabilities	6,545.1	5,986.6	5,462.3	4,815.1	4,130.6	3,534.5
Net Assets	8,854.2	8,069.7	2,598.9	2,157.8	1,783.3	1,219.6
Capital Fund	2.4	2.4	2.4	2.2	2.2	2.1
General and Other Funds	5,543.1	667.0	658.6	656.8	700.4	763.9
Endowment Fund	2,602.8	2,378.7	1,865.0	1,369.9	972.9	356.4
Unrealized gain on remeasurement of available for sale investments	112.4	145.5	64.5	89.9	151.4	115.4
Total Funds	8,854.2	8,069.7	2,598.9	2,157.8	1,783.3	1,219.6
Expenses Pattern (in %)						
Education Programme	91.8%	93.4%	92.1%	92.3%	91.3%	91.9%
Programme Administration	8.2%	6.6%	7.9%	7.7%	8.7%	8.1%
Key Financial Ratios (in Times)						
Current Ratio	10.2	8.2	6.0	3.8	5.9	6.6
Cash to Current Liabilities	0.8	1.3	0.7	0.4	0.4	0.4
Summary of Cash Flow Statement (Rupees in Million)						
Cash and cash equivalents at beginning of the year	1,703.2	941.9	760.5	681.1	574.6	68.0
Cash Flows from Operating Activities	315.9	(146.1)	(595.4)	(457.4)	(319.0)	(201.8)
Cash Flows from Investing Activities	(92.4)	(132.3)	(1,073.0)	(1,083.3)	(1,175.9)	(264.7)
Cash Flows from Financial Activities	740.6	1,039.6	1,849.8	1,620.1	1,601.4	972.9
Increase / (decrease) in Cash and Cash Equivalents	964.10	761.2	181.4	79.4	106.5	506.5
Cash and cash equivalents at end of the year	2,667.2	1,703.2	941.9	760.5	681.1	574.6
Other Data (Rupees in Million)						
Foreign Exchange Remittance (Pak Rupee Equivalent) for all Donations Received	2,192.6	1,659.0	1,673.0	1,668.0	1,695.0	1,079.0
Tax Deducted and Deposited into Government Treasury as Withholding Tax Agent	77.2	84.7	82.7	57.50	36.50	33.30



KPMG Taseer Hadi & Co.

Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi, 75530 Pakistan
Telephone +92 (21) 3568 5847
Fax +92 (21) 3568 5095

**Independent Auditor's Report
To the members of The Citizens Foundation**

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **The Citizens Foundation** (the Foundation), which comprise the statement of financial position as at 30 June 2018, and the income and expenditure statement and other comprehensive income, the statement of changes in funds and reserves, 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 and other comprehensive income, the statement of changes in funds and reserves 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 30 June 2018 and of the surplus and other comprehensive income, the changes in funds and reserves 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 comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon.

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.



KPMG Taseer Hadi & Co.

Our opinion on the financial statements does not cover the Other Information and we do 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 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 a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

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.



KPMG Taseer Hadi & Co.

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

We communicate with the board of 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.



KPMG Taseer Hadi & Co.

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 statement and other comprehensive income, the statement of changes in funds and reserves 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).

The engagement partner on the audit resulting in this independent auditor's report is **Moneeza Usman Butt**.

Date: 15 August 2018
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

Statement of Financial Position

AS AT 30 JUNE 2018

	Note	2018	2017
		(Rupees in '000)	
ASSETS			
Non-Current Assets			
Property and equipment	4	10,475,388	9,862,453
Intangible assets	5	5,092	6,544
Long term investments	6	478,910	525,739
Long term deposits		12,528	12,666
		10,971,918	10,407,402
Current Assets			
Advances and prepayments	7	63,535	110,636
Accrued income and other receivables	8	159,502	117,537
Short term investments	9	3,796,355	2,850,472
School uniforms, books and other consumables		83,823	-
Cash and bank balances	10	324,154	570,280
		4,427,369	3,648,925
Total Assets		15,399,287	14,056,327
LIABILITIES			
Non-Current Liabilities			
Deferred income relating to operating fixed assets	11	5,074,398	4,776,916
Deferred income relating to school support, grants and children education	12	1,036,925	814,494
		6,111,323	5,591,410
Current Liabilities			
Accrued expenses and other liabilities	13	433,777	395,231
Total liabilities		6,545,100	5,986,640
Net assets		8,854,187	8,069,687
REPRESENTED BY:			
FUNDS AND RESERVES			
Capital fund	14	2,400	2,400
General fund	15	5,543,078	667,019
Endowment fund - Externally Restricted	16	2,602,792	2,378,663
Surplus of income over expenditure for the year		593,557	4,876,059
Unrealized gain on remeasurement of available for sale investments - Unrestricted		112,360	145,546
		8,854,187	8,069,687
Contingencies and Commitments	17		

The annexed notes 1 to 33 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

Income and Expenditure Statement

FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018	2017
		(Rupees in '000)	
INCOME			
Donations and concessional tuition fees	18	3,905,149	3,346,480
Fair value of contributed land		519,742	5,101,530
Income on investment - net	19	62,458	79,876
Other income	20	29,765	15,548
		<u>4,517,114</u>	<u>8,543,434</u>
OPERATING EXPENDITURE			
Education Programme			
School expenditures	21	2,393,040	2,115,774
Books, copies, uniforms and other school supplies		183,068	266,097
Repair and maintenance charges		46,324	87,059
School vehicle running and maintenance		130,864	123,685
Teachers' training		31,353	62,560
School supervision and monitoring		266,549	254,504
Depreciation on school assets	22	425,895	423,340
Other expenses	23	124,002	94,834
		<u>3,601,095</u>	<u>3,427,853</u>
Programme Administration			
Salaries and other benefits	24	172,231	129,141
Marketing expense		78,458	50,925
Vehicle running and maintenance		5,976	5,081
Travelling and conveyance		6,764	2,970
Utilities		5,064	4,518
Communication		5,675	5,286
Printing and stationery		4,219	4,984
Depreciation	22	20,480	21,115
Other expenses	25	23,595	15,502
		<u>322,462</u>	<u>239,522</u>
Total Operating Expenditure		<u>3,923,557</u>	<u>3,667,375</u>
Surplus of income over expenditure for the year		<u>593,557</u>	<u>4,876,059</u>

The annexed notes 1 to 33 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2018

	2018 (Rupees in '000)	2017
Surplus of income over expenditure for the year	593,557	4,876,059
<i>Items that are or may be reclassified subsequently to income and expenditure statement:</i>		
Unrealized (loss) / gain on remeasurement of available for sale investments	(37,916)	116,532
Reclassification adjustments relating to loss / (gain) on disposal of available for sale investments	4,730	(35,477)
Other comprehensive income for the year	(33,186)	81,055
Total comprehensive income for the year	<u>560,371</u>	<u>4,957,114</u>

The annexed notes 1 to 33 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 (Rupees in '000)	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	27	(662,793)	(798,002)
Long term deposits		138	70
Deferred receipts relating to school support, grants and children education	12	986,330	670,510
Taxes deducted		(7,802)	(18,678)
Net cash from / (used) in operating activities		315,874	(146,100)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(540,255)	(737,056)
Sales proceeds on disposal of fixed assets		29,115	17,946
Purchase of Investments		(8,310,579)	(3,856,010)
Proceeds from sale and maturity of investments		8,520,907	4,220,739
Profit on bank deposits received		12,919	6,723
Dividend received		42,912	21,154
Income on investments		152,561	194,198
Net cash used in investing activities		(92,420)	(132,306)
CASH FLOWS FROM FINANCING ACTIVITIES			
Endowment fund		224,129	513,681
Deferred receipts relating to build donations	11	516,494	525,963
Net cash from financing activities		740,623	1,039,644
Net increase in cash and cash equivalents		964,077	761,238
Cash and cash equivalents at beginning of the year		1,703,148	941,910
Cash and cash equivalents at end of the year	27.2	2,667,225	1,703,148

The annexed notes 1 to 33 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

Statement of Changes in Funds & Reserves FOR THE YEAR ENDED 30 JUNE 2018

	Capital fund	General fund	Endowment fund (Externally restricted)	Surplus of income over expenditure for the year	Un-realized gain / (loss) on remeasurement of available for sale investments	Total
----- (Rupees in '000) -----						
Balance as at 01 July 2016	2,400	658,576	1,864,982	8,443	64,491	2,598,892
Addition during the year	-	-	513,681	-	-	513,681
Transfer of surplus of income over expenditure to the general fund	-	8,443	-	(8,443)	-	-
	-	8,443	513,681	(8,443)	-	513,681
Total comprehensive income for the year						
Surplus of income over expenditure for the year	-	-	-	4,876,059	-	4,876,059
Other comprehensive income						
Unrealized gain on remeasurement of available for sale investments	-	-	-	-	116,532	116,532
Reclassification adjustments relating to gain on disposal of available for sale investments	-	-	-	-	(35,477)	(35,477)
Total comprehensive income for the year	-	-	-	4,876,059	81,055	4,957,114
Balance as at 30 June 2017	2,400	667,019	2,378,663	4,876,059	145,546	8,069,687
Addition during the year	-	-	224,129	-	-	224,129
Transfer of surplus of income over expenditure to the general fund	-	4,876,059	-	(4,876,059)	-	-
	-	4,876,059	224,129	(4,876,059)	-	224,129
Total comprehensive income for the year						
Surplus of income over expenditure for the year	-	-	-	593,557	-	593,557
Other comprehensive income						
Unrealized loss on remeasurement of available for sale investments	-	-	-	-	(37,916)	(37,916)
Reclassification adjustments relating to loss on disposal of available for sale investments	-	-	-	-	4,730	4,730
Total comprehensive income for the year	-	-	-	593,557	(33,186)	560,371
Balance as at 30 June 2018	2,400	5,543,078	2,602,792	593,557	112,360	8,854,187

The annexed notes 1 to 33 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018

1. LEGAL STATUS AND NATURE OF OPERATIONS

- 1.1** The Citizens Foundation ("the Foundation") was incorporated in Pakistan as company limited by guarantee on 24 September 1996 under section 42 of the Companies Ordinance, 1984 (repealed Ordinance). The Foundation is principally engaged in establishing schools to promote education. The Foundation receives funds from cross sections of society within and outside Pakistan for building of schools as well as for its operations. These donations are made by organizations, institutions and individuals.

The registered address of the Foundation is Plot 20, Sector 14, Korangi Industrial Area, Karachi, Pakistan. The Foundation also has a branch office in Dubai which is registered with International Humanitarian City - Free Zone, Dubai, United Arab Emirates. The principal activity of the branch is to help fundraising to support the school operations in Pakistan.

The Foundation is in process of altering its Memorandum of Association to comply with the requirements of Associations with Charitable and Not for Profit Objects Regulations, 2018 promulgated on 07 June 2018.

School Network

The Foundation school units are present across the country in the following territories:

	No. of units	%
Punjab	684	46%
Sindh	641	43%
Balochistan	78	5%
Khyber Pakhtunkhwa	69	5%
Azad Jammu Kashmir	10	1%
	1,482	100%

1.2 Summary of significant events and transactions in the current reporting period

The Foundation's financial position and performance was particularly affected by the following events and transactions during the reporting period:

- The exchange rate of USD to PKR has increased from PKR 104.8 as at 30 June 2017 to PKR 121.4 as at 30 June 2018 contributing to an exchange gain realised during the period amounting to Rs.113.876 million;
- For a detailed discussion about the Foundation's performance please refer to the Directors' report.
- Due to the first time application of financial reporting requirements under the Companies Act, 2017, including disclosure and presentation requirements of the fifth schedule of the Companies Act, 2017, some additional disclosures have been made in these financial statements.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Boards (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 the Accounting Standards for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except as stated otherwise in these financial statements.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Foundation's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded to the nearest thousand rupee.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments 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 experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements 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 recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with significant risk of material adjustment in the next year are described in the following:

- Property and equipment and Intangible assets (notes 3.1 and 3.2).
- Investments (note 3.3)
- Impairment (note 3.6)
- Provisions (note 3.13)

2.5 Standards, Interpretations and Amendments which became effective during the year

The following amendments to existing standards and interpretations have been published and are mandatory for accounting periods beginning on or after 01 July 2017 and are considered to be relevant to the Foundation's financial statements:

- The Companies Act, 2017 (the Act) has brought certain changes with regard to preparation and presentation of annual financial statements of the Foundation. Further, the disclosure requirements contained in the fifth schedule to the Act have been revised, resulting in the incorporation of additional disclosures.

