HAROON ZAKARIA & COMPANY
CHARTERED ACCOUNTANTS

FAMILY EDUCATIONAL SERVICES FOUNDATION

Financial Statement
For the year ended June 30, 2015

Room 211, 2nd Floor, Progressive Plaza, Plot No. 5 - CL -10, Civil Lines Quarter,
Beaumont Road, Near Dawood Center, Karachi - 75530 PAKISTAN.
Phone: +92 21 35674741-44 Fax: +92 21 35674745

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **FAMILY EDUCATIONAL SERVICES FOUNDATION** as at June 30, 2015 and the related income and expenditure account, statement of comprehensive income, statement of cash flow and statement of changes in fund together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

    i) the balance sheet and income and expenditure account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with the accounting policies consistently applied;

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

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

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, income and expenditure account, statement of comprehensive income, cash flow statement and statement of changes in fund together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2015 and of the surplus, its comprehensive income, its cash flows and changes in fund for the year then ended; and

d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Haroon Zakaria & Co

Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: 25 SEP 2015

Engagement Partner:
Muhammad Iqbal

FAMILY EDUCATIONAL SERVICES FOUNDATION
BALANCE SHEET
AS AT JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
ASSETS			
Non-Current Assets			
Equipments	4	**52,973,996**	43,264,081
Intangible assets	5	**621,735**	321,546
Long term deposits	6	**1,335,878**	3,303,878
		54,931,609	46,889,505
Current Assets			
Loans	7	**1,616,766**	863,537
Prepayments	8	**1,929,457**	894,614
Investments	9	**48,000,000**	21,000,000
Interest accrued		**199,214**	69,567
Other receivables	10	**1,968,780**	5,766,000
Cash and bank balances	11	**35,771,141**	39,589,020
		89,485,358	68,182,738
Total Assets		**144,416,967**	115,072,243
FUNDs AND LIABILITIES			
Funds			
- General		**132,708,058**	91,161,419
- Specific		**-**	23,859,132
	12	**132,708,058**	115,020,551
Current Liabilities			
Deferred donation	13	**11,643,909**	-
Accrued liabilities		**65,000**	51,692
		11,708,909	51,692
Total Funds and Liabilities		**144,416,967**	115,072,243

The annexed notes from 1 to 20 form an integral part of these financial statements.

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

FAMILY EDUCATIONAL SERVICES FOUNDATION
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
INCOME			
Donations	14	**136,002,200**	90,351,813
Donation in kind		**1,553,885**	493,211
Markup income		**2,750,783**	2,117,200
Exchange gain		**286,256**	632,011
School fees		**4,734,680**	4,546,609
Motivated Campaign contribution		**450,000**	2,069,342
Gain on disposal of equipment		**-**	648,219
		145,777,804	100,858,405
EXPENDITURE			
Salaries and other benefits		**39,661,010**	31,724,539
Transportation		**12,527,813**	10,920,456
Utilities		**5,833,401**	5,095,012
Rent, rates and taxes		**6,224,901**	4,993,817
Pakistan sign language program		**15,546,198**	7,610,991
Training costs		**7,337,936**	7,063,877
Vehicle running expense		**6,769,221**	7,128,984
Student benefits		**2,525,564**	2,751,650
Repair and maintenance		**3,080,672**	2,624,650
Community service		**1,211,446**	2,415,117
Events, function and fund raising program		**2,801,078**	2,144,493
Consultancy and professional charges		**733,331**	2,325,621
Other expenses		**1,803,224**	1,296,897
Printing and stationery		**1,765,546**	990,846
Loss on disposal of equipment		**25,741**	-
Insurance		**856,993**	917,170
Hospitality		**343,245**	571,908
Postage and communication		**745,748**	566,511
Bad Debts		**39,875**	-
Eduserve program		**9,247,639**	-
Advance tax written off		**1,271,700**	557,865
Depreciation	4	**7,408,711**	7,224,993
Amortization	5	**49,811**	41,061
Auditor's remuneration		**65,000**	50,000
Bank charges		**214,493**	124,533
		(128,090,296)	(99,140,991)
Surplus for the year		**17,687,507**	1,717,414

The annexed notes from 1 to 20 form an integral part of these financial statements.

