

AUDITORS' REPORT TO THE MEMBERS

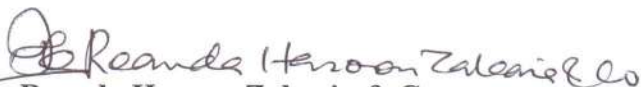
We have audited the annexed balance sheet of **FAMILY EDUCATIONAL SERVICES FOUNDATION** as at June 30, 2017 and the related income and expenditure account, statement of comprehensive income, statement of cash flow and statement of changes in net assets (general fund) together with the notes forming part 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and present the above said statements in conformity with the approved accounting standards and the requirements of the repealed Companies Ordinance, 1984.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- a) in our opinion, proper books of accounts have been kept by the Company as required by the repealed Companies Ordinance, 1984;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sheet and income and expenditure account together with the notes thereon have been drawn up in conformity with the repealed Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with the accounting policies consistently applied;

- 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 net assets (general fund) together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the repealed 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, 2017 and of the surplus, its comprehensive income, its cash flows and changes in net assets (general 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).


Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi

Dated: 15 SEP 2017

Engagement Partner:
Muhammad Iqbal

FAMILY EDUCATIONAL SERVICES FOUNDATION

**BALANCE SHEET
AS AT JUNE 30, 2017**

	<i>Note</i>	<i>2017 Rupees</i>	<i>2016 Rupees</i>
<u>ASSETS</u>			
Non-Current Assets			
Equipment	4	58,964,280	57,009,130
Intangible assets	5	745,619	798,635
Long term deposits	6	4,325,044	1,372,428
Long term loans	7	1,910,160	1,912,500
		<u>65,945,103</u>	<u>61,092,693</u>
Current Assets			
Loans and advances	8	2,667,918	2,046,682
Prepayments	9	1,613,969	529,925
Interest accrued		215,938	215,938
Other receivables		87,006	-
Short term investments	10	89,246,791	63,022,222
Cash and bank balances	11	93,576,994	36,012,353
		<u>187,408,616</u>	<u>101,827,120</u>
Total Assets		<u><u>253,353,719</u></u>	<u><u>162,919,813</u></u>
 <u>FUNDS AND LIABILITIES</u>			
Fund			
General	12	182,251,937	155,931,422
Current Liabilities			
Deferred donation	13	68,349,163	6,850,033
Accrued liabilities		2,752,619	138,358
		71,101,782	6,988,391
Total Fund and Liabilities		<u><u>253,353,719</u></u>	<u><u>162,919,813</u></u>

The annexed notes from 1 to 22 form an integral part of these financial statements.


Director


Director


Chief Executive

FAMILY EDUCATIONAL SERVICES FOUNDATION
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2017

	<i>Note</i>	<i>2017</i> <i>Rupees</i>	<i>2016</i> <i>Rupees</i>
OPERATING INCOME			
Donations in cash	14	165,447,891	142,207,931
Donation in kind	15	1,227,490	1,292,949
Voluntary participation from parents	16	7,256,572	5,518,682
		173,931,953	149,019,562
OPERATING EXPENDITURE			
Salaries and other benefits		61,797,808	51,243,922
Transportation		13,926,975	12,585,893
Utilities		8,467,002	6,737,369
Rent, rates and taxes		7,509,808	6,469,928
Pakistan Sign Language Program		26,500	2,654,630
Training costs		6,911,106	4,067,689
Vehicle running expense		9,506,094	8,080,314
Student benefits		4,058,442	4,667,252
Repair and maintenance		4,456,922	3,198,992
Community service		574,750	1,788,462
Events, function and fund raising program		8,921,361	8,452,839
Consultancy and professional charges		349,340	525,762
Printing and stationery		1,778,917	1,948,344
Insurance		1,086,926	905,723
Hospitality		478,693	328,642
Postage and communication		1,079,545	764,877
Eduserve program		7,279,181	3,837,543
Depreciation	4	8,593,423	9,858,359
Amortization	5	106,016	91,731
		(146,908,809)	(128,208,271)
Operating surplus		27,023,144	20,811,291
OTHER INCOME			
Markup income		2,731,334	3,749,645
Exchange gain		-	28,970
Gain on disposal of equipments		816,208	1,273,212
Unrealized gain on short term investment		36,246	22,222
		3,583,788	5,074,049
OTHER EXPENSES			
Other expenses		3,511,850	2,156,629
Loss on disposal of investments - net		298,354	-
Advance tax written off		-	144,450
Auditor's remuneration		125,000	100,000
		(3,935,204)	(2,401,079)
FINANCE COST - Bank charges		(351,213)	(260,897)
Net surplus for the year		26,320,515	23,223,364

The annexed notes from 1 to 22 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, 2017

	<i>2017</i> <i>Rupees</i>	<i>2016</i> <i>Rupees</i>
Net surplus for the year	26,320,515	23,223,364
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u><u>26,320,515</u></u>	<u><u>23,223,364</u></u>

The annexed notes from 1 to 22 form an integral part of these financial statements.