Apart from above, certain amendments to the approved accounting standards and interpretations became effective during the year which were not relevant to the Foundation's accounting policies.

2.6 Amendments to existing Approved Accounting Standards and Interpretations that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2018:

- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after 01 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Foundation's financial statements.
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 01 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognised. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognised. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The application of interpretation is not likely to have an impact on Foundation's financial statements.
- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 01 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The Foundation is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on adoption of the standard.
- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 01 July 2018 and 01 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Foundation is currently in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard.
- IFRS 16 'Leases' (effective for annual period beginning on or after 01 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Foundation is currently in the process of analyzing the potential impact of its lease arrangements on adoption of the standard.
- Annual Improvements to IFRS Standards 2015–2017 Cycle - introduces certain amendments to approved accounting standards which are effective from annual period beginning on or after 1 January 2019. However these are not likely to have an impact on Foundation's financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless stated otherwise.

3.1 Property and equipment

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for freehold and leasehold land and donated land and buildings. Cost includes expenditure directly attributable to the acquisition of an asset. The cost of self-constructed asset includes the cost of materials, direct labour and any other costs directly attributable to bring the asset to a working condition for its intended use.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Foundation and the cost of the item can be measured reliably.

The value assigned to the leasehold land is not depreciated since the lease is renewable at the option of the lessee and at minimal cost.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Donated / contributed lands are stated at fair value at the date of contribution / donation. Fair value of donated / contributed land are measured at valuation determined by the management. Donated buildings are initially measured at valuation determined by the management and subsequently carried at valuation less accumulated depreciation and accumulated impairment, if any.

Depreciation is charged to income and expenditure statement under the straight-line basis at rates specified in respective note to these financial statements. Depreciation is charged on operating fixed assets from the date asset is available for intended use upto the date the asset is disposed off. Normal repairs and maintenance are charged to income and expenditure statement as and when incurred. Gains and losses on disposal of an item of property and equipment are taken to income and expenditure statement.

Capital work-in-progress is stated at cost less impairment loss, if any and consists of expenditure incurred in the course of their construction and installation. Assets are transferred to operating fixed assets when they are available for intended use.

3.2 Intangible assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over their estimated useful lives.

Costs that are directly associated with identifiable software products controlled by the Foundation and have probable economic benefit beyond one year are recognised as intangible assets.

Costs associated with maintaining computer software products are recognised as expense as and when incurred.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.3 Investments

All investments in equity securities and units / certificates of open and closed end mutual funds classified as available for sale are initially recognised at and subsequently re-measured at fair value at each balance sheet date and any resultant gain or loss is recognised in other comprehensive income and accumulated in the funds and reserves until the investment is disposed off or impaired, at which time these are transferred to income and expenditure statement. Any reversal in impairment loss is recognised in income and expenditure statement except for equity instruments in which case it is recognised in statement of funds and reserves. The fair value of these investments are determined on the basis of year-end bid prices obtained from stock exchange quotations and the relevant redemption prices for open end mutual fund units.

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity. Investments classified as held to maturity are recognised initially at fair value, plus attributable transaction cost. Subsequent to initial recognition, these are stated at amortised cost.

3.4 School uniforms, books and other consumables

School uniforms, books and other consumables are valued principally at the lower of cost and current replacement cost using weighted average cost method.

Materials in transit are stated at cost comprising invoice value plus other charges incurred thereon.

Net realizable value signifies the estimated selling price in the ordinary course of operation less costs necessary to be incurred in order to make a sale.

Due to immaterial amounts in prior periods, these were not recognised in the statement of financial position and were charged in the income and expenditure statement on consumption basis.

3.5 Other payables

Other payables are recognised initially at fair value less directly attributable cost, if any, and subsequently measured at amortised cost.

3.6 Impairment

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred and that the loss event has a negative effect on the estimated future cash flows of that asset.

In case of equity investment classified as available for sale and measured at fair value, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists, the cumulative loss measured as a difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised, is transferred from other comprehensive income to income and expenditure statement. Such impairment losses are not subsequently reversed through the income and expenditure statement.

The Foundation considers evidence of impairment for receivable and other financial assets specific asset levels. Losses are recognised as an expense in income and expenditure statement. When a subsequent event causes the amount of impairment loss to decrease, this reduction is reversed through the income and expenditure statement.

Further, the Foundation reviews the value of its non-financial assets other than inventories to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

3.7 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Foundation becomes a party to the contractual provisions of the instrument. The Foundation derecognises the financial assets when the contractual rights to the cash flows from the asset expires or it transfers the rights to receive the contractual cashflows in a transaction in which substantially all of the risk and rewards of ownership of the financial assets are transferred or it neither transfers nor retain substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. The Foundation derecognises financial liabilities at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income and expenditure statement.

3.8 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when the Foundation has currently legally enforceable right to set-off the recognised amounts and the Foundation intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

3.9 Income recognition

Donations for school operations are recognised as income as and when received. Donations are also recognised as revenue on receivable basis, when the inflows can be reliably measured and the collection is reasonably assured.

Donations related to operating fixed assets e.g. for building schools etc. received in cash are recognised as deferred income and amortised over the useful lives of asset from the date the asset is available for intended use.

Donations received for school support and education of a child till matriculation are deferred and recognised as income on a systematic basis to match them with the related costs that they are intended to compensate.

Donations received in kind exceeding the capitalization limit are recognised as deferred income and amortised over the useful life of asset from the date the asset is available for intended use. Donations received in kind which are below the capitalization limit are recognised as income for the year.

Restricted contributions for the purchase of capital assets / contribution of capital assets, which will not be amortised are recognised as income upon purchase of capital assets / contribution of capital assets.

Gain or losses on sale of investments are included in income and expenditure statement on the date at which the transaction takes place.

Dividend income is recognised when the right to receive dividend is established.

Grants are recognised in income and expenditure statement on a systematic basis to match them with the related costs that they are intended to compensate.

Income on Pakistan Investment Bonds is recognised using the effective yield basis.

Income on deposit accounts, term deposits receipts and treasury bills are recognised on time proportion basis taking in to account the effective yield.

Concessional tuition fees from students are recognised on receipt basis.

The occasional voluntary services from professionals are not recorded in the financial statements due to impracticability of its measurement.

Miscellaneous income, if any, is recognised on receipt basis.

3.10 Provision for compensated absences

The Foundation accounts for all accumulated compensated absences when employees render services that increase their entitlement to future compensated absences.

3.11 Expenses

All expenses are recognised in the income and expenditure statement on accrual basis.

3.12 Taxation

The Foundation enjoys exemption from income tax under new sub-clause (xxx) of clause (66) of Part I of Second Schedule to the Income Tax Ordinance, 2001, consequently no provision for taxation is made in these financial statements. Further, by virtue of sub-clause (ia) of clause (61) of Part I of the Second Schedule of the said Ordinance, any donation made to the Foundation by any person shall be allowed as admissible deduction. The exemption clauses became applicable from 01 July 2012.

3.13 Provisions

Provisions are recognised in the statement of financial position when the Foundation has a legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

3.14 Foreign currency transactions

Foreign currency transactions are translated into Pak Rupees at exchange rates prevailing on the date of transaction. All monetary assets and liabilities in foreign currencies at the reporting date are translated into Pak Rupees at the rates of exchange prevailing on the reporting date. Exchange differences, if any, are included in income and expenditure statement.

3.15 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, balances with banks and other short term highly liquid investments with original maturities of three months or less.

3.16 Transfer to general fund

The Foundation transfers (deficit) / surplus of income over expenditure to general fund in the year in which it is approved.

3.17 Restricted contributions

A restricted contribution is a contribution subject to externally imposed stipulations that specify the purpose for which the contributed asset or fund is to be used. Endowment contributions are accumulated in the net assets balance. Externally restricted contributions for expenses of one or more future periods are accumulated in the statement of financial position as deferred contributions and recognised as revenue in the income and expenditure statement in the same period or periods as the related expenses are recognised. Restricted contributions for the purchase of capital assets that will be depreciated are deferred and recognised as revenue in the income and expenditure statement on the same basis as the depreciation expense related to the acquired capital assets. The net investment income earned, to the extent attributable to restricted contributions including endowment contribution / fund, are recognised as increase or decrease in the deferred contribution balance and endowment fund as the case may be.

3.18 Allocation of expenses

Expenses incurred by regional offices are allocated to supervision and monitoring of education programme.

Expenses incurred by quality assurance (QA), HR schools, strategic development unit (SDU), community development unit (CDU) and operations department are allocated to supervision and monitoring of education programme.

Expenses incurred by training department are allocated to supervision and monitoring of education programme.

Expenses incurred by engineering department are allocated to capital work in progress projects on pro-rata basis per additional amount incurred on each project.

Remuneration of Vice-President - Operations is allocated to supervision and monitoring of education programme and capital work in progress projects at 80% and 20% respectively. Allocation to capital work in progress projects is on pro-rata basis per additional amount incurred on each project.

80% remuneration of Vice President - Outcomes is allocated to supervision and monitoring of education programme.

Remuneration of Chief Executive Officer is allocated to supervision and monitoring of education programme and capital work in progress projects at 24% and 10% respectively. Allocation to capital work in progress projects is on pro-rata basis per additional amount incurred on each project.

4. PROPERTY AND EQUIPMENT	Note	2018 (Rupees in '000)	2017
Operating fixed assets	4.1	10,186,831	9,435,400
Capital work in progress	4.2	279,890	402,319
Advance for construction		3,027	12,912
Advance against purchase of operating fixed assets		5,640	11,822
		<u>10,475,388</u>	<u>9,862,453</u>

4.1 Operating Fixed Assets

	2018								
	School land		Building on		Furniture and fittings	Vehicles	Electrical equipment	Office and other equipments	Total
	leasehold	freehold	leasehold land	freehold land					
	(Rupees in '000)								
At 1 July 2017									
Cost	2,538,123	2,830,092	311,444	4,882,581	486,949	754,169	43,907	123,566	11,970,831
Accumulated depreciation	-	-	(40,688)	(1,623,698)	(245,066)	(515,999)	(26,750)	(83,230)	(2,535,431)
Net book value	2,538,123	2,830,092	270,756	3,258,883	241,883	238,170	17,157	40,336	9,435,400
Fair value of contributed / Donated lands	425,039	94,703	-	-	-	-	-	-	519,742
Additions / transfers from capital work in progress	306	10,299	177,116	379,746	51,264	26,017	10,318	23,600	678,666
Disposals / write-offs									
Cost	-	-	-	-	95	41,485	1,087	1,076	43,743
Accumulated depreciation	-	-	-	-	(67)	(41,013)	(1,019)	(1,042)	(43,141)
	-	-	-	-	28	472	68	34	602
Depreciation for the year	-	-	(22,855)	(258,678)	(40,253)	(101,717)	(6,270)	(16,602)	(446,375)
Closing net book value	2,963,468	2,935,094	425,017	3,379,951	252,866	161,998	21,137	47,300	10,186,831
At 30 June 2018									
Cost / fair value	2,963,468	2,935,094	488,560	5,262,327	538,118	738,701	53,138	146,090	13,125,496
Accumulated depreciation	-	-	(63,543)	(1,882,376)	(285,252)	(576,703)	(32,001)	(98,790)	(2,938,665)
Net book value	2,963,468	2,935,094	425,017	3,379,951	252,866	161,998	21,137	47,300	10,186,831
Depreciation rates (% per annum)	-	-	5	5	10	20	20	20	