Director	Director	Chief Executive

FAMILY EDUCATIONAL SERVICES FOUNDATION
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2015

	2015	*2014*
	Rupees	*Rupees*
Surplus for the year	**17,687,507**	1,717,414
Other comprehensive income	-	-
Total comprehensive Income for the year	**17,687,507**	1,717,414

The annexed notes from 1 to 20 form an integral part of these financial statements.

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

Sarah Shaikh

FAMILY EDUCATIONAL SERVICES FOUNDATION
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2015

	2015 Rupees	2014 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	**17,687,507**	1,717,414
Adjustment for non cash items:		
Depreciation	**7,408,711**	7,224,993
Bad Debts	**39,875**	-
Gain / (loss) on disposal of equipments	**25,741**	(648,219)
Amortization	**49,811**	41,061
Finance cost	**214,493**	124,533
	7,738,631	6,742,368
(Increase) / decrease in current assets		
Loans	**(793,104)**	(317,570)
Prepayments	**(1,034,843)**	(361,339)
Interest accrued	**(129,647)**	(69,567)
Other receivables	**3,797,220**	(5,766,000)
	1,839,626	(6,514,476)
Increase / (decrease) in current liabilities		
Deferred donation	**11,643,909**	-
Accrued liabilities	**13,308**	11,692
Cash generated from operations	**38,922,981**	1,956,998
Finance cost paid	**(214,493)**	(124,533)
Net cash generated from operating activities	**38,708,488**	1,832,465
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of short term investment	-	1,800,000
Purchase of short term investment	**(27,000,000)**	-
Purchase of intangibles	**(350,000)**	(170,607)
Long term security deposits refunded / (paid)	**1,968,000**	(372,500)
Purchase of equipments	**(17,150,667)**	(11,713,924)
Proceeds from disposal of equipments	**6,300**	1,196,244
Net cash used in investing activities	**(42,526,367)**	(9,260,787)
Net decrease in cash and cash equivalent (A+B)	**(3,817,879)**	(7,428,322)
Cash and cash equivalents at the beginning of the year	**39,589,020**	47,017,342
Cash and cash equivalents at the end of the year	**35,771,141**	39,589,020

The annexed notes from 1 to 20 form an integral part of these financial statements.

Director *Director* Sarah Shaikh *Chief Executive*

FAMILY EDUCATIONAL SERVICES FOUNDATION
STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED JUNE 30, 2015

Description	*General Fund*	*Specific Fund*	*Total*
		Rupees	
Balance as at June 30, 2013	87,834,685	25,468,452	113,303,137
Total comprehensive income for the year ended June 30, 2014	1,717,414	-	1,717,414
Transfer to general fund	1,609,320	(1,609,320)	-
Balance as at June 30, 2014	**91,161,419**	**23,859,132**	**115,020,551**
Total comprehensive income for the year ended June 30, 2015	**17,687,507**	-	**17,687,507**
Transfer to general fund	**23,859,132**	**(23,859,132)**	-
Balance as at June 30, 2015	**132,708,058**	-	**132,708,058**

General Fund can be utilized to meet any contingencies.

The annexed notes from 1 to 20 form an integral part of these financial statements.

Director *Director* Sarah Shaikh *Chief Executive*

FAMILY EDUCATIONAL SERVICES FOUNDATION
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2015

1 THE SOCIETY AND ITS OBJECTS

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

Deaf Reach Training Centre
Eduserve Training Program
Community Service Program

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Functional and presentation currency

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

2.3 Basis of measurement

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

2.4 Use of Estimates and Judgment

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

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

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

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

a) Equipments

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

b) Intangible assets

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

2.5 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2015

The following standards, amendments and interpretations are effective for the year ended June 30, 2015. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 19 Employee Benefits: Employee contributions	**Effective from accounting period beginning on or after July 01, 2014**

The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties that are linked to services to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognize the contribution as a reduction of the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service either using the plan's contribution formula or on a straight line basis; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service. Retrospective application is required.