Director


Director


Chief Executive

FAMILY EDUCATIONAL SERVICES FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

	<i>2017</i>	<i>2016</i>
	<i>Rupees</i>	<i>Rupees</i>
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Net surplus for the year	26,320,515	23,223,364
Adjustment for non cash items:		
Depreciation	8,593,423	9,858,359
Gain on disposal of equipments	(816,208)	(1,273,212)
Amortization	106,016	91,731
Finance cost	351,213	260,897
Loss on disposal of investments - net	298,354	-
Unrealized gain on remeasurement of short term investment	(36,246)	(22,222)
Operating cash inflows before working capital changes	8,496,552	8,915,553
Working capital changes		
(Increase) / decrease in current assets		
Loans and advances	(621,236)	(429,916)
Prepayments	(1,084,044)	1,399,532
Interest accrued	(0)	(16,724)
Other receivables	(87,006)	1,968,780
	(1,792,286)	2,921,672
Increase / (decrease) in current liabilities		
Deferred donation	61,499,130	(4,793,876)
Accrued liabilities	2,614,261	73,358
Cash generated from operations after working capital changes	97,138,172	30,340,071
Finance cost paid	(351,213)	(260,897)
Net cash generated from operating activities	96,786,959	30,079,174
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of short term investment	55,201,646	58,400,000
Short term investment made	(81,688,322)	(73,400,000)
Acquisition of intangible assets	(53,000)	(268,631)
Long term security deposits given	(2,952,616)	(36,550)
Long term loans repaid / (given)	2,340	(1,912,500)
Purchase of equipments	(10,822,366)	(14,370,281)
Proceeds from disposal of equipments	1,090,000	1,750,000
Net cash used in investing activities	(39,222,318)	(29,837,962)
Net increase in cash and cash equivalent (A+B)	57,564,641	241,212
Cash and cash equivalents at the beginning of the year	36,012,353	35,771,141
Cash and cash equivalents at the end of the year	93,576,994	36,012,353

The annexed notes from 1 to 22 form an integral part of these financial statements.


Director


Director


Chief Executive

FAMILY EDUCATIONAL SERVICES FOUNDATION
STATEMENT OF CHANGES IN NET ASSETS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

<i>Description</i>	<i>Restricted Net Assets</i>	<i>Unrestricted Net Assets</i>	<i>Total Net Assets</i>
	----- Rupees -----		
Balance as at June 30, 2015	52,973,996	79,734,062	132,708,058
Net increase in restricted net assets	4,035,134	(4,035,134)	-
Total comprehensive income for the year	-	23,223,364	23,223,364
Balance as at June 30, 2016	<u>57,009,130</u>	<u>98,922,292</u>	<u>155,931,422</u>
Net increase in restricted net assets	1,955,150	(1,955,150)	-
Total comprehensive income for the year	-	26,320,515	26,320,515
Balance as at June 30, 2017	<u><u>58,964,280</u></u>	<u><u>123,287,657</u></u>	<u><u>182,251,937</u></u>

Restricted net assets are internal and represents the unamortized cost of fixed assets of the company at reporting date.

The annexed notes from 1 to 22 form an integral part of these financial statements.


 Director


 Director


 Chief Executive

FAMILY EDUCATIONAL SERVICES FOUNDATION
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2017

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 repealed Companies Ordinance, 1984 (now the Companies Act, 2017). 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 International Financial Reporting Standards for Small and Medium Sized Entities (IFRS for SMEs) issued by International Accounting Standards Board (IASB) and Accounting Standards for Not For Profit Organizations (NPOs) issued by the Institute of Chartered Accountants of Pakistan (ICAP), as are notified under the repealed Companies Ordinance, 1984, and provisions of and directives issued under the repealed Companies Ordinance, 1984. In case the requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

Considering the practical difficulties faced by the companies to comply with the requirements of the recently promulgated Companies Act, 2017, Securities and Exchange Commission of Pakistan (SECP), vide its circular no. 17 of 2017 dated July 20, 2017, has decided that the companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