	2017								
	School land		Building on		Furniture and fittings	Vehicles	Electrical equipment	Office and other equipments	Total
	leasehold	freehold	leasehold land	freehold land					
	(Rupees in '000)								
At 1 July 2016									
Cost	12,700	206,415	137,872	4,336,502	416,824	708,166	35,221	106,385	5,960,085
Accumulated depreciation	-	-	(22,101)	(1,375,147)	(207,848)	(422,869)	(20,918)	(68,451)	(2,117,334)
Net book value	12,700	206,415	115,771	2,961,355	208,976	285,297	14,303	37,934	3,842,751
Impact of change in accounting policy	2,523,123	2,578,407	-	-	-	-	-	-	5,101,530
Additions / transfers from capital work in progress	2,300	46,227	173,572	548,712	70,375	69,328	8,947	18,511	937,972
Disposals									
Cost	-	957	-	2,633	250	23,325	261	1,330	28,756
Accumulated depreciation	-	-	-	(1,958)	(239)	(22,628)	(261)	(1,272)	(26,358)
	-	957	-	675	11	697	-	58	2,398
Depreciation for the year	-	-	(18,587)	(250,509)	(37,457)	(115,758)	(6,093)	(16,051)	(444,455)
Closing net book value	2,538,123	2,830,092	270,756	3,258,883	241,883	238,170	17,157	40,336	9,435,400
At 30 June 2017									
Cost	2,538,123	2,830,092	311,444	4,882,581	486,949	754,169	43,907	123,566	11,970,831
Accumulated depreciation	-	-	(40,688)	(1,623,698)	(245,066)	(515,999)	(26,750)	(83,230)	(2,535,431)
Net book value	2,538,123	2,830,092	270,756	3,258,883	241,883	238,170	17,157	40,336	9,435,400
Depreciation rates (% per annum)	-	-	5	5	10	20	20	20	

4.1.1 School land includes lands acquired by the Foundation as well as received as donations.

4.1.2 The documentation and transfer proceedings of 256 donated / contributed lands (amounting to Rs. 4,434 million) by various donors have not yet been completed. Accordingly such lands have not been transferred in the name of the Foundation as at 30 June 2018. The Management appointed a lawyer during 2017/18 who has submitted the report following a thorough review of the existing documents, and have initiated the process for registering respective lands in the name of the Foundation.

4.1.3 The book value of building on leasehold land includes:

	2018	2017
	(Rupees in '000)	
School buildings	351,454	195,364
Head Office building	73,563	75,392
	<u>425,017</u>	<u>270,756</u>

4.2 Capital Work in Progress

Balance as at 1 July		402,319	576,836
Additions during the year	4.2.1	434,432	547,767
		<u>836,751</u>	<u>1,124,603</u>
<i>Transferred during the year to:</i>			
School buildings		(553,602)	(710,340)
Office building		(3,259)	(11,944)
Balance as at 30 June		<u>279,890</u>	<u>402,319</u>

4.2.1 This represents civil works and related cost for the construction of schools and head office building.

5. INTANGIBLE ASSETS

Softwares	5.1	4,878	1,410
Advance against purchase of softwares		214	5,134
		<u>5,092</u>	<u>6,544</u>

5.1 Softwares

<i>Net carrying value basis</i>			
Opening net book value (NBV)		1,410	2,404
Additions (at cost)		5,006	-
Amortization charge		(1,538)	(994)
Closing net book value		<u>4,878</u>	<u>1,410</u>
<i>Gross carrying value</i>			
Cost		9,566	9,566
Additions (at cost)		5,006	-
Accumulated amortization		(9,694)	(8,156)
Net book value		<u>4,878</u>	<u>1,410</u>
Amortization rate (% per annum)		20	20

6. LONG TERM INVESTMENTS

2018
2017
(Rupees in '000)

Held to maturity

Pakistan Investment Bonds (PIBs)

- 33,961

Available for sale

Certificates of closed end funds

HBL Growth Fund (formerly PICIC Growth Fund)

423,840 430,647

HBL Investment Fund (formerly PICIC Investment Fund)

42,508 47,336

466,348 477,983

Units of open end funds

Meezan Balanced Fund

12,562 13,795

478,910 525,739

7. ADVANCES AND PREPAYMENTS

Advances to staff for expenses - considered good

54,902 100,400

Advances to suppliers - considered good

7.1 2,362 7,151

Prepaid expenses

6,271 3,085

63,535 110,636

- 7.1 This represents the advance given to various suppliers and vendors in respect of purchase of stationery, uniforms and other study material.

8. ACCRUED INCOME AND OTHER RECEIVABLES

Accrued income on:

- Pakistan Investment Bonds

979 78,164

- Treasury Bills

3,119 257

- Term Deposit Receipts

73,018 5,814

77,116 84,235

Dividend receivable

- 1,483

Tax deducted at source

39,277 31,475

Other receivables

8.1 & 8.2 43,109 63,247

159,502 180,440

- 8.1 This includes Rs. 22.318 million (2017: Nil) representing bid deposits held by commercial bank and Rs. 19.264 million (2017: Nil) receivable from Punjab Education Foundation in respect of Government Schools Programme (GSP).

- 8.2 This also includes a security deposit of Rs. 0.573 million (2017: 62.903 million) on which 4.50% (2017: 4.50%) per annum return is offered. This represents deposits obtained mainly from teachers in order to discourage them from leaving the Foundation without notice and is refunded to them at the time of cessation of employment from Foundation. The security deposits are kept in a separate bank account as per the requirement of the Companies Act, 2017 and are not available for utilization in Foundation's operations. Security deposit of Rs. 98 million has been invested in term deposits (refer note 9.3) out of which Rs 95 million pertains to the deposits obtained from the teachers.

9. SHORT TERM INVESTMENTS

2018
2017
(Rupees in '000)

Loans and receivables

Term deposit receipts

Local currency

Faysal Bank Limited	9.1	150,000	200,000
Dubai Islamic Bank Pakistan Limited		-	171,000
Mobilink Micro Finance Bank Limited	9.2	525,000	300,000
Bank of Punjab Limited		-	20,000
Askari Bank Limited	9.3 & 8.2	98,000	-
Meezan Bank Limited	9.4	143,000	-
MCB Bank Limited	9.5	23,200	-
Bank Islami Limited	9.6	50,000	-
Telenor Microfinance Bank Limited	9.7	475,000	-
		1,464,200	691,000

Foreign currency

Bank Al-Habib Limited	9.8	415,795	306,197
Dubai Islamic Bank Pakistan Limited	9.9	670,676	-
MCB Bank Limited (formerly NIB bank Limited)	9.10	543,375	-
		1,629,846	306,197

Held to maturity

Government securities

Pakistan Investment Bonds	9.11	33,235	1,425,026
Treasury Bills	9.12	430,027	198,574
		463,262	1,623,600

Available for sale

Units of open end mutual funds

Askari High Yield Scheme		-	15,310
ABL Stock Fund		38,393	46,165
ABL Islamic Financial Planning Fund		10,108	1,750
ABL Financial Planning Fund		24,531	25,141
Alfalah GHP Stock Fund		40,924	47,923
NAFA Islamic Stock Fund	9.13	26,293	53,045
NAFA Riba Free Saving Fund	9.13	40,808	19,452
Atlas Income Fund		2,190	2,090
AKD Opportunity Fund		11,418	13,196
Meezan Islamic Fund		4,644	5,603
Atlas Stock Market Fund		14,777	-
Alfalah GHP Value Fund		9,214	-
First Habib Income Fund		15,747	-
		239,047	229,675
		3,796,355	2,850,472

- 9.1 This represents investment in two shariah compliant local currency term deposit receipts maturing on 31 August 2018 and 22 September 2018 (2017: maturing on 27 July 2017) and carrying profit rate of 6.05% and 6.40% per annum respectively (June 2017 : 6.00% per annum).
- 9.2 This represents investment in two local currency term deposit receipts maturing between 28 August 2018 and 07 September 2018 and carrying profit rate of 8.00% per annum.
- 9.3 This represents investment in three local currency term deposit receipts maturing between 23 November 2018 and 29 December 2018 and carries expected profit rate of 5.20% and 5.80% per annum.
- 9.4 This represents investment in two shariah compliant local currency term deposit receipts maturing between 17 July 2018 and 27 September 2018 and carries expected profit rate of 5.60% and 6.10% per annum.
- 9.5 This represents investment in one local currency term deposit receipt maturing on 29 July 2018 and carries expected profit rate of 5.50% per annum.
- 9.6 This represents investment in one shariah compliant local currency term deposit receipt maturing on 28 September 2018 and carries expected profit rate of 6.10% per annum.
- 9.7 This represents investment in three local currency term deposit receipts maturing between 19 July 2018 and 18 September 2018 and carries expected profit rate of 8.00% per annum.
- 9.8 This represents two term deposit receipts in US Dollar amounting to \$3.425 million (June 2017: \$2.92 million) having maturities on 30 July 2018 and 29 September 2018 (June 2017: maturity on 7 July 2017) carrying profit at 2.00% (June 2017: 1.00%) per annum.
- 9.9 This represents four term deposit receipts in US Dollar amounting to \$4.7275 million and two term deposit receipts in Pound Sterling amounting to £608,000 having maturities between 26 July 2018 and 29 September 2018 carrying profit between 1.00% and 2.20% per annum.
- 9.10 This represents two term deposit receipts in US Dollar amounting to \$4.1613 million and one term deposit receipts in Pound Sterling amounting to £240,000 having maturities between 29 July 2018 and 28 September 2018 carrying profit between 0.05% and 2.00% per annum.
- 9.11 This represents investment in Pakistan Investment Bond (PIB) having maturity on 18 July 2018 (2017: maturities between 17 July 2017 and 18 July 2018) and carrying yield at 7.11% per annum (June 2017: 6.22% to 12.50% per annum). The PIBs have market value of Rs. 32.07 million (2017: Rs. 1,040.26 million) as at 30 June 2018 determined using PKRV sheet available from Financial Markets Association (Reuters).
- 9.12 This represents Treasury Bills having maturities between 5 July 2018 to 30 August 2018 (June 2017: maturities between 3 August 2017 to 14 September 2017) and carrying profits between 6.15% to 6.70% per annum (June 2017: 5.85% to 5.96% per annum). The Treasury bills have market value of Rs. 433 million (June 2017: 198 million) as at 30 June 2018 determined using PKRV sheet available from Financial Markets Association (Reuters).
- 9.13 This represents investments under Shariah Compliant Capital Protected Plan managed by NBP Fullerton Asset Management Limited (NAFA) as per agreement dated 24 January 2013 with the Foundation.

10. CASH AND BANK BALANCES

		2018	2017
		(Rupees in '000)	
Cash in hand		222	100
Cash at bank:			
- in current accounts - local currency		9,781	23,534
- foreign currency		227,841	24,500
- in deposit accounts - local currency		85,724	418,427
- foreign currency	10.1	586	40,816
		323,932	507,277
		324,154	507,377

- 10.1 Profit rate on deposit accounts ranges from 0.10% to 0.25% (2017: 0.10% to 0.25%) per annum for foreign currency deposit accounts and 2.40% to 6.00% (2017: 2.50% to 6.00%) per annum for local currency deposit accounts.