Amendments to IAS 32 Financial Instruments: Presentation - Offsetting financial assets and financial liabilities	**Effective from accounting period beginning on or after January 01, 2014**

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". It will be necessary to assess the impact to the entity by reviewing settlement procedures and legal documentation to ensure that offsetting is still possible in cases where it has been achieved in the past. In certain cases, offsetting may no longer be achieved. In other cases, contracts may have to be renegotiated. The requirement that the right of set-off be available for all counterparties to the netting agreement may prove to be a challenge for contracts where only one party has the right to offset in the event of default.

Amendments to IAS 34 - Interim Financial Reporting - Interim reporting of segment information for total assets and total liabilities	**Effective from accounting period beginning on or after January 01, 2014**

The amendment allows the continuation of hedge accounting (under IAS 30 and IFRS 9 chapter on hedge accounting) when a derivative is novated to a clearing counterparty and certain conditiond are met.

IAS 36 Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets	**Effective from accounting period beginning on or after January 01, 2014**

The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. The new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair value Measurements. The amendments require retrospective application.

IAS 39 Financial Instruments: Recognition and measurement - Novation of derivatives and continuation of hedge accounting	**Effective from accounting period beginning on or after January 01, 2014**

The amendment allows the continuation of hedge accounting (under IAS 30 and IFRS 9 chapter on hedge accounting) when a derivative is novated to a clearing counterparty and certain conditions are met.

IFRIC 21 - Levies	**Effective from accounting period beginning on or after January 01, 2014**

IFRIC 21 defines a levy as a payment to a government for which an entity receives no specific goods or services. A liability is recognised when the obligating event occurs. The obligating event is the activity that triggers payment of the levy. This is typically specified in the legislation that imposes the levy.

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

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

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

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

a) When the intangible asset is expressed as a measure of revenue. For example, an entity could acquire a concession to explore and extract gold from a gold mine. The expiry of the contract might be based on a fixed amount of total revenue to be generated from the extraction (for example, a contract may allow the extraction of gold mine until the total cumulative revenue from the sale of goods reaches CU 2 billion) and not be based on time or on the amount of gold extracted. Provided that the contract specifies a fixed total amount of revenue to be generated on which amortization is to be determined, the revenue that is to be generated might be an appropriate basis for amortizing the intangible asset; or

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

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

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

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

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

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

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

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

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

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

IFRS 10 – Consolidated Financial Statements | **Effective from accounting period beginning on or after January 01, 2015. Earlier adoption is encouraged.**

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

IFRS 11 – Joint Arrangements | **Effective from accounting period beginning on or after January 01, 2015**

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

IFRS 12 – Disclosure of Interests in Other Entities | **Effective from accounting period beginning on or after January 01, 2015**

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

IFRS 13 – Fair Value Measurement | **Effective from accounting period beginning on or after January 01, 2015**

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

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

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

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

3 *SIGNIFICANT ACCOUNTING POLICIES*

3.1 *Equipments*

Owned

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

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

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

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

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

3.2 *Intangible assets*

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

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

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

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

3.3 *Investments- held-to-maturity*

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

3.4 *Cash and cash equivalents*

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

3.5 *Revenue recognition*

Donations and sponsorships are recorded on occurrence of transaction.

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

3.6 *Donation in kind*

Donation in kind is recorded at cost of bills / invoices provided by the donors.

3.7 *School fees*

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

4 EQUIPMENTS

	Note	2015 Rupees	2014 Rupees
Operating fixed assets	4.1	**52,973,996**	43,264,081

4.1 Operating fixed assets

Description	Region: Karachi, Hyderabad and Lahore	Region: Sukkur	Region: Nawabshah	Region: Rashidabad	2015 Total	2014 Total
Note	4.1.1	4.1.2	4.1.3	4.1.4	Rupees	Rupees
Furnitures and fittings	5,575,627	789,159	1,578,918	8,438,812	**16,382,516**	9,940,893
Vehicles	4,669,862	1,796,693	1,916,275	443,650	**8,826,480**	11,033,100
Office equipments	10,878,857	1,476,229	1,793,375	4,576,763	**18,725,224**	16,347,603
Computer equipment	4,184,349	-	-	1,025,997	**5,210,346**	2,277,436
Office renovation	1,890,213	-	1,939,217	-	**3,829,430**	3,665,049
	27,198,908	4,062,081	7,227,785	14,485,222	**52,973,996**	43,264,081

