



THE CITIZENS FOUNDATION



A PROMISE TO THE  
**FUTURE**

ANNUAL REPORT | 2018





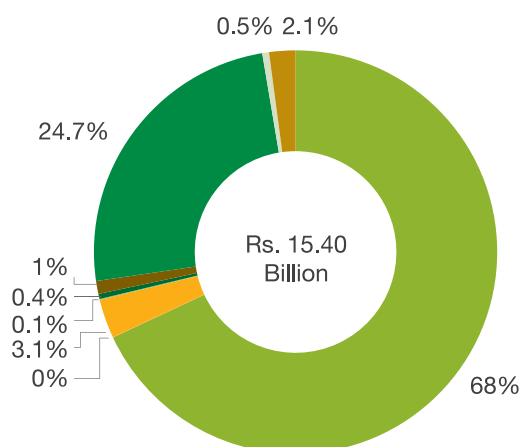
A photograph of a large group of school children, mostly girls, standing in a line outdoors. They are wearing school uniforms consisting of yellow shirts and light blue scarves. The girl in the foreground is smiling and looking towards the camera. The background is slightly blurred, showing more children and some greenery.

# Establishing Integrity through **TRANSPARENCY**

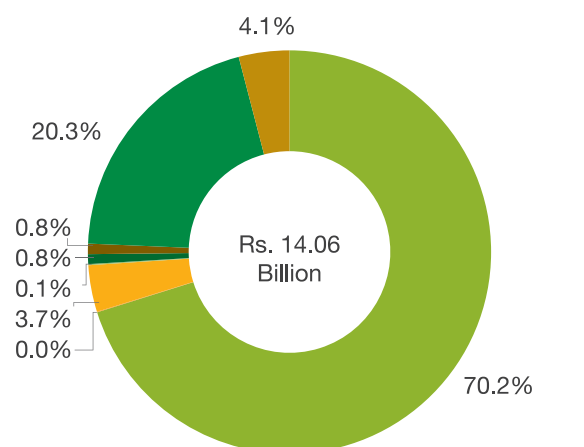
# Financial Highlights

## GRAPHICAL PRESENTATION OF BALANCE SHEET

ASSETS 2018

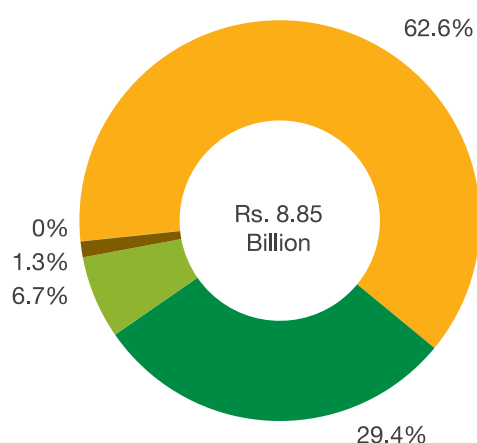


ASSETS 2017

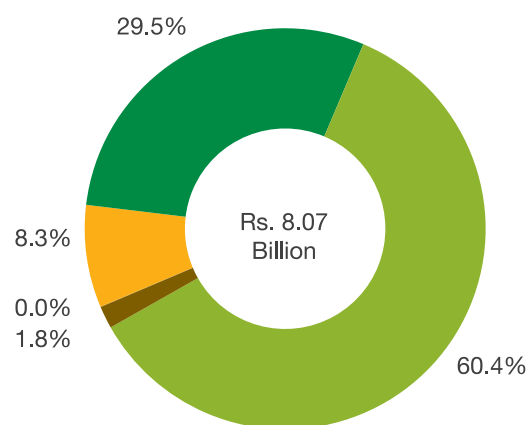


- |  |                                      |                        |                        |
|--|--------------------------------------|------------------------|------------------------|
| Property and Equipment                       | Intangible Assets                    | Long Term Investments  | 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