11. DEFERRED INCOME RELATING TO OPERATING FIXED ASSETS

	2018	2017
	(Rupees in '000)	
Opening balance	4,776,916	4,447,313
Donations received during the year	516,494	525,963
Amortization for the year	(219,012)	(196,360)
Closing balance	5,074,398	4,776,916

12. DEFERRED INCOME RELATING TO SCHOOL SUPPORT, GRANTS AND CHILDREN EDUCATION

This includes Grants, Sustainability fund, Community development programmes and Zakat fund. The movement of these balances is as follows:

Opening balance	814,494	655,768
Donations received during the year	986,330	738,109
Amortization for the year	(705,294)	(548,891)
Reclassification to endowment fund	(58,605)	(10,492)
Reclassification to deferred income relating to operating fixed assets	-	(20,000)
Closing balance	1,036,925	814,494

12.1 Details of grant received during the year is as follows:

Description of Grantors	2018			
	Grants as at 01 July 2017	Grants Received during the year	Amortisation for the year	Grants as at 30 June 2018
	(Rupees in '000)			
United States Institute of Peace	-	8,858	8,858	-
Australian High Commission - DAP	-	3,000	3,000	-
Educate a Child	-	141,371	141,371	-
HOPE' 87	-	13,500	13,500	-
New Zealand Embassy	-	450	150	300
Oxford Policy Management	-	34,287	34,287	-
Citibank Foundation	-	21,060	19,305	1,755
DFID	-	74,150	74,150	-
The Education and Diversity Foundation	-	10,736	5,368	5,368
Jochnick Foundation	-	42,147	42,147	-
	-	349,559	342,136	7,423
2017				
Description of Grantors	Grants as at 01 July 2016	Grants Received during the year	Amortisation for the year	Grants as at 30 June 2017
	(Rupees in '000)			
United States Institute of Peace	-	2,090	2,090	-
Australian High Commission - DAP	425	-	425	-
Coca Cola Foundation	-	2,654	2,654	-
Educate a Child	-	126,156	126,156	-
Fondazione Intesa san Paolo	-	2,849	2,849	-
HOPE' 87	-	12,000	12,000	-
New Zealand Embassy	-	750	750	-
Oxford Policy Management	-	116,349	116,349	-
Target Foundation	-	2,608	2,608	-
Tavola Veldese	708	-	708	-
	1,133	265,456	266,589	-

- 12.2** Sustainability fund includes an amount of Rs. 451.892 million (2017: Rs. 415.61 million) to meet cash shortfall in the operational support of the schools in future.
- 12.3** Community development programme includes an amount of Rs 61.164 million (2017: Rs. 49.433 million) representing funds for overall community welfare.
- 12.4** As at 30 June 2018, Zakat fund includes an amount of Rs. 231.202 million (2017: Rs. 120.607 million).

Movement of Zakat

	2018	2017
	(Rupees in '000)	
Opening Balance	120,607	57,197
Amount received during the year	989,107	1,073,947
	1,109,714	1,131,144
Amount utilised during the year	(878,512)	(1,010,537)
Closing Balance	231,202	120,607

13. ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses	258,271	239,476
Security deposit	95,131	76,305
Retention money	32,019	29,216
Provision for compensated absences	46,647	39,694
Other liabilities	1,709	10,540
	433,777	395,231

14. CAPITAL FUND

This represents contribution by the members when they joined the Foundation in terms of Article "8" of Articles of Association of the Foundation.

15. GENERAL FUND

This comprises of contributed lands (refer note 4.1) and amounts mainly invested in capital assets which are internally restricted.

16. ENDOWMENT FUND

This represents contribution received from the donors with the stipulation of principal amount to be kept intact while the income earned on related investments could be used for specific or general purpose as per arrangements with the donors.

16.1 Names of Endowment Donors

2018
(Rupees in '000)

2017

Adnan Husain Family	13,583	12,220
AKU Class of '94 Group	21,023	21,023
Ateed Ameer and Naveed Riaz	28,671	26,164
Austin Group	20,739	18,926
Aziza Noorani	17,754	17,754
Chicago Chapter	24,003	-
Connecticut Group	12,007	12,007
Crescent Steel & Allied Products Limited	49,969	46,198
CV Booster	14,471	13,056
Dallas Fort - Worth Supporters	66,930	42,795
Ejaz Shameem	20,087	16,612
Eternity	12,892	11,700
Friends and Wellwishers of Sultan Mowjee	56,233	56,233
Ghulam Fatima School	29,985	25,373
HBL Foundation	42,488	40,281
Houston Group	76,587	76,587
Indus Motor Company	42,000	42,000
Interloop Welfare Trust	278,000	278,000
Kansas Donors	12,280	12,280
Keith Dunleavy	15,951	15,951
Los Angeles Group	18,556	18,556
M. I. Naseem	19,500	19,500
Microsoft Ever Green Campus	18,374	18,374
Munib & Kamila Islam	22,860	-
Murtaza Hussain	20,860	20,860
National Bank of Pakistan	17,500	17,500
New Orleans Chapter	17,679	-
New York Youngs Professional Chapter	21,918	21,918
Noorani Family	14,685	14,685
One Muslim - post matric students	50,000	50,000
Pakistan State Oil Company Limited	17,500	17,500
Pennsylvania Chapter	20,863	20,863
Radiant Way Endowment Fund	80,943	80,943
Rashid & Zarfeshan Sharaf	21,903	21,903
Saeeda Mazhar Mahmood	33,100	33,100
Safdar Feroze Nana	79,595	56,095
Sajid Salman	19,222	19,222
Salman Rashid	20,000	20,000
San Antonio Supporters	21,924	21,924
Seattle Group	17,935	17,935
Seeds of Learning	92,284	92,284
Shahid Jalal	26,287	26,287
Shiraz Rehmani	14,220	14,220
TCF USA	49,050	49,050
The Shirin Sultan Dossa Foundation	803,038	744,433
USA Austin Chapter	20,638	20,638
Uzma Arif Scholarship	11,605	10,450
Wahid Maskatiya	10,130	10,130
Westchester Chapter	22,665	-
Zainab Bai, HA Suraiya, Humaira Bai, H Moosa Ch.	23,869	23,869
Others	118,436	111,264
16.2	2,602,792	2,378,663

- 16.2** This represents Endowment Fund of donors not exceeding Rs. 10 million and also includes donors who have requested for anonymity.

16.3 Movement of Endowment Fund		2018	2017
		(Rupees in '000)	
Opening balance		2,378,663	1,864,982
Addition during the year		211,878	507,038
Balance available for investment		2,590,541	2,372,020
Net return used for accumulation of endowment fund	19	12,251	6,643
Closing balance		2,602,792	2,378,663

17. CONTINGENCIES AND COMMITMENTS

Contingent liabilities

- 17.1** The Foundation received a notice in June 2003 from Sindh Employees' Social Security Institution (SESSI) demanding a payment of Rs. 0.48 million as arrears of social security contribution for the year from May 2003 to September 2003 vide Sindh Government Gazette Notification No. L-II-5-9/2002 dated 8 February 2003. The Foundation filed a petition with Honourable High Court of Sindh challenging SESSI's application of Social Security Scheme on Educational Units. The High Court of Sindh on 25 April 2008 adjudicated the case against the Foundation on the ground that the services of the employees should be secured in case of sickness, maternity, employment injury or death and for matters ancillary thereto. The Foundation filed an appeal with the Honourable Supreme Court of Pakistan against High Court of Sindh's dismissal of the petition which was admitted by the Supreme Court on 26 September 2008. On 16 June 2010, the Supreme Court of Pakistan up-held the decision of the High Court of Sindh and dismissed the petition. The Foundation filed a review petition on 04 November 2010 with the Supreme Court of Pakistan against its Judgement and has booked the provision thereagainst.

Further, the SESSI demanded a payment of Rs. 35.47 million on 2 February 2011 including an increase amounting to Rs. 11.82 million. The Foundation has filed an appeal on 16 April 2011 against the said increase with the Commissioner of SESSI. However, on prudent basis, Foundation has maintained a provision in the financial statements against the alleged demand. Similarly, the Foundation has also made a provision of Rs. 35.967 million in the financial statements against PESSI contribution on the basis of SESSI's demand as the number of employees eligible for PESSI contribution were approximately the same as in the case of SESSI.

- 17.2** On 15 March 2013 the Foundation received a notice from Inland Revenue Officer of Federal Board of Revenue (FBR) reference no. Unit-06/WHT/RTO-II/Khi/2012- 2013/438 under section 161(1A) of the Income Tax Ordinance , 2001 on account of non / short deduction of Withholding Tax relating to Tax Year 2012 amounting to Rs. 64.19 million. The Foundation through its tax advisor submitted detailed explanations, paid challans and various communications to FBR from time to time. Resultantly, Officer Inland Revenue (OIR) through its letter reference Unit -06/WHT/RTO-II/ 'Khi/2012-2013/140 dated 10 October 2013 and letter reference Unit -06/WHT/RTO-II/Khi/2012-2013/241 dated 12 November 2013 accepted the Foundation's justifications for all the line items of non / short deduction of withholding tax mentioned in previous notice except for the withholding tax on construction work on Head Office Building of Rs. 77.55 million with the corresponding withholding tax amount of Rs. 4.65 million and construction work on other buildings of Rs 359.65 million with the corresponding withholding tax amount of Rs. 21.58 million, aggregating the total short fall of withholding tax to Rs. 19.71 million (net of withholding tax deducted on the above construction work amounting to Rs.6.52 million). Further default surcharge, under section 205 of Income Tax Ordinance 2001, amounting to Rs. 3.55 million was also levied by OIR making a total demand of Rs 23.26 million. The Foundation through its tax advisor filed an appeal to Commissioner Inland Revenue against the demand and submitted all the relevant supports and evidences. The Commissioner in his order reference no. 34 dated 27 February 2015 disposed off the appeal and remanded back the recovery order under section 129 of Income Tax Ordinance 2001 to the concerned department for re-assessment of the same taking into account the supports provided by the Foundation. The Foundation is confident of favorable outcome and hence no provision has been made in these financial statements.

Furthermore on 29 May 2017, the Foundation also received a notice for tax year 2016 from Deputy Commissioner Inland Revenue (DCIR) Federal Board of Revenue (FBR) reference no. OIR/E&C-Unit-04 / Zone-1/ CRT0/KHI/2017/811 under section 161(A) of the Income Tax Ordinance 2001. The notice sets out a show cause on short deduction of withholding tax of Rs. 356 million. The Foundation through its tax advisor submitted detailed explanations and reconciliations to FBR. During the year, DCIR vide order dated 7 September 2017 raised demand amounting to Rs. 7.32 million. The Foundation through its tax advisor has filed an appeal against the order of Rs. 7.32 million with Commissioner Inland Revenue Appeals - CIR (A). The CIR (A) has remanded back the order passed by the DCIR. The Foundation through its tax advisor have submitted all information requested under remand back proceeding, however, no order has been passed by the tax authorities. The Foundation is confident of a favourable outcome of the same, therefore, no provision has been recognised in this respect.

- 17.3** The Foundation received a notice from Employees' Old age Benefit Institution (EOBI) dated 21 March 2016 raising an additional demand of EOBI contribution amounting to Rs. 30.04 million on the basis of enhancement of Minimum Wages by Government of Pakistan through Minimum Wages for Unskilled Workers (Amendment) Act, 2016 at enhanced rates with retrospective effect. The Foundation along with Employers' Federation of Pakistan and 101 other Petitioner companies filed a constitutional petition bearing number 2085/2016 in the Honorable High Court of Sindh challenging the demand. The Learned Division Bench of Honorable High Court of Sindh heard the petition on 14 April 2016 and has passed an injunctive order whereby EOBI has been restrained from resorting to coercive measures. From 1 July 2015, the Foundation is paying the contribution as per the latest minimum wages. The Foundation is confident of a favourable outcome of the same based on legal opinion, therefore, no provision has been made in this regard.

Commitments

- 17.4** Commitment in respect of capital expenditure amounts to Rs. 105.925 million (2017: Rs. 134.574 million).