4.1.1 Karachi, Hyderabad and Lahore region

Particulars	Cost: As on July 01, 2014	Cost: Addition/ (Disposals) during the year	Cost: As on June 30, 2015	Rate	Depreciation: As on July 01, 2014	Depreciation: For the year	Depreciation: as on June 30, 2015	WDV as on June 30, 2015
Furniture and fittings	6,280,446	2,173,827	8,454,273	10%	2,337,933	540,713	2,878,646	5,575,627
Vehicles	15,369,600	-	15,369,600	20%	9,532,273	1,167,465	10,699,738	4,669,862
Office equipment	17,020,164	1,083,183 (20,000)	18,083,347	10%	6,061,841	1,149,527 (6,878)	7,204,490	10,878,857
Computer equipments	4,465,379	3,032,224 (42,000)	7,455,603	33.3%	2,187,943	1,106,392 (23,081)	3,271,254	4,184,349
Office renovation	1,703,935	564,305	2,268,240	10%	193,571	184,456	378,027	1,890,213
2015	**44,839,524**	**6,853,539** **(62,000)**	**51,631,063**		**20,313,561**	**4,148,553** **(29,959)**	**24,432,155**	**27,198,908**
2014	40,228,840	5,473,684 (863,000)	44,839,524		16,419,912	4,421,345 (527,696)	20,313,561	24,525,963

4.1.2 Sukkur Region

Particulars	*Cost*			*Rate*	*Depreciation*			*WDV as on June 30, 2015*
	As on July 01, 2014	*Disposals during the year*	*As on June 30, 2015*		*As on July 01, 2014*	*For the year*	*As on June 30, 2015*	
Furniture and fittings	1,436,020	-	1,436,020	10%	559,177	87,684	646,861	789,159
		-				-		
Vehicles	5,483,353	-	5,483,353	20%	3,237,487	449,173	3,686,660	1,796,693
		-				-		
Office equipment	2,612,471	-	2,612,471	10%	972,217	164,025	1,136,242	1,476,229
		-				-		
2015	**9,531,844**	-	**9,531,844**		**4,768,881**	**700,883**	**5,469,764**	**4,062,081**
		-				-		
2014	10,036,341	-	9,531,844		4,219,513	841,144	4,768,881	4,762,963
		(504,497)				(291,776)		

4.1.3 Nawabshah Region

Particulars	*Cost*			*Rate*	*Depreciation*			*WDV as on June 30, 2015*
	As on July 01, 2014	*Addition during the year*	*As on June 30, 2015*		*As on July 01, 2014*	*For the year*	*as on June 30, 2015*	
Furniture and fittings	2,045,252	53,000	2,098,252	10%	345,515	173,819	519,334	1,578,918
Vehicles	3,400,400	-	3,400,400	20%	1,005,056	479,069	1,484,125	1,916,275
Office equipment	2,242,844	117,800	2,360,644	10%	373,018	194,251	567,269	1,793,375
Office renovation	2,660,104	-	2,660,104	10%	505,419	215,469	720,888	1,939,217
2015	**10,348,600**	**170,800**	**10,519,400**		**2,229,008**	**1,062,607**	**3,291,615**	**7,227,785**
2014	7,910,360	2,438,240	10,348,600		994,145	1,234,863	2,229,008	8,119,592

4.1.4 *Rashidabad Region*

Particulars	*Cost*			*Rate*	*Depreciation*			*WDV as on June 30, 2015*
	As on July 01, 2014	*Addition during the year*	*As on June 30, 2015*		*As on July 01, 2014*	*For the year*	*as on June 30, 2015*	
Furniture and fittings	3,802,000	5,604,516	9,406,516	10%	380,200	587,504	967,704	8,438,812
Vehicles	693,204	-	693,204	20%	138,641	110,913	249,554	443,650
Office equipment	2,088,000	3,151,246	5,239,246	10%	208,800	453,683	662,483	4,576,763
Computer equipments	-	1,370,565	1,370,565	33.3%	-	344,568	344,568	1,025,997
2015	**6,583,204**	**10,126,327**	**16,709,531**		**727,641**	**1,496,668**	**2,224,309**	**14,485,222**
2014	-	6,583,204	6,583,204		-	727,641	727,641	5,855,563