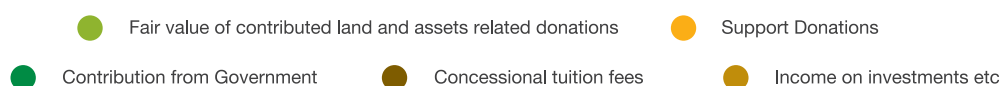
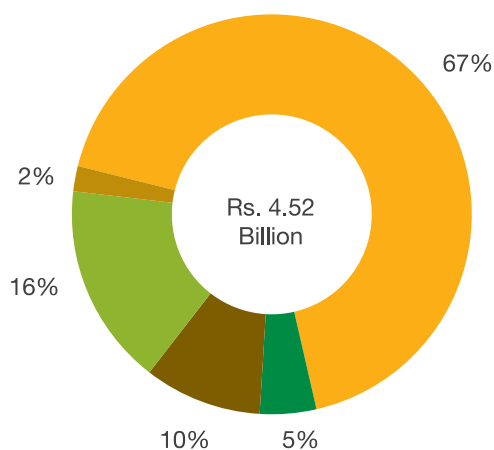


- |   |  |
|---|--|
| Surplus / (deficit) of income over expenditure for the year | Unrealized gain on remeasurement of available for Sale Investments |
| Endowment Fund  | General Fund   |
|   | Capital Fund   |

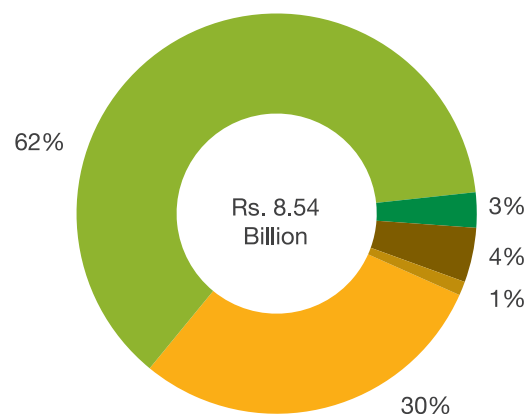


## GRAPHICAL PRESENTATION OF INCOME AND EXPENDITURE ACCOUNT

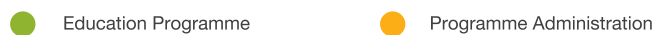
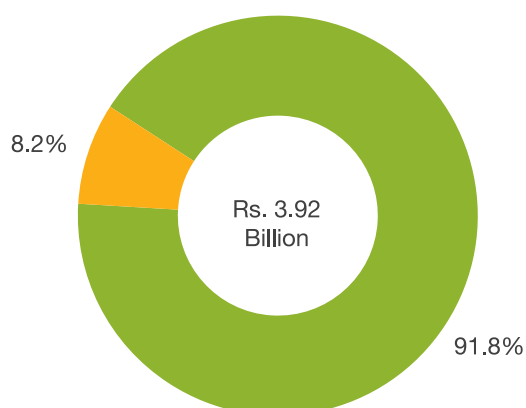
### INCOME 2018