18. DONATIONS AND CONCESSIONAL TUITION FEES

2018 2017
(Rupees in '000)

Donations

Donations received during the year	18.1 & 18.2	2,149,151	1,844,794
Income on endowment fund utilized for support operations	18.3	195,509	140,394
Contribution from Government	18.4	205,980	241,524
Amortised - donations related to assets	11	219,012	196,360
Amortised - donations related to school support, grants and children education	12	705,294	548,891
		3,474,946	2,971,963

Fees

Concessional tuition fees	18.5	430,203	374,517
		3,905,149	3,346,480

- 18.1** This includes Zakat amounting to Rs. 989.107 million (2017: Rs. 1,073.017 million).

18.2 Major sources of donations

- By sector

Donations from corporate sector	499,574	433,251
Donations from other Not-for-Profit organizations	1,010,416	778,615
Donations from individuals	639,161	632,928
	2,149,151	1,844,794

- By origin

Local	1,014,953	968,363
Foreign	1,134,198	876,431
	2,149,151	1,844,794

- 18.3** This represents income on investments from endowment fund utilized for support operations at the discretion of donor.

18.4 Details of contribution from Government

2018 2017
(Rupees in '000)

Punjab Education Foundation	203,857	235,364
Sindh Education Foundation	2,123	1,357
Pakistan Railways	-	4,803
	<u>205,980</u>	<u>241,524</u>

The above represent reimbursement received by the Foundation from the Provincial Governments or other Government Authorities for incurring expenses in running operational management of Government Schools.

- 18.5** This represents concessional tuition fees received from students enrolled in the schools managed by the Foundation. Different fees are collected from different students as per their affordability.

19. INCOME ON INVESTMENTS - NET

Income from:

- Term Deposit Receipts	99,688	58,074
- Treasury Bills	28,298	2,936
- Pakistan Investment Bonds	15,972	142,209
Profit on bank accounts	12,919	6,723

Dividend income	42,912	22,637
Exchange gain / (loss) - net	121,511	(8,881)
Capital (loss) / gain on disposal of investments	(4,730)	35,477
Income on investments	<u>316,570</u>	<u>259,175</u>

Transferred during the year to:

Support Donation	19.1	(195,509)	(140,394)
Endowment Fund	19.2	(12,251)	(6,643)
Scholarship Fund	19.3	(6,412)	(5,039)
Current Account	19.4	(3,657)	(850)
Sustainability Fund	19.5	(36,283)	(26,373)
		<u>(254,112)</u>	<u>(179,299)</u>

Income on investments - net	<u>62,458</u>	<u>79,876</u>
-----------------------------	---------------	---------------

- 19.1** This represents income on investments from endowment fund utilized for supporting operations at the discretion of donor. The amount is transferred to donation as referred in note 18.3 to these financial statements.
- 19.2** This represents income on investments from endowment fund accumulated in endowment at the discretion of donor. The amount is transferred to endowment as referred in note 16 to these financial statements.
- 19.3** This represents income on investments from Endowment fund allocated to scholarship at the discretion of donor.
- 19.4** This represents income on investments from donor specific fund accumulated in donor specific fund at the discretion of donor.
- 19.5** This represents income on investments from sustainability fund accumulated in sustainability at the discretion of management. The amount is transferred to sustainability fund as referred in note 12 to these financial statements.

20. OTHER INCOME		2018 (Rupees in '000)	2017
Gain on disposal of fixed assets		28,513	15,548
Other income		1,252	-
		<u>29,765</u>	<u>15,548</u>

21. SCHOOL EXPENDITURES

TCF Schools		2,004,534	1,780,419
TCF College		39,912	18,239
Government Schools Programme (GSP)	21.2	348,594	317,116
	21.1	<u>2,393,040</u>	<u>2,115,774</u>

21.1 This includes salaries and other benefits amounting to Rs. 2,126.698 million (2017: Rs. 1,984.595 million).

21.2 This represents expenses incurred by the Foundation to the Government Schools whose operational management has been taken over by the Foundation. The net deficit incurred by the Foundation on Government Schools Programme (GSP) is as follows:

School expenses		348,594	317,116
Books, copies, uniforms and other school supplies		8,075	38,420
School vehicle running and maintenance		15,176	11,309
Repair and maintenance charges		7,993	39,791
Teachers' training		1,793	16,900
Depreciation on school assets		17,993	22,659
Contribution received		(205,980)	(241,524)
		<u>193,644</u>	<u>204,671</u>

22. DEPRECIATION

Depreciation has been allocated as follows:

Education Programme		425,895	423,340
Programme Administration		20,480	21,115
		<u>446,375</u>	<u>444,455</u>

23. OTHER EXPENSES

Schools - general insurance		2,576	1,871
Ceremony functions and awards		17,048	15,421
Freight charges - furniture and equipment		720	112
Post matriculation scholarship for TCF students	23.1	22,476	18,050
Consultancy expenses		1,731	3,237
Student activities		6,218	2,884
Community development programmes	23.2	61,107	46,961
Other school expenses		12,126	6,298
		<u>124,002</u>	<u>94,834</u>

23.1 This represents post-matriculation scholarship programme for meritorious TCF students for the purpose of achieving their intermediate and under-graduate education.

23.2 This includes expenditure incurred on community welfare activities such as scholarship, training and other ancillary activities.

24. SALARIES AND OTHER BENEFITS

24.1 Remuneration of Chief Executive Officer and Executives

	Chief Executive Officer		Executive	
	2018	2017	2018	2017
	(Rupees in '000)			
Remuneration	10,629	9,931	109,426	88,433
Number of person	1	1	36	28

24.2 The Chief Executive Officer, Vice Presidents, General Managers and HODs are provided with free use of Foundation's maintained cars in accordance with the prescribed limits.

24.3 The Foundation provide its employees with life insurance and medical insurance coverage in accordance with the prescribed limits.

24.4 Staff summary	2018	2017
	(Number)	
Management and Faculty staff as on 30 June	16,308	15,427
Management and Faculty staff - average for the year	15,868	14,920

25. OTHER EXPENSES

	2018	2017
	(Rupees in '000)	
Advertisement	876	1,310
Amortization of intangible asset	5.1	994
Auditor's remuneration	25.1	592
Bank charges	2,709	1,183
Fees and subscriptions	1,280	1,328
Insurance	135	128
Office expenses	2,457	2,259
Legal and professional charges	11,274	4,710
Repairs and maintenance	2,637	2,998
	23,595	15,502

25.1 Auditor's remuneration

Audit fee	400	300
Compliance certification fee	200	200
Sindh sales tax	48	42
Out of pocket cost	41	50
	689	592

26. ALLOCATION OF EXPENSES

Nature of Expense	From	To		
Regional office expenses	Programme Administration	Education programme	164,916	154,530
QA, HR Schools, SDU, CDU & Operations department expenses	Programme Administration	Education programme	46,704	40,404
Training department expenses	Programme Administration	Education programme	6,475	7,191
Engineering department expenses	Programme Administration	Property and equipment	19,839	17,891
Key executive remuneration	Programme Administration	Education programme	14,886	14,229
Key executive remuneration	Programme Administration	Property and equipment	2,675	2,539

27. CASH GENERATED FROM OPERATIONS

2018 2017
(Rupees in '000)

Surplus of income over expenditure for the year		593,557	4,876,059
Adjustments for non cash charges and other items:			
Depreciation	22	446,375	444,455
Capital (loss) / gain on disposal of investments	19	4,730	(35,477)
Amortization of intangible asset	5.1	1,538	994
Amortization of deferred income	11 & 12	(982,911)	(728,782)
Income on investments		(199,790)	(232,579)
Gain on sale of fixed assets	20	(28,513)	(15,548)
Impact of fair value of contributed / donated lands		(519,742)	(5,101,530)
Working capital changes	27.1	21,963	(5,594)
		<u>(662,793)</u>	<u>(798,002)</u>

27.1 Working capital changes*Increase in current assets*

Advances, deposits and prepayments	47,101	(1,579)
Accrued income and other receivables	20,139	(60,618)
School uniforms, books and other consumables	(83,823)	-
	<u>(16,583)</u>	<u>(62,197)</u>

Increase in current liabilities

Accrued expenses and other liabilities	38,546	56,603
	<u>21,963</u>	<u>(5,594)</u>

27.2 Cash and cash equivalents

Short term investments	9.5, 9.7 & 9.9	2,343,071	1,195,771
Cash and bank balances	10	324,154	507,377
		<u>2,667,225</u>	<u>1,703,148</u>

28. RELATED PARTY TRANSACTIONS

Related parties include associated undertakings having common directors and key management personnel. Details of transactions with related parties other than those disclosed else where in the financial statements are as follows:

28.1 Donation received from related parties

Mr. Ateed, Mr. Ameer and Mr. Naveed Riaz, a group of family members which includes Mr. Ateed Riaz (Chairman of the Foundation) in concert have donated Rs. 5.68 million (2017: Rs. 17.65 million) during the year.

Central Depository Company of Pakistan Limited, in which Mr. Ahsan M Saleem (Director of the Foundation) is also a director, donated Rs. 2.50 million (2017: Rs. 3.83 million) during the year.

Crescent Steel and Allied Products Limited, in which Mr. Ahsan M Saleem (Director of the Foundation) is also a director, has donated Rs. 23.16 million (2017: Rs. 58.49 million) during the year.

Gurmani Foundation, in which Ms. Saima Khawaja (Director of the Foundation) is also a director, has donated Rs. 10.50 million (2017: Rs. 10.5 million) during the year.

Interloop Welfare Trust, in which Mr. Musadaq Zulqarnain (Director of the Foundation) is also a director, has donated Rs. 24.00 million (2017: Rs. 162.11 million) during the year.

Port Qasim Authority, Karachi in which Mr. Musadaq Zulqarnain (Director of the Foundation) is also a director has donated Rs. 0.05 million (2017: Rs. 0.05 million) during the year.

The Searle Company Limited, in which Mr. Adnan Asdar and Mr. Rashid Abdulla (Directors of the Foundation) are also directors, has donated Rs. 20.00 million (2017: Rs. 25.00 million) during the year.

Tarseel (Private) Limited, in which Mr. Ateed Riaz (Chairman of the Foundation) is also a director, has donated Rs. 2.00 million (2017: Rs. 1.8 million) during the year.

TCF-UK, in which Mr. Tariq Raza Hussain (Director of the Foundation) is also a Trustee, has donated Rs. 150.26 million (2017: Rs.200.95 million) during the year.

Multinet Pakistan (Private) Limited, in which Mr. Adnan Asdar (Director of the Foundation) is also a director, has donated Rs.0.25 million (2017: Rs Nil) during the year.

28.2 Donations from TCF Chapters (Refer note 29)

	2018 (Rupees in '000)	2017
USA	1,016,288	940,142
Canada	231,438	99,855
Italy	5,750	2,196
Australia	2,472	1,436
Other	181,079	229,961

28.3 Donations from Directors

Mr. Ahsan M Saleem	8,795	8,232
Mr. Ateed Riaz	100	-
Ms. Bushra Afzal	17	15
Mr. Musadaq Zulqarnain	3,000	4,000
Ms. Saima Amin Khwaja	-	52
Mr. Shahid Abdulla	50	50
Mr. Syed Asaad Ayub Ahmad	15	115

28.4 Payments made to related parties

Multinet Pakistan (Private) Limited, in which Mr. Adnan Asdar (Director of the Foundation) is also a director, has provided IT related services to the Foundation amounting to Rs. 1.29 million (2017: Rs. 1.84 million) during the year.

MyCart (Private) Limited, in which Mr. Adnan Asdar (Director of the Foundation) is also a director, has provided office supplies to the Foundation amounting to Rs. 0.859 million (2017: Nil) during the year.

Pakistan Centre for Philanthropy, in which Mr. Ahsan M. Saleem (Director of the Foundation) is also a director, charged for membership fee amounting to Rs. 45,000 (2017: Nil).