4.2 *Change in accounting estimate*

During the current financial year, the Company has changed the accounting estimate with respect to the depreciation method. Previously, full year's depreciation was charged on additions during the year while no depreciation was charged on assets disposed off during the year. As per the new estimate, depreciation is charged from the month in which the depreciable asset is available for use and on disposal, up to the month of disposal. The Company estimates that the revised method reflects the manner in which economic benefits from using the assets are consumed in a better way. The change is treated as 'change of accounting estimate' and applied prospectively. Had the estimate not been changed, the depreciation charge for the year would have been increased by Rs. 1,286,953 and surplus for the year would have been decreased by Rs. 1,286,953. The impact of change in accounting estimate could not be determined in respect of future periods as additions and disposals of equipments for future periods would affect the amount of change in accounting estimate.

	Note	2015 Rupees	2014 Rupees
5 INTANGIBLE ASSETS			
Computer software			
Cost			
Balance as on July 01		**410,607**	240,000
Additions during the year		**350,000**	170,607
Balance as on June 30		**760,607**	410,607
Amortization for the year			
Balance as on July 01		**89,061**	48,000
Charge for the year		**49,811**	41,061
Balance as on June 30		**138,872**	89,061
Net Book Value		**621,735**	321,546
Rate		**10%**	10%

	Note	2015 Rupees	2014 Rupees
6 LONG TERM DEPOSITS			
- Against			
Rent		**573,000**	2,463,000
Benazir Bhutto Youth Project		**669,150**	747,150
Utilities		**83,728**	83,728
CNG station		**10,000**	10,000
		1,335,878	3,303,878

	Note	2015 Rupees	2014 Rupees
7 LOANS			
- Considered good			
Loans to Staff		**1,616,766**	863,537

	Note	2015 Rupees	2014 Rupees
8 PREPAYMENTS			
Prepaid rent		**1,527,303**	517,787
Prepaid insurance		**402,154**	376,827
		1,929,457	894,614

	Note	2015 Rupees	2014 Rupees
9 INVESTMENTS			
- Held to maturity			
Term Deposit Receipts			
- Meezan Bank Ltd		**27,000,000**	-
- Allied Bank Ltd		**5,500,000**	5,500,000
		32,500,000	5,500,000
Certificates of Musharaka			
- KASB Modaraba		**15,500,000**	15,500,000
	9.1	**48,000,000**	21,000,000

9.1 These investments carry mark-up at the rate of 6% to 10.5% (2014: 8.5% to 12%) per annum.

		Note	2015 Rupees	2014 Rupees
10	***OTHER RECEIVABLES***			
	- Considered good			
	Benazir Bhutto Shaheed Youth Development Program		**1,968,780**	5,766,000
11	***CASH AND BANK BALANCES***			
	Cash in hand		**1,430,372**	971,416
	Cash at bank			
	- Local currency			
	Current accounts		**22,777,207**	31,886,661
	Deposit accounts	11.1	**10,576,229**	5,526,217
			33,353,436	37,412,878
	- Foreign currency			
	Current accounts		**987,333**	1,204,726
			35,771,141	39,589,020

11.1 These carry markup at the rate of 3.8% to 7.5% (2014: 6% to 8%) per annum.

		Note	2015 Rupees	2014 Rupees
12	***FUNDS***			
	Balance as on July 01		**115,020,551**	113,303,137
	Surplus for the year		**17,687,507**	1,717,414
			132,708,058	115,020,551
	Comprises of:			
	General fund		**132,708,058**	91,161,419
	Specific fund	12.1	-	23,859,132
			132,708,058	115,020,551
12.1	***Specific Fund***			
	Nawabshah project		-	7,879,631
	Rashidabad project		-	14,738,000
	DFID project		-	1,241,501
			-	23,859,132
13	***DEFERRED DONATION***			
	Grant-in-aid		**2,000,000**	-
	Zakat		**5,000,000**	-
	DFID project		**1,016,193**	-
	Rahsidabad project		**3,627,716**	-
			11,643,909	-