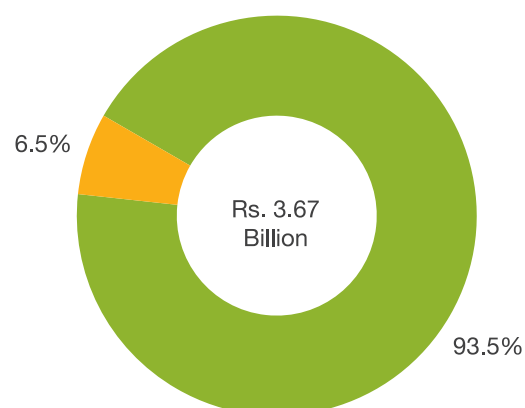
### INCOME 2017



### OPERATING EXPENDITURE 2018

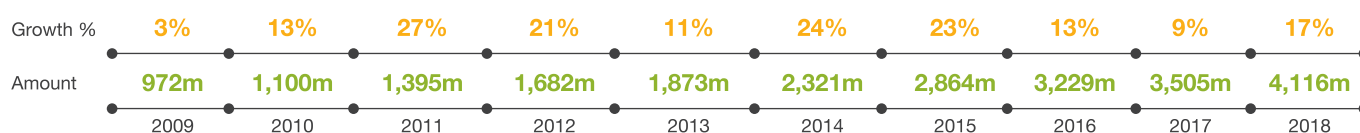


### OPERATING EXPENDITURE 2017



## 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
<b>Total Assets</b>	<b>15,399.3</b>	<b>14,056.3</b>	<b>8,061.2</b>	<b>6,972.9</b>	<b>5,913.9</b>	<b>4,754.1</b>
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
<b>Total Liabilities</b>	<b>6,545.1</b>	<b>5,986.6</b>	<b>5,462.3</b>	<b>4,815.1</b>	<b>4,130.6</b>	<b>3,534.5</b>
<b>Net Assets</b>	<b>8,854.2</b>	<b>8,069.7</b>	<b>2,598.9</b>	<b>2,157.8</b>	<b>1,783.3</b>	<b>1,219.6</b>
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
<b>Total Funds</b>	<b>8,854.2</b>	<b>8,069.7</b>	<b>2,598.9</b>	<b>2,157.8</b>	<b>1,783.3</b>	<b>1,219.6</b>
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 (Rupees in '000)	2017
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
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
		<b>10,971,918</b>	<b>10,407,402</b>
<b>Current Assets</b>			
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
		<b>4,427,369</b>	<b>3,648,925</b>
<b>Total Assets</b>		<b>15,399,287</b>	<b>14,056,327</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
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
		<b>6,111,323</b>	<b>5,591,410</b>
<b>Current Liabilities</b>			
Accrued expenses and other liabilities	13	433,777	395,231
<b>Total liabilities</b>		<b>6,545,100</b>	<b>5,986,640</b>
<b>Net assets</b>		<b>8,854,187</b>	<b>8,069,687</b>
<b>REPRESENTED BY:</b>			
<b>FUNDS AND RESERVES</b>			
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
		<b>8,854,187</b>	<b>8,069,687</b>
<b>Contingencies and Commitments</b>	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 (Rupees in '000)	2017
<b>INCOME</b>			
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
		<b>4,517,114</b>	<b>8,543,434</b>
<b>OPERATING EXPENDITURE</b>			
<b>Education Programme</b>			
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
		<b>3,601,095</b>	<b>3,427,853</b>
<b>Programme Administration</b>			
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
		<b>322,462</b>	<b>239,522</b>
<b>Total Operating Expenditure</b>		<b>3,923,557</b>	<b>3,667,375</b>
<b>Surplus of income over expenditure for the year</b>		<b>593,557</b>	<b>4,876,059</b>

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	560,371	4,957,114

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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
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)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
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)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
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
<b>Total comprehensive income for the year</b>						
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
<b>Total comprehensive income for the year</b>						
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
<b>Balance as at 30 June 2018</b>	<b>2,400</b>	<b>5,543,078</b>	<b>2,602,792</b>	<b>593,557</b>	<b>112,360</b>	<b>8,854,187</b>