28.5 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Foundation. The Foundation considers Chief Executive Officer, Chief Financial Officer and Vice Presidents as its key management personnel. The remuneration / compensation paid or payable to key management for employee service amounts to Rs. 40.05 million (2017: Rs. 37.73 million) during the year. Key management personnel also donated to the Foundation from their salaries an amount of Rs. 0.766 million (2017: Rs. 0.86 million) during the year. There are no transactions with the key management personnel other than the remuneration and benefits under their terms of employment.

29. ECONOMIC INTEREST IN OTHER NON-PROFIT ORGANISATIONS

The Citizens Foundation - USA, The Citizens Foundation - Canada and The Citizens Foundation - UK are entities incorporated and registered as charitable organizations under the respective laws of USA, Canada and UK. The Foundation has an agreement with them, by virtue of which, they at their respective discretion, contribute financially and otherwise towards helping the Foundation to build and run educational projects for the less privileged children and communities across Pakistan.

30. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Board of Directors of the Foundation has overall responsibility for the establishment and oversight of the Foundation's risk management framework. The Board is also responsible for developing and monitoring the Foundation's risk management policies.

The Foundation's activities expose it to a variety of financial risks such as:

- Market risk
- Credit risk and
- Liquidity risk

30.1 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 instruments.

The Foundation manages market risk by monitoring exposure in marketable securities by following the investment guidelines approved by the Board of Directors (BOD). The Investment Committee is responsible for making investment decisions.

Market risk comprises of three type of risks: currency risk, interest rate risk and price risk.

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 where receivables and payables exist due to transactions with foreign supporters or volunteers. At reporting date, the Foundation holds foreign currency bank accounts and Term Deposit Receipts maintained with reputable financial institutions, amounting to Rs. 1,858.273 million (2017: Rs. 371.513 million) in aggregate, that expose the Foundation to currency risk. The currencies in which these bank accounts are denominated are Euro (EUR) Pound Sterling (GBP), United States Dollar (USD), Swiss Franc (CHF), United Arab Emirates Dirham (AED).

The following exchange rates were applied during the year:

	Average rate		Reporting date Spot rate	
	2018	2017	2018	2017
EUR to PKR	132.10	114.4	141.33	119.9
GBP to PKR	149.03	132.8	159.14	136.4
USD to PKR	110.43	104.5	121.40	104.8
CHF to PKR	113.68	105.6	122.11	109.5
AED to PKR	30.07	28.5	33.05	28.5

Sensitivity Analysis

A 10 percent strengthening / (weakening) of the Pakistan Rupee against various foreign currencies at 30 June would have (decreased) / increased the surplus by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as for 2017.

		Effect on income and expenditure statement	
		2018	2017
		(Rupees in '000)	
<i>Effect in:</i>			
US Dollar	(USD)	149,901	32,080
Euro	(EUR)	-	370
Pound Sterling	(GBP)	13,525	3,616
Swiss Franc	(CHF)	454	76
Dirham	(AED)	21,948	1,009

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

At the reporting date the interest rate profile of the Foundation's significant interest bearing financial instruments were as follows:

	Effective interest rate		Carrying amount	
	2018	2017	2018	2017
	(in Percent)		(Rupees in '000)	
Financial Assets				
<i>Fixed Rate Instruments</i>				
Pakistan Investment Bonds	7.11	5.81 - 12.50	33,235	1,458,965
Treasury Bills	6.15 - 6.70	5.88 - 5.99	430,027	198,574

Fair value sensitivity analysis for fixed rate instruments

The Foundation does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, any change in interest rates at the reporting date would not affect income and expenditure statement.

Price risk

Price risk is the risk that the fair value of a financial instruments will fluctuate because of changes in market prices (other than those rising from interest rate risk or currency risk). Price risk arises from the Foundation's investment in units of mutual funds classified as available for sale. To manage its price risk arising from aforesaid investments, the Foundation diversifies its portfolio and continuously monitors developments in capital markets.

A 5% increase / decrease in redemption price at year end would have increased / decreased surplus on re-measurement of investments by Rs. 35.898 million (2017: Rs. 36.073 million) reported in other comprehensive income with corresponding effect on value of investments. The same basis is used for 2017.

30.2 Credit risk

Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or other counter parties to fulfil their contractual obligations resulting in financial loss to the Foundation. The credit risk of the Foundation mainly arises from its investments in debt securities representing failure of the investee companies in repayment of principal and / or the return due on such investments. The Foundation is also exposed to counterparty credit risk on bank balances, investment in units of mutual funds, long term deposits, accrued income and other receivable balances.

Statistics

The Foundation assesses all counterparties for credit risk before contracting with them. It is the Foundation's policy to enter into financial contracts with reputable and creditworthy counterparties. Credit risk relating to unsettled transactions in securities is considered to be minimal as the Foundation uses brokers with high creditworthiness and the transactions are settled or paid for only upon delivery.

The carrying amount of financial assets represents the maximum credit exposure at the reporting date, which is:

		2018	2017
		(Rupees in '000)	
Long term investments	6	478,910	491,778
Long term deposits		12,528	12,666
Short term investments	9	3,333,093	1,226,872
Accrued income and other receivables		120,225	148,965
Bank balances	10	323,932	507,377
		4,268,688	2,387,658

None of the above financial assets were considered to be past due or impaired as at 30 June 2018.

Investment in debt securities

At reporting date the Foundation has invested in Pakistan Investment Bonds, units of open and closed end mutual funds and term deposit receipts. The Foundation manages credit risk arising from term deposit receipts by making investments in financial institutions or counter parties having sound credit ratings. With respect to units of open end mutual funds the management manages credit risk by investing in Funds having good performance record and reviewing their performance and stability ratings assigned by the rating agencies.

The management believes that investment in Pakistan Investment Bonds and Treasury bills does not expose the Foundation to credit risk as the counterparty to the instrument is Government of Pakistan.

Bank balances

The Foundation kept surplus liquidity with banks having long term credit rating from A to AAA. The rating of the banks is monitored by the management.

Long term deposits

The Foundation has deposited various amounts as security to suppliers against provisioning 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.

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Foundation's total credit exposure. The Foundation's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentration of credit risk.

30.3 Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Foundation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring losses or risking damage to the Foundation's reputation.

The following are the contractual maturities of the non interest bearing financial liabilities:

2018					
Carrying amount	Contractual cash flows	Upto one year	One to two years	Two to five years	After five years
(Rupees in '000)					
Financial Liabilities					
Accrued and other liabilities	306,064	306,064	-	-	-
2017					
Carrying amount	Contractual cash flows	Upto one year	One to two years	Two to five years	After five years
(Rupees in '000)					
Financial Liabilities					
Accrued and other liabilities	267,518	267,518	-	-	-

30.4 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. units of closed end mutual funds 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 Foundation 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).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

On-balance sheet financial instruments

		2018								
		Carrying amount				Total	Fair value			
		Held to maturity	Available for sale	Loans and receivables	Other financial liabilities		Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----										
Financial assets measured at fair value										
Units of open end funds		-	251,609	-	-	251,609	251,609	-	-	251,609
Certificates of closed end funds		-	466,348	-	-	466,348	466,348	-	-	466,348
		-	717,957	-	-	717,957	717,957	-	-	717,957
Financial assets not measured at fair value										
	30.5									
Cash and Bank Balances		-	-	324,154	-	324,154	-	-	-	-
Term deposit receipts		-	-	3,094,046	-	3,094,046	-	-	-	-
Treasury Bills		430,027	-	-	-	430,027	-	433,019	-	433,019
Pakistan Investment Bonds		33,235	-	-	-	33,235	-	32,070	-	32,070
Accrued income and other receivables		-	-	120,225	-	120,225	-	-	-	-
Long term deposits		-	-	12,528	-	12,528	-	-	-	-
		463,262	-	3,550,953	-	4,014,215	-	465,089	-	465,089
Financial liabilities not measured at fair value										
	30.5									
Accrued expenses and other liabilities		-	-	-	433,777	433,777	-	-	-	-
		-	-	-	433,777	433,777	-	-	-	-
On-balance sheet financial instruments										
		2017								
		Carrying amount				Total	Fair value			
		Held to maturity	Available for sale	Loans and receivables	Other financial liabilities		Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----										
Financial assets measured at fair value										
Units of open end funds		-	243,470	-	-	243,470	243,470	-	-	243,470
Certificates of closed end funds		-	477,983	-	-	477,983	477,983	-	-	477,983
		-	721,453	-	-	721,453	721,453	-	-	721,453
Financial assets not measured at fair value										
	30.5									
Cash and Bank Balances		-	-	507,377	-	507,377	-	-	-	-
Term deposit receipts		-	-	997,197	-	997,197	-	-	-	-
Treasury Bills		198,574	-	-	-	198,574	-	198,808	-	198,808
Pakistan Investment Bonds		1,458,987	-	-	-	1,458,987	-	1,462,303	-	1,462,303
Accrued income and other receivables		-	-	148,965	-	148,965	-	-	-	-
Long term deposits		-	-	12,666	-	12,666	-	-	-	-
		1,657,561	-	1,666,205	-	3,323,766	-	1,661,111	-	1,661,111
Financial liabilities not measured at fair value										
	30.5									
Accrued expenses and other liabilities		-	-	-	395,231	395,231	-	-	-	-
		-	-	-	395,231	395,231	-	-	-	-

- 30.5** The Foundation has not disclosed the fair value for these financial assets and financial liabilities other than Treasury Bills and Pakistan Investment Bonds, as these are either short term in nature or re-price periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

Management uses redemption value notified by respective asset management companies for valuing units of open ended mutual funds which are also quoted in stock exchange and quoted price from stock exchange for valuing units of closed ended mutual funds at the measurement date. Management considers that it falls under level 1 in fair value hierarchy as the redemption value of open end fund is a proportionate of the net assets value of respective funds and value of closed end funds are quoted on stock exchange. For valuation of government securities, foundation uses PKRV sheet available from Financial Markets Association (Reuters) and classifying it under Level 2 in fair value measurement hierarchy.

30.6 Fund management

The Foundation is funded by contributions received from its members and donors from different sections of society within and outside Pakistan.

The Foundation is a company limited by guarantee having no share capital and is not exposed to any externally imposed capital requirements.

31. RE-CLASSIFICATION

Following re-classifications have been made in these financial statements in order to give better and more appropriate presentation:

	From	To	2018 (Rupees in '000)	2017
The Shirin Sultan Dossa Foundation (Current Account)	Deferred income relating to school support, grants and children education	Endowment Fund	58,605	-
Community Development Programmes	Accrued expenses and other liabilities	Deferred income relating to school support, grants and children education	61,164	49,433
Security balance from teachers	Cash and bank balances	Other receivables	573	62,903

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and for better presentation. However, no significant reclassifications have been made except for the above.

32. EVENT AFTER REPORTING PERIOD

The Board of Directors, in their meeting held on 15 August 2018, approved the transfer of Rs. 593.557 million (2017: Rs.4,876.06 million) from accumulated surplus to general fund.

The financial statements for the year ended 30 June 2018 do not include the effect of the proposed appropriation, which will be accounted for in the financial statements for the year ending 30 June 2019.

33. DATE OF AUTHORIZATION

These financial statements were authorized for issue in the Board of Directors meeting held on 15 August 2018.