2.2 Functional and presentation currency

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

2.3 Basis of measurement

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

2.4 Use of Estimates and Judgment

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

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

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

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

a) *Equipment*

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

b) *Intangible assets*

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

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 *Equipment*

Owned

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

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

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

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

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

3.2 Intangible assets

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

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

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

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

3.3 Loans to employees

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

3.4 Prepayments, advances and other receivables

Prepayments are recorded at nominal amounts. Advances and other receivables are stated as net of provision for doubtful balances. Full provision is made against the amounts considered doubtful. Balances are written off when they are not recoverable.

3.5 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 recognized in income and expenditure account.

At fair value through profit and loss

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

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

3.6 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 in current and deposit accounts.

3.7 Revenue recognition

The Company follows deferral method of accounting for the recognition of donation. Recognition of restricted donation is deferred till the date when the conditions associated with the donation have been fulfilled by the Company.

3.7.1 Donations in cash and kind

Donations, sponsorships and grants are received and expensed out in the same period are recorded on occurrence of transactions. Donation in kind is recorded at cost of bills / invoices provided by the donors. Nature of donation in kind includes goods and services received by the donors.

3.7.2 Deferred donation

Donation from USAID, Grant in Aid, Planning & Development Authority of Sindh, Net Hope, Sindh Government, Zakat and others are recognized where there is reasonable assurance that the amount will be received and all attached conditions will be complied with. If these donations relate to the expenses of future periods, then 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.

3.7.3 Voluntary participation from parents

These are recorded on receipt basis.

4 EQUIPMENT

	Note	2017 Rupees	2016 Rupees
Operating fixed assets	4.1	<u>58,964,280</u>	<u>57,009,130</u>

4.1 Operating fixed assets

Description	-----Region-----				2017	2016	
	Karachi, Hyderabad and Lahore	Sukkur	Nawabshah	Rashidabad	Total	Total	
Note	4.1.1	4.1.2	4.1.3	4.1.4	Rupees	Rupees	
Furnitures and fittings	7,593,079	639,219	1,278,923	10,498,494	20,009,715	18,006,982	
Vehicles	7,818,106	1,149,883	1,226,416	283,936	10,478,341	10,282,953	
Office equipments	10,868,155	1,212,219	1,470,798	6,367,466	19,918,638	19,620,980	
Computer equipment	2,908,921	-	-	456,044	3,364,965	4,766,758	
Office renovation	3,552,050	-	1,640,571	-	5,192,621	4,331,457	
	<u>2017</u>	<u>32,740,311</u>	<u>3,001,321</u>	<u>5,616,708</u>	<u>17,605,940</u>	<u>58,964,280</u>	<u>57,009,130</u>
	<u>2016</u>	<u>32,385,647</u>	<u>3,494,507</u>	<u>6,411,124</u>	<u>14,717,852</u>	<u>-</u>	<u>57,009,130</u>

4.1.1 Karachi, Hyderabad and Lahore region

Particulars	Cost				Depreciation			WDV as on June 30, 2017
	As on July 01, 2016	Additions/ (Disposals) during the year	As on June 30, 2017	Rate	As on July 01, 2016	For the year	As on June 30, 2017	
Furniture and fittings	11,766,394	282,742	12,049,136	10%	3,625,242	830,815	4,456,057	7,593,079
Vehicles	18,320,700	-	19,589,900	20%	11,363,041	-	11,771,794	7,818,106
Office equipments	19,021,336	2,690,200 (1,421,000)	20,334,736	10%	8,325,825	1,555,961 (1,147,208)	9,466,581	10,868,155
Computer equipments	9,024,857	1,313,400	9,272,357	33.3%	4,942,131	1,140,756	6,363,436	2,908,921
Office renovation	3,103,292	247,500	4,472,573	10%	594,693	1,421,305	920,523	3,552,050
	<u>2017</u>	<u>5,903,123</u> <u>(1,421,000)</u>	<u>65,718,702</u>		<u>28,850,932</u>	<u>5,274,667</u> <u>(1,147,208)</u>	<u>32,978,391</u>	<u>32,740,311</u>
	<u>2016</u>	<u>11,790,516</u> <u>(2,185,000)</u>	<u>61,236,579</u>		<u>24,432,155</u>	<u>6,126,989</u> <u>(1,708,212)</u>	<u>28,850,932</u>	<u>32,385,647</u>