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%
	<b>1,482</b>	<b>100%</b>

### 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 impracticality 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
	leasehold	freehold	leasehold land	freehold land				
----- (Rupees in '000) -----								
<b>At 1 July 2017</b>								
Cost	2,538,123	2,830,092	311,444	4,882,581	486,949	754,169	43,907	123,566
Accumulated depreciation	-	-	(40,688)	(1,623,698)	(245,066)	(515,999)	(26,750)	(83,230)
Net book value	2,538,123	2,830,092	270,756	3,258,883	241,883	238,170	17,157	40,336
<i>Fair value of contributed /</i>								
Donated lands	425,039	94,703	-	-	-	-	-	-
<i>Additions / transfers from capital work in progress</i>	306	10,299	177,116	379,746	51,264	26,017	10,318	23,600
<i>Disposals / write-offs</i>								
Cost	-	-	-	-	95	41,485	1,087	1,076
Accumulated depreciation	-	-	-	-	(67)	(41,013)	(1,019)	(1,042)
	-	-	-	-	28	472	68	34
<i>Depreciation for the year</i>	-	-	(22,855)	(258,678)	(40,253)	(101,717)	(6,270)	(16,602)
Closing net book value	2,963,468	2,935,094	425,017	3,379,951	252,866	161,998	21,137	47,300
<b>At 30 June 2018</b>								
Cost / fair value	2,963,468	2,935,094	488,560	5,262,327	538,118	738,701	53,138	146,090
Accumulated depreciation	-	-	(63,543)	(1,882,376)	(285,252)	(576,703)	(32,001)	(98,790)
Net book value	2,963,468	2,935,094	425,017	3,379,951	252,866	161,998	21,137	47,300
<b>Depreciation rates</b>								
(% per annum)	-	-	5	5	10	20	20	20
	2017							
	School land		Building on		Furniture and fittings	Vehicles	Electrical equipment	Office and other equipments
	leasehold	freehold	leasehold land	freehold land				
----- (Rupees in '000) -----								
<b>At 1 July 2016</b>								
Cost	12,700	206,415	137,872	4,336,502	416,824	708,166	35,221	106,385
Accumulated depreciation	-	-	(22,101)	(1,375,147)	(207,848)	(422,869)	(20,918)	(68,451)
Net book value	12,700	206,415	115,771	2,961,355	208,976	285,297	14,303	37,934
<i>Impact of change in accounting policy</i>	2,523,123	2,578,407	-	-	-	-	-	-
<i>Additions / transfers from capital work in progress</i>	2,300	46,227	173,572	548,712	70,375	69,328	8,947	18,511
<i>Disposals</i>								
Cost	-	957	-	2,633	250	23,325	261	1,330
Accumulated depreciation	-	-	-	(1,958)	(239)	(22,628)	(261)	(1,272)
	-	957	-	675	11	697	-	58
<i>Depreciation for the year</i>	-	-	(18,587)	(250,509)	(37,457)	(115,758)	(6,093)	(16,051)
Closing net book value	2,538,123	2,830,092	270,756	3,258,883	241,883	238,170	17,157	40,336
<b>At 30 June 2017</b>								
Cost	2,538,123	2,830,092	311,444	4,882,581	486,949	754,169	43,907	123,566
Accumulated depreciation	-	-	(40,688)	(1,623,698)	(245,066)	(515,999)	(26,750)	(83,230)
Net book value	2,538,123	2,830,092	270,756	3,258,883	241,883	238,170	17,157	40,336
<b>Depreciation rates</b>								
(% 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	<u>434,432</u>	<u>547,767</u>
		836,751	1,124,603
<i>Transferred during the year to:</i>			
School buildings		(553,602)	(710,340)
Office building		<u>(3,259)</u>	<u>(11,944)</u>
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		<u>214</u>	<u>5,134</u>
		<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		<u>(1,538)</u>	<u>(994)</u>
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		<u>(9,694)</u>	<u>(8,156)</u>
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	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 Ameen 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
HLB 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.

<b>16.3 Movement of Endowment Fund</b>		<b>2018</b>	<b>2017</b>
		<b>(Rupees in '000)</b>	
Opening balance		<b>2,378,663</b>	1,864,982
Addition during the year		<b>211,878</b>	507,038
Balance available for investment		<b>2,590,541</b>	2,372,020
Net return used for accumulation of endowment fund	<b>19</b>	<b>12,251</b>	6,643
Closing balance		<b>2,602,792</b>	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/ CRTO/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
	205,980	241,524

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	316,570	259,175

*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)
		(254,112)	(179,299)

Income on investments - net	62,458	79,876
-----------------------------	--------	--------

- 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	2017
		(Rupees in '000)	
	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	<b>10,629</b>	9,931	<b>109,426</b>	88,433
Number of person	<b>1</b>	1	<b>36</b>	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.