Chief Executive Officer



Director



Chief Financial Officer

The Citizens Foundation

SIX YEAR'S VERTICAL ANALYSIS (RS. IN 000)

	2018	%	2017	%	2016	%	2015	%	2014	%	2013	%
Statement of Financial Position												
ASSETS												
Non-Current Assets												
Property and equipment	10,475,388	68%	9,862,453	70%	4,470,847	55%	4,110,780	59%	3,762,783	64%	3,321,063	70%
Intangible assets	5,092	0%	6,544	0%	7,411	0%	4,133	0%	4,206	0%	4,830	0%
Long term investments	478,910	3%	525,739	4%	1,251,287	16%	1,330,629	19%	712,832	12%	225,769	5%
Long term deposits	12,529	0%	12,666	0%	12,736	0%	10,573	0%	9,457	0%	8,811	0%
Total Non-Current Assets	10,971,918	71%	10,407,402	74%	5,742,281	71%	5,456,115	78%	4,489,278	76%	3,560,493	75%
Current Assets												
Advances and prepayments	63,535	0%	110,636	1%	109,057	1%	99,096	1%	65,345	1%	63,536	1%
Accrued income and other receivables	159,502	1%	117,537	1%	90,640	1%	76,328	1%	26,629	0%	7,768	0%
Short term investments	3,796,355	25%	2,850,472	20%	1,844,055	23%	1,173,697	17%	1,231,308	21%	1,044,323	22%
School uniforms, books and other consumables	83,823	1%	-	0%	-	0%	-	0%	-	0%	-	0%
Cash and bank balances	324,154	2%	570,280	4%	275,205	3%	167,651	2%	101,304	2%	77,961	2%
Total Current Assets	4,427,369	29%	3,648,925	26%	2,318,957	29%	1,516,772	22%	1,424,586	24%	1,193,588	25%
Total Assets	15,399,287	100%	14,056,327	100%	8,061,238	100%	6,972,887	100%	5,913,864	100%	4,754,081	100%
LIABILITIES												
Non-Current Liabilities												
Deferred income relating to operating fixed assets	5,074,398	36%	4,776,916	34%	4,447,313	55%	3,851,765	55%	3,429,332	58%	2,986,043	63%
Deferred income relating to school support, grants and children education	1,036,925	7%	814,494	6%	626,972	8%	565,580	8%	461,103	8%	367,561	8%
Total Non-Current Liabilities	6,111,323	43%	5,591,410	40%	5,074,285	63%	4,417,345	63%	3,890,435	66%	3,353,604	71%
Current Liabilities												
Accrued expenses and other liabilities	433,777	3%	395,231	3%	388,061	5%	397,763	6%	240,117	4%	180,887	4%
Total Liabilities	6,545,100	47%	5,986,640	43%	5,462,346	68%	4,815,108	69%	4,130,552	70%	3,534,491	74%
Total Net Assets	8,854,187	57%	8,069,687	57%	2,598,892	32%	2,157,779	31%	1,783,312	30%	1,219,590	26%
FUNDS												
Capital fund	2,400	0%	2,400	0%	2,400	0%	2,200	0%	2,200	0%	2,100	0%
General fund	5,543,078	36%	667,019	5%	658,576	8%	656,815	9%	700,427	39%	763,911	63%
Endowment fund	2,602,792	17%	2,378,663	17%	1,864,982	23%	1,369,911	20%	972,922	55%	356,415	29%
Surplus / (deficit) of income over expenditure for the year	593,557	4%	4,876,059	35%	8,443	0%	38,991	1%	(43,612)	-2%	(18,234)	-1%
Unrealized gain on remeasurement of available for sale investments	112,360	1%	145,546	1%	64,491	1%	89,862	1%	151,375	8%	115,398	9%
Total Funds	8,854,187	57%	8,069,687	57%	2,598,892	32%	2,157,779	31%	1,783,312	100%	1,219,590	100%
Income and Expenditure Statement												
INCOME												
Donations and concessional tuition fees	3,905,149	86%	3,346,480	39%	2,862,468	99%	2,368,396	94%	1,874,706	94%	1,523,857	93%
Fair value of contributed land	519,742	12%	5,101,530	60%	-	0%	-	0%	-	0%	-	0%
Income on investment - net	62,458	1%	79,876	1%	24,295	1%	82,781	3%	72,932	4%	80,458	5%
Other income	29,765	1%	15,548	0%	11,692	0%	55,260	2%	47,245	2%	35,538	2%
Total income	4,517,114	100%	8,543,434	100%	2,898,455	100%	2,506,437	100%	1,994,883	100%	1,639,853	100%
OPERATING EXPENDITURE												
Education Programme												
School expenditures	2,393,040	61%	2,115,774	58%	1,498,306	52%	1,278,095	52%	1,007,859	49%	828,868	50%
Books, copies, uniforms and other school supplies	183,068	5%	266,097	7%	299,266	10%	267,522	11%	216,720	11%	170,962	10%
Repair and maintenance charges	46,324	1%	87,059	2%	128,322	4%	77,117	3%	60,211	3%	41,671	3%
School vehicle running and maintenance	130,864	3%	123,685	3%	89,932	3%	91,002	4%	86,302	4%	85,414	5%
Teachers' training	31,353	1%	62,560	2%	62,407	2%	48,524	2%	42,362	2%	28,841	2%
School supervision and monitoring	266,549	7%	254,504	7%	177,209	6%	147,517	6%	121,983	6%	93,695	6%
Depreciation on school assets	425,895	11%	423,340	12%	355,164	12%	328,765	13%	285,678	14%	241,535	15%
Other expenses	124,002	3%	94,834	3%	49,679	2%	39,088	2%	39,619	2%	33,416	2%
Total Education Programme Expenses	3,601,096	91.8%	3,427,853	93.5%	2,660,285	92.1%	2,277,630	92.3%	1,860,734	91.3%	1,524,402	91.9%
Programme Administration												
Salaries and other benefits	172,231	4.4%	129,141	3.5%	111,391	3.9%	82,152	3.3%	76,224	3.7%	65,574	4.0%
Marketing expense	78,458	2.0%	50,925	1.4%	62,778	2.2%	61,266	2.5%	54,144	2.7%	27,497	1.7%
Vehicle running and maintenance	5,976	0.2%	5,081	0.1%	4,857	0.2%	4,000	0.2%	5,720	0.3%	4,452	0.3%
Travelling and conveyance	6,764	0.2%	2,970	0.1%	2,789	0.1%	2,089	0.1%	2,703	0.1%	2,618	0.2%
Utilities	5,064	0.1%	4,518	0.1%	4,923	0.2%	4,874	0.2%	4,239	0.2%	3,645	0.2%
Communication	5,675	0.1%	5,286	0.1%	3,378	0.1%	2,961	0.1%	4,149	0.2%	4,044	0.2%
Printing and stationery	4,219	0.1%	4,984	0.1%	3,685	0.1%	5,555	0.2%	3,879	0.2%	3,305	0.2%
Depreciation	20,480	0.5%	21,115	0.6%	18,735	0.6%	17,303	0.7%	15,036	0.7%	12,712	0.8%
Other expenses	23,595	0.6%	15,502	0.4%	17,191	0.6%	9,616	0.4%	11,667	0.6%	9,838	0.6%
Total Programme Administration Expenses	322,461	8.2%	239,522	6.5%	229,727	7.9%	189,816	7.7%	177,761	8.7%	133,685	8.1%
Total Operating Expenditure	3,923,557	100%	3,667,375	100%	2,890,012	100%	2,467,446	100%	2,038,495	100%	1,658,087	100%
Surplus/(deficit) of income over expenditure for the year	593,557		4,876,059		8,443		38,991		(43,612)		(18,234)	

The Citizens Foundation

SIX YEAR'S HORIZONTAL ANALYSIS (RS. IN 000)

	2018	18Vs17	2017	17Vs16	2016	16Vs15	2015	15Vs14	2014	14Vs13	2013	13Vs12
		%		%		%		%		%		%
Statement of Financial Position												
ASSETS												
Non-Current Assets												
Property and equipment	10,475,388	6%	9,862,453	121%	4,470,847	9%	4,110,780	9%	3,762,783	13%	3,321,063	12%
Intangible assets	5,092	-22%	6,544	-12%	7,411	79%	4,133	-2%	4,206	-13%	4,830	-19%
Long term investments	478,910	-9%	525,739	-58%	1,251,287	-6%	1,330,629	87%	712,832	216%	225,789	101%
Long term deposits	12,529	-1%	12,666	-1%	12,736	20%	10,573	12%	9,457	7%	8,811	1%
Total Non-Current Assets	10,971,918	5%	10,407,402	81%	5,742,281	5%	5,456,115	22%	4,489,278	26%	3,560,493	15%
Current Assets												
Advances and prepayments	63,535	-43%	110,636	1%	109,057	10%	99,096	52%	65,345	3%	63,536	13%
Accrued income and other receivables	159,502	36%	117,537	30%	90,640	19%	76,328	187%	26,629	243%	7,768	-19%
Short term investments	3,796,355	33%	2,850,472	55%	1,844,055	57%	1,173,697	-5%	1,231,308	18%	1,044,323	31%
School uniforms, books and other consumables	83,823	100%	-	0%	-	0%	-	0%	-	0%	-	0%
Cash and bank balances	324,154	-43%	570,280	107%	275,205	64%	167,651	65%	101,304	30%	77,961	15%
Total Current Assets	4,427,369	21%	3,648,925	57%	2,318,957	53%	1,516,772	6%	1,424,586	19%	1,193,588	28%
Total Assets	15,399,287	10%	14,056,327	74%	8,061,238	16%	6,972,887	18%	5,913,864	24%	4,754,081	18%
LIABILITIES												
Non-Current Liabilities												
Deferred income relating to operating fixed assets	5,074,398	6%	4,776,916	7%	4,447,313	15%	3,851,765	12%	3,429,332	15%	2,986,043	16%
Deferred income relating to school support, grants and children education	1,036,925	27%	814,494	30%	626,972	11%	565,580	23%	461,103	25%	367,561	14%
Total Non-Current Liabilities	6,111,323	9%	5,591,410	10%	5,074,285	15%	4,417,345	14%	3,890,435	16%	3,353,604	16%
Current Liabilities												
Accrued expenses and other liabilities	433,777	10%	395,231	2%	388,061	-2%	397,763	66%	240,117	33%	180,887	22%
Total Liabilities	6,545,100	9%	5,986,640	10%	5,462,346	13%	4,815,108	17%	4,130,552	17%	3,534,491	16%
Total Net Assets	8,854,187	10%	8,069,687	211%	2,598,892	20%	2,157,779	21%	1,783,312	46%	1,219,590	23%
FUNDS												
Capital fund	2,400	0%	2,400	0%	2,400	9%	2,200	0%	2,200	5%	2,100	40%
General fund	5,543,078	731%	667,019	1%	658,576	0%	656,815	-6%	700,427	-8%	763,911	5%
Endowment fund	2,602,792	9%	2,378,663	28%	1,864,982	36%	1,369,911	41%	972,922	173%	356,415	93%
Surplus / (deficit) of income over expenditure for the year	593,557	-88%	4,876,059	57850%	8,443	-78%	38,991	-189%	(43,612)	139%	(18,234)	-132%
Unrealized gain on remeasurement of available for sale investments	112,360	-23%	145,546	126%	64,491	-28%	89,862	-41%	151,375	31%	115,398	467%
Total Funds	8,854,187	10%	8,069,687	211%	2,598,892	20%	2,157,779	21%	1,783,312	46%	1,219,590	23%
Income and Expenditure Statement												
INCOME												
Donations and concessional tuition fees	3,905,149	17%	3,346,480	17%	2,862,468	21%	2,368,396	26%	1,874,706	23%	1,523,857	17%
Fair value of contributed land	519,742	-90%	5,101,530	100%	-	0%	-	0%	-	0%	-	0%
Income on investment - net	62,458	-22%	79,876	229%	24,295	-71%	82,781	14%	72,932	-9%	80,458	-12%
Other income	29,765	91%	15,548	33%	11,692	-79%	55,260	17%	47,245	33%	35,538	0%
Total income	4,517,114	-47%	8,543,434	195%	2,898,455	16%	2,506,437	26%	1,994,883	22%	1,639,853	14%
OPERATING EXPENDITURE												
Education Programme												
School expenditures	2,393,040	13%	2,115,774	41%	1,498,306	17%	1,278,095	27%	1,007,859	22%	828,868	26%
Books, copies, uniforms and other school supplies	183,068	-31%	266,097	-11%	299,266	12%	267,522	23%	216,720	27%	170,962	21%
Repair and maintenance charges	46,324	-47%	87,059	-32%	128,322	66%	77,117	28%	60,211	44%	41,671	-26%
School vehicle running and maintenance	130,864	6%	123,685	38%	89,932	-1%	91,002	5%	86,302	1%	85,414	32%
Teachers' training	31,353	-50%	62,560	0%	62,407	29%	48,524	15%	42,362	47%	28,841	-22%
School supervision and monitoring	266,549	5%	254,504	44%	177,209	20%	147,517	21%	121,983	30%	93,695	18%
Depreciation on school assets	425,895	1%	423,340	19%	355,164	8%	328,765	15%	285,678	18%	241,535	16%
Other expenses	124,002	31%	94,834	91%	49,679	27%	39,088	-1%	39,619	19%	33,416	34%
Total Education Programme Expenses	3,601,096	5%	3,427,853	29%	2,660,285	17%	2,277,630	22%	1,860,734	22%	1,524,402	20%
Programme Administration												
Salaries and other benefits	172,231	33%	129,141	16%	111,391	36%	82,152	8%	76,224	16%	65,574	34%
Marketing expense	78,458	54%	50,925	-19%	62,778	2%	61,266	13%	54,144	97%	27,497	13%
Vehicle running and maintenance	5,976	18%	5,081	5%	4,857	21%	4,000	-30%	5,720	28%	4,452	37%
Travelling and conveyance	6,764	128%	2,970	6%	2,789	34%	2,089	-23%	2,703	3%	2,618	29%
Utilities	5,064	12%	4,518	-8%	4,923	1%	4,874	15%	4,239	16%	3,645	23%
Communication	5,675	7%	5,286	56%	3,378	14%	2,961	-29%	4,149	3%	4,044	7%
Printing and stationery	4,219	-15%	4,984	35%	3,685	-34%	5,555	43%	3,879	17%	3,305	-13%
Depreciation	20,480	-3%	21,115	13%	18,735	8%	17,303	15%	15,036	18%	12,712	16%
Other expenses	23,595	52%	15,502	-10%	17,191	79%	9,616	-18%	11,667	19%	9,838	62%
Total Programme Administration Expenses	322,461	35%	239,522	4%	229,727	21%	189,816	7%	177,761	33%	133,685	26%
Total Operating Expenditure	3,923,557	7%	3,667,375	27%	2,890,012	17%	2,467,446	21%	2,038,495	23%	1,658,087	20%
Surplus/(deficit) of income over expenditure for the year	593,557	-88%	4,876,059	57850%	8,443	-78%	38,991	-189%	(43,612)	139%	(18,234)	-132%