4.1.2 Sukkur Region

Particulars	Cost			Rate	Depreciation			WDV as on June 30, 2017
	As on July 01, 2016	Disposals during the year	As on June 30, 2017		As on July 01, 2016	For the year	As on June 30, 2017	
Furniture and fittings	1,436,020	-	1,436,020	10%	725,777	71,024	796,801	639,219
Vehicles	5,483,353	-	5,483,353	20%	4,045,999	287,471	4,333,470	1,149,883
Office equipments	2,631,271	-	2,631,271	10%	1,284,361	134,691	1,419,052	1,212,219
2017	9,550,644	-	9,550,644		6,056,137	493,186	6,549,323	3,001,321
2016	9,531,844	18,800	9,550,644		5,469,764	586,374	6,056,138	3,494,507

4.1.3 Nawabshah Region

Particulars	Cost			Rate	Depreciation			WDV as on June 30, 2017
	As on July 01, 2016	Addition during the year	As on June 30, 2017		As on July 01, 2016	For the year	As on June 30, 2017	
Furniture and fittings	2,098,252	-	2,098,252	10%	677,226	142,103	819,329	1,278,923
Vehicles	3,400,400	-	3,400,400	20%	1,867,380	306,604	2,173,984	1,226,416
Office equipments	2,381,844	-	2,381,844	10%	747,624	163,422	911,046	1,470,798
Office renovation	2,741,039	-	2,741,039	10%	918,182	182,286	1,100,468	1,640,571
2017	10,621,535	-	10,621,535		4,210,411	794,415	5,004,827	5,616,708
2016	10,519,400	102,135	10,621,535		3,291,615	918,796	4,210,411	6,411,124

4.1.4 Rashidabad Region

Particulars	Cost			Rate %	Depreciation			WDV as on June 30, 2017
	As on July 01, 2016	Addition during the year	As on June 30, 2017		As on July 01, 2016	For the year	As on June 30, 2017	
Furniture and fittings	9,695,506	3,721,273	13,416,779	10%	1,960,945	957,340	2,918,285	10,498,494
Vehicles	693,204	-	693,204	20%	338,284	70,984	409,268	283,936
Office equipments	7,409,086	1,197,970	8,607,056	10%	1,464,747	774,843	2,239,590	6,367,466
Computer equipments	1,370,565	-	1,370,565	33.3%	686,533	227,988	914,521	456,044
2017	19,168,361	4,919,243	24,087,604		4,450,509	2,031,155	6,481,664	17,605,940
2016	16,709,531	3,099,884 (641,054)	19,168,361		2,224,309	2,226,200	4,450,509	14,717,852

	2017	2016
Note	Rupees	Rupees
5 INTANGIBLE ASSETS		
<i>Computer software</i>		
<i>Cost</i>		
Balance as on July 01,	1,029,238	760,607
Additions during the year	53,000	268,631
Balance as on June 30,	<u>1,082,238</u>	<u>1,029,238</u>
<i>Amortization for the year</i>		
Balance as on July 01,	230,603	138,872
Charge for the year	106,016	91,731
Balance as on June 30,	<u>336,619</u>	<u>230,603</u>
<i>Net book value as on June 30,</i>	<u>745,619</u>	<u>798,635</u>
<i>Rate</i>	<u>10%</u>	<u>10%</u>
6 LONG TERM DEPOSITS		
<i>- Against</i>		
Rent	573,000	573,000
Benazir Bhutto Youth Project	1,074,150	669,150
Planning & Development Authority Project	2,607,616	-
Utilities	70,278	130,278
	<u>4,325,044</u>	<u>1,372,428</u>
7 LONG TERM LOANS		
<i>- Considered good</i>		
Vehicle loans to staff	2,569,164	2,410,500
Less: current maturity shown under current assets	8 (659,004)	(498,000)
	<u>1,910,160</u>	<u>1,912,500</u>
8 LOANS AND ADVANCES		
<i>Loans</i>		
<i>- Considered good</i>		
Cash loans to staff	779,889	1,212,682
Current maturity of long term loans	7 659,004	498,000
	<u>1,438,893</u>	<u>1,710,682</u>
<i>Advances</i>		
Advance to suppliers	<u>1,229,025</u>	336,000
	<u>2,667,918</u>	<u>2,046,682</u>
9 PREPAYMENTS		
- Insurance	653,969	529,925
- Rent	960,000	-
	<u>1,613,969</u>	<u>529,925</u>