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

## 25. OTHER EXPENSES

	2018	2017
	<b>(Rupees in '000)</b>	
Advertisement	<b>876</b>	1,310
Amortization of intangible asset	<b>1,538</b>	994
Auditor's remuneration	<b>689</b>	592
Bank charges	<b>2,709</b>	1,183
Fees and subscriptions	<b>1,280</b>	1,328
Insurance	<b>135</b>	128
Office expenses	<b>2,457</b>	2,259
Legal and professional charges	<b>11,274</b>	4,710
Repairs and maintenance	<b>2,637</b>	2,998
	<b>23,595</b>	15,502

### 25.1 Auditor's remuneration

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

## 26. ALLOCATION OF EXPENSES

Nature of Expense	From	To		
Regional office expenses	Programme Administration	Education programme	<b>164,916</b>	154,530
QA, HR Schools, SDU, CDU & Operations department expenses	Programme Administration	Education programme	<b>46,704</b>	40,404
Training department expenses	Programme Administration	Education programme	<b>6,475</b>	7,191
Engineering department expenses	Programme Administration	Property and equipment	<b>19,839</b>	17,891
Key executive remuneration	Programme Administration	Education programme	<b>14,886</b>	14,229
Key executive remuneration	Programme Administration	Property and equipment	<b>2,675</b>	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
Financial Assets	(in Percent)		(Rupees in '000)	
<b>Fixed Rate Instruments</b>				
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
		<b>4,268,688</b>	<b>2,387,658</b>

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

### 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

On-balance sheet instruments					2018					
					Carrying amount	Fair value				
		Held to maturity	Available for sale	Loans and receivables	Other financial liabilities	Total	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										

On-balance sheet financial instruments

		2017								
		Carrying amount				Fair value				
		Held to maturity	Available for sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----										
<b>Financial assets</b>										
<b>measured at fair value</b>										
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
		<u>-</u>	<u>721,453</u>	<u>-</u>	<u>-</u>	<u>721,453</u>	<u>721,453</u>	<u>-</u>	<u>-</u>	<u>721,453</u>
<b>Financial assets not</b>										
<b>measured at fair value</b> <b>30.5</b>										
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	-	-	-	-
		<u>1,657,561</u>	<u>-</u>	<u>1,666,205</u>	<u>-</u>	<u>3,323,766</u>	<u>-</u>	<u>1,661,111</u>	<u>-</u>	<u>1,661,111</u>
<b>Financial liabilities not</b>										
<b>measured at fair value</b> <b>30.5</b>										
Accrued expenses and other liabilities		-	-	-	395,231	395,231	-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>395,231</u>	<u>395,231</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