CALENDAR OF MAJOR EVENTS

Incorporation of the Foundation	24 September 1996
---------------------------------	-------------------

FINANCIAL CALENDAR

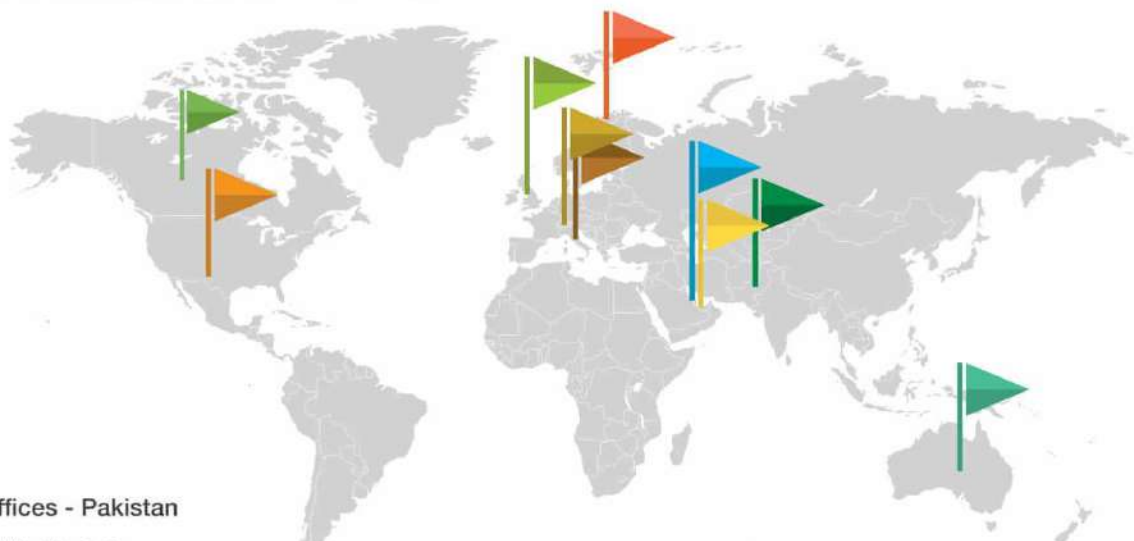
Financial Year 2017-18	Date of Issuance
1 st Quarter Results	31 October 2017
2 nd Quarter Results	22 February 2018
3 rd Quarter Results	03 May 2018
4 th Quarter Results	15 August 2018
22 nd Annual General Meeting	15 October 2018

Financial Year 2016-17	Date of Issuance
1 st Quarter Results	31 October 2016
2 nd Quarter Results	15 February 2017
3 rd Quarter Results	28 August 2017
4 th Quarter Results	22 September 2017
21 st Annual General Meeting	26 October 2017

GLOSSARY OF SELECTIVE TERMS

Abbreviation	Description
AFS	Available For Sale
Board	Board of Directors
CDC	Central Depository Company of Pakistan
CCG	Code of Corporate Governance
ERP	Enterprise Resource Planning
FBR	Federal Board of Revenue
GoP	Government of Pakistan
IAS	International Accounting Standards
ICAP	Institute of Chartered Accountants of Pakistan
ICMAP	Institute of Cost and Management Accountants of Pakistan
IFAC	International Federation of Accountants
IFRIC	International Financial Reporting Interpretation Committee
IFRS	International Financial Reporting Standards
KIBOR	Karachi Inter-Bank Offer Rate
NBV	Net Book Value
NRV	Net Realisable Value
SECP	Securities and Exchange Commission of Pakistan
TFC	Term Finance Certificate

Contact US



TCF Offices - Pakistan

Karachi - Nabila Mustafa
Plot No. 20, Sector - 14, Korangi Industrial Area,
Karachi - 74900
+92-21-111-823-823 | info@tcf.org.pk

Lahore - Ali Safdar Raja
45-F, Mustafa Centre, First Floor, Gulberg II, Lahore
+92-42-111-823-823

Islamabad - Shirrin Bilal
Service Road, Gangal West, Fazayia Colony
(PO Fazayia), Rawalpindi
+92-51-4578228, +92-51-4578229

Australia

Sanam Thariani
42 Foxall Road, Kellyville, NSW 2155, Sydney, Australia
+614-23331665 | www.tcfaustralia.org

Bahrain

Shahzadi Hussain
Palace Garden 4, Villa 46, Road 45, Gate 132, Block 545,
Saar, Bahrain | +973-33055852

Canada

Sajid Salman
2010 Winston Park Drive, Suite 200, Oakville,
ON L6H 5R7, Canada
+1 289 291-7701 or 7702 / 7703 | www.tcfcanada.org

Italy

Gretchen Romig
Corso di Porta Nuova 38, 20121 Milan, Italy
+39 02 3657 0504, +39 324 842 2289
www.italianfriends-tcf.org

Norway

Nada Ahmed
Kirkeveien 90A, 0364 Oslo, Norway
+47 971 38 781 | www.tcfnorway.org

Switzerland

Azam Ali
Chemin de la Perche 11, 1217 Meyrin / Geneva,
Switzerland
+41 22 785 5926, | +41 76 585 5926

United Arab Emirates

Dubai - Sarah Sheeraz Siddiqui
Office No. 118, Building No 4,
International Humanitarian City, Dubai Industrial
City Headquarters, P.O. Box No. 506007,
Dubai, UAE
+971-50-7084724

Abu Dhabi - Shahab Haider
+971-4-3681096 | +971-4-2222126

United Kingdom

Rukhsana Parveen
48 Charlotte Street,
London W1T 2NS, UK
+44 (0) 20 3585 3011 / 12 | www.tcf-uk.org

United States of America

Tauseef Siddiqui
11222 Richmond Avenue, Suite 100, Houston,
TX 77082, USA
+1 888 729-3022 | www.tcfusa.org

Help Us EDUCATE

SUPPORT



Educate-a-Child
Rs. 1,400 (Monthly)
Rs. 16,800 (Annually)

**Educate-a-Child
KG to Matric**
Rs. 185,000

**Sponsor-a-Classroom
For a Year**
Rs. 35,000 (Monthly)
Rs. 420,000 (Annually)

**Support-a-School
Unit for a Year**
Rs. 220,000 (Monthly)
Rs. 2,600,000 (Annually)

SUSTAINABILITY FUND



Partner
10,000,000 - 25,000,000

Patron
25,000,000 and above

SCHOLARSHIPS



**Scholarship for
Intermediate
Level Studies**
Rs. 18,000

**Scholarship for
Higher Education**
Rs. 600,000

BUILD



Build-a-Primary School
Rs. 34,300,000
(Build Cost Rs. 20,000,000 +
5 years support Rs. 14,300,000)

Build-a-Secondary School
Rs. 34,300,000
(Build Cost Rs. 20,000,000 +
5 years support Rs. 14,300,000)

FUNDS



**General
Build Fund**
Any amount

**General
Education Fund**
Any amount

**General
Endowment Fund**
Any amount

**Innovation in
Education Fund**
Any amount

**Community
Development Fund**
Any amount

**Alumni
Scholarship Fund**
Any amount

Notes Related to Build-a-School

Costs are for build cycle of 2018-19 and are subject to revision. Rates are calculated on average construction costs and may vary for different locations.

A school construction project can only be taken up with the provision of school support for a minimum of three years (included in the figures cited above).

All school construction projects in earthquake zones will take into account additional costs for special earthquake resistant architecture.

Easy Ways TO GIVE



DONATE BY CHEQUE

Send us your donation cheque in favour of The Citizens Foundation at
Plot No. 20 Sector 14, Korangi Industrial Area Karachi - Pakistan



DIRECT DEPOSIT

Deposit or transfer your Zakat or donations directly into our bank accounts.
Details at tcf.org.pk/donation-information



DOORSTEP COLLECTION

Call **0800 00 823** for collection of your cheque and/or donation card right
from your doorstep.



DONATE ONLINE

Make a one-time contribution or set up a recurring monthly or yearly
donation online at support.tcf.org.pk



RAISE FUNDS ONLINE

Start fundraising for TCF by creating your own digital campaign or teaming
up with your friends at support.tcf.org.pk

Benefit to Donor

Tax Exemption on Donation to The Citizen Foundation

Through Finance Act, 2012, the name of The Citizens Foundation has been added in new sub-clause (ia) of clauses (61) of Part 1 of Second Schedule of Income Tax Ordinance, 2001. Effective 01 July 2012, an individual or association of persons can avail payment of any donation amount to The Citizens Foundation as admissible deduction up to thirty percent (30%) of their taxable income for the year. A company can also avail payment of donation amount to The Citizens Foundation as admissible deduction up to twenty percent (20%) of its taxable income for the year.

**We are grateful to all our
photographers for making
pro bono contributions to
this Annual Report.**

Agha Mohammad Fawad
Albertina D'Urso
Karachi Chaiwala
Taha Asim
Wahaj Alley
Zoral Naik

Concept and Design
The Art Store
www.theartstore.com.pk

Design Support
TCF Marketing Department

☎ 0800 00 823 | ✉ info@tcf.org.pk | 🌐 www.tcf.org.pk | [f /TCF.Pak](https://www.facebook.com/TCFPak) | [@Tcfpak](https://twitter.com/Tcfpak)

Head Office: Plot No. 20, Sector 14, Korangi Industrial Area, Karachi, Pakistan

Publication of TCF Annual Report 2018
has been sponsored by a well wisher.



Financial Statements of this Annual
Report are printed on recycled paper.