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

	Note	2015 Rupees	2014 Rupees
14 DONATIONS			
For following designated projects			
Nawabshah project		**6,100,000**	5,840,000
Rahsidabad project		**8,608,319**	14,476,468
KYI project		**11,430,494**	-
DFID project		**880,807**	3,685,766
		27,019,620	24,002,234
For other activities of the Company		**108,982,580**	66,349,579
		136,002,200	90,351,813

15 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

15.1 Financial Instruments by Category

	Note	2015 Rupees	2014 Rupees
Financial Assets			
Long term deposits	6	**1,335,878**	3,303,878
Loans	7	**1,616,766**	863,537
Investments	9	**48,000,000**	21,000,000
Interest accrued		**199,214**	69,567
Other receivables	10	**1,968,780**	5,766,000
Cash and bank balances	11	**35,771,141**	39,589,020
		88,891,779	70,592,002
Financial Liabilities			
Accrued liabilities		**65,000**	51,692

15.2 Risk management policies

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

15.2.1 Credit risk and Concentration of Credit Risk

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

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

i) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Credit risk arises from the inability of the issuers of the instruments, the relevant financial institution or counter parties, in case of placements or other arrangements, to fulfill their obligations.

Exposure to credit risk

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

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

	Note	2015 Rupees	2014 Rupees
Long term deposits	6	**1,335,878**	3,303,878
Loans	7	**1,616,766**	863,537
Investments	9	**48,000,000**	21,000,000
Interest accrued		**199,214**	69,567
Other receivables	10	**1,968,780**	5,766,000
Bank balances	11	**34,340,769**	38,617,604
		87,461,407	69,620,586

ii) Liquidity Risk

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

The following are the contractual maturities of financial liabilities:-

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

2014	Carrying amount	Six months or less	More than six months
	-----------Rupees-----------		
Accrued liabilities	51,692	51,692	-

iii) Market Risk

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

a) ***Currency risk***

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

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

	2015 **Rupees**	2014 Rupees
Foreign currency bank accounts	**987,333**	1,204,726

The following exchange rates have been applied:	***Spot Rate at Reporting Date*** **2015**	2014
Euro to Rupees	**113.3611**	134.9423
USD to Rupees	**101.7787**	98.8046

Currency risk sensitivity analysis

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

	2015 **Rupees**	2014 Rupees
Effect on surplus	**98,733**	120,473

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

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

b) ***Interest rate risk***

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

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

Variable rate instruments	**2015** **Rupees**	2014 Rupees
Investments	**48,000,000**	21,000,000
Deposit accounts	**10,576,229**	5,526,217
	58,576,229	26,526,217

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit or loss by the amount shown below. This analysis assumes that all other variables remain constant. The analysis has been performed on the same basis for 2014.

	Profit and loss change due to	
	increase	*decrease*
	(Rupees in '000')	
As at June 30, 2015		
Cash flow sensitivity	**585,762**	**(585,762)**
As at June 30, 2014		
Cash flow sensitivity	265,262	(265,262)

c) Price risk

The Company is not exposed to any equity price risk.

16 CAPITAL RISK MANAGEMENT

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

17 RELATED PARTY TRANSACTIONS

The Company has not executed any transaction with related party during the year.

18 REMUNERATION TO DIRECTORS AND CHIEF EXECUTIVE

	Chief Executive		Directors		Total	
	2015	2014	**2015**	2014	**2015**	2014
	Rupees					
Managerial remuneration	**190,000**	150,000	-	-	**190,000**	150,000

19 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Director of the Company on 25 SEP 2015.

20 GENERAL

20.1 Figures have been rounded off to the nearest Rupees.

20.2 Number of employees as at June 30, 2015 is 194 (2014: 173)

Director | *Director* | Sarah Shaikh *Chief Executive*