- 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	
		%		%		%		%		%		%
<b>Statement of Financial Position</b>												
<b>ASSETS</b>												
<b>Non-Current Assets</b>												
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%	225,789	5%
long term deposits	12,529	0%	12,666	0%	12,736	0%	10,573	0%	9,457	0%	8,811	0%
<b>Total Non-Current Assets</b>	<b>10,971,918</b>	<b>71%</b>	<b>10,407,402</b>	<b>74%</b>	<b>5,742,281</b>	<b>71%</b>	<b>5,456,115</b>	<b>78%</b>	<b>4,489,278</b>	<b>76%</b>	<b>3,560,493</b>	<b>75%</b>
<b>Current Assets</b>												
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%
<b>Total Current Assets</b>	<b>4,427,369</b>	<b>29%</b>	<b>3,648,925</b>	<b>26%</b>	<b>2,318,957</b>	<b>29%</b>	<b>1,516,772</b>	<b>22%</b>	<b>1,424,586</b>	<b>24%</b>	<b>1,193,588</b>	<b>25%</b>
<b>Total Assets</b>	<b>15,399,287</b>	<b>100%</b>	<b>14,056,327</b>	<b>100%</b>	<b>8,061,238</b>	<b>100%</b>	<b>6,972,887</b>	<b>100%</b>	<b>5,913,864</b>	<b>100%</b>	<b>4,754,081</b>	<b>100%</b>
<b>LIABILITIES</b>												
<b>Non-Current Liabilities</b>												
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%
<b>Total Non-Current Liabilities</b>	<b>6,111,323</b>	<b>43%</b>	<b>5,591,410</b>	<b>40%</b>	<b>5,074,285</b>	<b>63%</b>	<b>4,417,345</b>	<b>63%</b>	<b>3,890,435</b>	<b>66%</b>	<b>3,353,604</b>	<b>71%</b>
<b>Current Liabilities</b>												
Accrued expenses and other liabilities	433,777	3%	395,231	3%	388,061	5%	397,763	6%	240,117	4%	180,887	4%
<b>Total Liabilities</b>	<b>6,545,100</b>	<b>47%</b>	<b>5,986,640</b>	<b>43%</b>	<b>5,462,346</b>	<b>68%</b>	<b>4,815,108</b>	<b>69%</b>	<b>4,130,552</b>	<b>70%</b>	<b>3,534,491</b>	<b>74%</b>
<b>Total Net Assets</b>	<b>8,854,187</b>	<b>57%</b>	<b>8,069,687</b>	<b>57%</b>	<b>2,598,892</b>	<b>32%</b>	<b>2,157,779</b>	<b>31%</b>	<b>1,783,312</b>	<b>30%</b>	<b>1,219,590</b>	<b>26%</b>
<b>FUNDS</b>												
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%
<b>Total Funds</b>	<b>8,854,187</b>	<b>57%</b>	<b>8,069,687</b>	<b>57%</b>	<b>2,598,892</b>	<b>32%</b>	<b>2,157,779</b>	<b>31%</b>	<b>1,783,312</b>	<b>100%</b>	<b>1,219,590</b>	<b>100%</b>
<b>Income and Expenditure Statement</b>												
<b>INCOME</b>												
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%
<b>Total income</b>	<b>4,517,114</b>	<b>100%</b>	<b>8,543,434</b>	<b>100%</b>	<b>2,898,455</b>	<b>100%</b>	<b>2,506,437</b>	<b>100%</b>	<b>1,994,883</b>	<b>100%</b>	<b>1,639,853</b>	<b>100%</b>
<b>OPERATING EXPENDITURE</b>												
<b>Education Programme</b>												
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%
<b>Total Education Programme Expenses</b>	<b>3,601,096</b>	<b>91.8%</b>	<b>3,427,853</b>	<b>93.5%</b>	<b>2,660,285</b>	<b>92.1%</b>	<b>2,277,630</b>	<b>92.3%</b>	<b>1,860,734</b>	<b>91.3%</b>	<b>1,524,402</b>	<b>91.9%</b>
<b>Programme Administration</b>												
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%
<b>Total Programme Administration Expenses</b>	<b>322,461</b>	<b>8.2%</b>	<b>239,522</b>	<b>6.5%</b>	<b>229,727</b>	<b>7.9%</b>	<b>189,816</b>	<b>7.7%</b>	<b>177,761</b>	<b>8.7%</b>	<b>133,685</b>	<b>8.1%</b>
<b>Total Operating Expenditure</b>	<b>3,923,557</b>	<b>100%</b>	<b>3,667,375</b>	<b>100%</b>	<b>2,890,012</b>	<b>100%</b>	<b>2,467,446</b>	<b>100%</b>	<b>2,038,495</b>	<b>100%</b>	<b>1,658,087</b>	<b>100%</b>
<b>Surplus/(deficit) of income over expenditure for the year</b>	<b>593,557</b>		<b>4,876,059</b>		<b>8,443</b>		<b>38,991</b>		<b>(43,612)</b>		<b>(18,234)</b>	

# The Citizens Foundation

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

	2018	18Vs17 %	2017	17Vs16 %	2016	16Vs15 %	2015	15Vs14 %	2014	14Vs13 %	2013	13Vs12 %
<b>Statement of Financial Position</b>												
<b>ASSETS</b>												
<b>Non-Current Assets</b>												
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%
<b>Total Non-Current Assets</b>	<b>10,971,918</b>	<b>5%</b>	<b>10,407,402</b>	<b>81%</b>	<b>5,742,281</b>	<b>5%</b>	<b>5,456,115</b>	<b>22%</b>	<b>4,489,278</b>	<b>26%</b>	<b>3,560,493</b>	<b>15%</b>
<b>Current Assets</b>												
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%
<b>Total Current Assets</b>	<b>4,427,369</b>	<b>21%</b>	<b>3,648,925</b>	<b>57%</b>	<b>2,318,957</b>	<b>53%</b>	<b>1,516,772</b>	<b>6%</b>	<b>1,424,586</b>	<b>19%</b>	<b>1,193,588</b>	<b>28%</b>
<b>Total Assets</b>	<b>15,399,287</b>	<b>10%</b>	<b>14,056,327</b>	<b>74%</b>	<b>8,061,238</b>	<b>16%</b>	<b>6,972,887</b>	<b>18%</b>	<b>5,913,864</b>	<b>24%</b>	<b>4,754,081</b>	<b>18%</b>
<b>LIABILITIES</b>												
<b>Non-Current Liabilities</b>												
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%
<b>Total Non-Current Liabilities</b>	<b>6,111,323</b>	<b>9%</b>	<b>5,591,410</b>	<b>10%</b>	<b>5,074,285</b>	<b>15%</b>	<b>4,417,345</b>	<b>14%</b>	<b>3,890,435</b>	<b>16%</b>	<b>3,353,604</b>	<b>16%</b>
<b>Current Liabilities</b>												
Accrued expenses and other liabilities	433,777	10%	395,231	2%	388,061	-2%	397,763	66%	240,117	33%	180,887	22%
<b>Total Liabilities</b>	<b>6,545,100</b>	<b>9%</b>	<b>5,986,640</b>	<b>10%</b>	<b>5,462,346</b>	<b>13%</b>	<b>4,815,108</b>	<b>17%</b>	<b>4,130,552</b>	<b>17%</b>	<b>3,534,491</b>	<b>16%</b>
<b>Total Net Assets</b>	<b>8,854,187</b>	<b>10%</b>	<b>8,069,687</b>	<b>211%</b>	<b>2,598,892</b>	<b>20%</b>	<b>2,157,779</b>	<b>21%</b>	<b>1,783,312</b>	<b>46%</b>	<b>1,219,590</b>	<b>23%</b>
<b>FUNDS</b>												
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	57650%	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%
<b>Total Funds</b>	<b>8,854,187</b>	<b>10%</b>	<b>8,069,687</b>	<b>211%</b>	<b>2,598,892</b>	<b>20%</b>	<b>2,157,779</b>	<b>21%</b>	<b>1,783,312</b>	<b>46%</b>	<b>1,219,590</b>	<b>23%</b>
<b>Income and Expenditure Statement</b>												
<b>INCOME</b>												
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%
<b>Total income</b>	<b>4,517,114</b>	<b>-47%</b>	<b>8,543,434</b>	<b>195%</b>	<b>2,898,455</b>	<b>16%</b>	<b>2,506,437</b>	<b>26%</b>	<b>1,994,883</b>	<b>22%</b>	<b>1,639,853</b>	<b>14%</b>
<b>OPERATING EXPENDITURE</b>												
<b>Education Programme</b>												
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%
<b>Total Education Programme Expenses</b>	<b>3,601,096</b>	<b>5%</b>	<b>3,427,853</b>	<b>29%</b>	<b>2,660,285</b>	<b>17%</b>	<b>2,277,630</b>	<b>22%</b>	<b>1,860,734</b>	<b>22%</b>	<b>1,524,402</b>	<b>20%</b>
<b>Programme Administration</b>												
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%
<b>Total Programme Administration Expenses</b>	<b>322,461</b>	<b>35%</b>	<b>239,522</b>	<b>4%</b>	<b>229,727</b>	<b>21%</b>	<b>189,816</b>	<b>7%</b>	<b>177,761</b>	<b>33%</b>	<b>133,685</b>	<b>26%</b>
<b>Total Operating Expenditure</b>	<b>3,923,557</b>	<b>7%</b>	<b>3,667,375</b>	<b>27%</b>	<b>2,890,012</b>	<b>17%</b>	<b>2,467,446</b>	<b>21%</b>	<b>2,038,495</b>	<b>23%</b>	<b>1,658,087</b>	<b>20%</b>
<b>Surplus/(deficit) of income over expenditure for the year</b>	<b>593,557</b>	<b>-88%</b>	<b>4,876,059</b>	<b>57650%</b>	<b>8,443</b>	<b>-78%</b>	<b>38,991</b>	<b>-189%</b>	<b>(43,612)</b>	<b>139%</b>	<b>(18,234)</b>	<b>-132%</b>

## CALENDAR OF MAJOR EVENTS

**Incorporation of the Foundation**

24 September 1996

## FINANCIAL CALENDAR

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

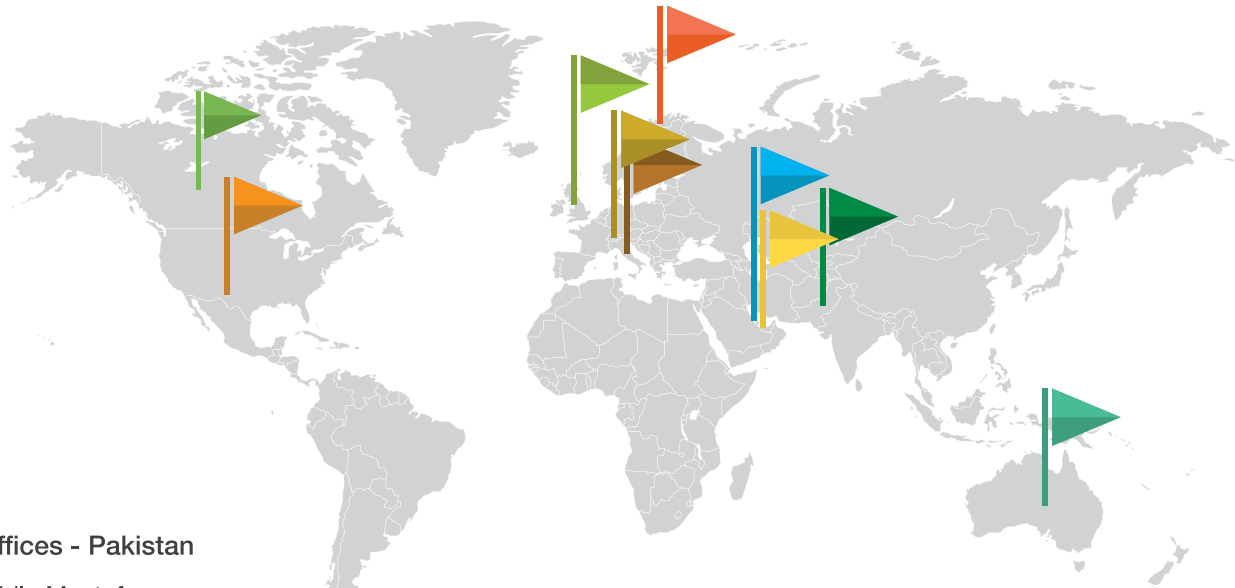
Financial Year 2016-17	Date of Issuance
1 <sup>st</sup> Quarter Results	31 October 2016
2 <sup>nd</sup> Quarter Results	15 February 2017
3 <sup>rd</sup> Quarter Results	28 August 2017
4 <sup>th</sup> Quarter Results	22 September 2017
21 <sup>st</sup> Annual General Meeting	26 October 2017

## 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](mailto: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](http://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](http://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](http://www.italianfriends-tcf.org)

## Norway

Nada Ahmed  
Kirkeveien 90A, 0364 Oslo, Norway  
+47 971 38 781 | [www.tcfnorway.org](http://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](http://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](http://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](https://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](https://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](https://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](http://www.theartstore.com.pk)

**Design Support**  
TCF Marketing Department

---

☎ 0800 00 823 | ✉ info@tcf.org.pk | 🌐 www.tcf.org.pk | 📘 /TCF.Pak | 🐦 @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.