	Note	2017 Rupees	2016 Rupees
10 SHORT TERM INVESTMENTS			
<i>- Held to maturity</i>			
<i>Term Deposit Receipts</i>			
- Allied Bank Ltd		-	5,500,000
- Meezan Bank Ltd - General		27,000,000	27,000,000
- Endowment		-	15,000,000
		<u>27,000,000</u>	<u>47,500,000</u>
<i>Certificates of Musharaka</i>			
- KASB Modaraba		-	5,000,000
	10.1	<u>27,000,000</u>	<u>52,500,000</u>
<i>-At fair value through profit and loss</i>			
<i>Mutual Funds</i>			
Meezan - Islamic Income Fund		10,500,000	10,500,000
- Balanced Fund		22,000,000	-
NAFA - Islamic asset allocation Fund		15,134,863	-
- Islamic Income Fund		14,553,460	-
Add: Unrealized gain on remeasurement of investment carried at fair value through profit and loss - net		58,468	22,222
		<u>62,246,791</u>	<u>10,522,222</u>
		<u>89,246,791</u>	<u>63,022,222</u>

10.1 These investments carry mark-up at the rate of 3.5% to 4% (2016: 3.5% to 10.5%) per annum.

	Note	2017 Rupees	2016 Rupees
11 CASH AND BANK BALANCES			
<i>Cash in hand</i>		1,817,415	1,009,566
<i>Cash at bank</i>			
<i>- Local currency</i>			
Current accounts		74,815,832	21,935,107
Deposit accounts	11.1	16,362,372	11,980,856
		91,178,204	33,915,963
<i>- Foreign currency</i>			
Current accounts		581,375	1,086,824
		<u>93,576,994</u>	<u>36,012,353</u>

11.1 These carry markup at the rate of 3.5% to 4.5% (2016: 3% to 6.8%) per annum.

	2017 Rupees	2016 Rupees
12 FUND		
<i>- General Fund</i>		
Balance as on July 01,	155,931,422	132,708,058
Surplus for the year	26,320,515	23,223,364
<i>Balance as on June 30,</i>	<u>182,251,937</u>	<u>155,931,422</u>

General fund represents the total net assets of the Company. Out of total net assets, assets subject to internal restrictions amounting to Rs. 58.964 (2016: 57.009) million representing the total fixed assets as on the balance sheet date. There are no external restrictions over the remaining net assets.

	2017	2016
Note	Rupees	Rupees
13 DEFERRED DONATION		
13.1	<u>68,349,163</u>	<u>6,850,033</u>

13.1 Reconciliation of deferred donation

Balance as at July 01,	6,850,033	11,643,909
Received during the year	<u>104,122,644</u>	<u>6,850,033</u>
	110,972,677	18,493,942
Transferred to income and expenditure account	<u>(42,623,514)</u>	<u>(11,643,909)</u>
Balance as at June 30,	<u>68,349,163</u>	<u>6,850,033</u>

13.2 These are donations / contributions related 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.

	2017	2016
	Rupees	Rupees
Breakup of the deferred donations as on the balance sheet date is as follows:		
Net Hope Project	28,922,451	-
USAID Sukkur Project	28,019	-
Planning and Development (P&D) Project Phase 6	5,398,693	-
Nawabshah Project	2,000,000	-
USAID Rashidabad Project	-	6,850,033
Sindh Government	<u>32,000,000</u>	-
	<u>68,349,163</u>	<u>6,850,033</u>

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

(a) Designated for specific projects

Sukkur Project	15,272,981	-
Rashidabad Project	9,350,533	-
Nawabshah project	<u>10,000,000</u>	7,200,000
	34,623,514	7,200,000
(b) Non-designated	<u>8,000,000</u>	4,443,909
	<u>42,623,514</u>	<u>11,643,909</u>

	Note	2017 Rupees	2016 Rupees
14 DONATIONS IN CASH			
- Unrestricted			
(a) Designated for specific projects			
Nawabshah project		10,000,000	7,200,000
Rashidabad Project		9,350,533	10,585,940
Sukkur project		15,272,981	-
KYI Project		8,889,300	6,281,100
		<u>43,512,814</u>	<u>24,067,040</u>
(b) Non-designated	14.1	<u>121,935,077</u>	<u>118,140,891</u>
		<u>165,447,891</u>	<u>142,207,931</u>

14.1 Includes sponsorships received from Department for International Development amounting to Rs.772,000. These funds are utilized according to the agreement.

	Note	2017 Rupees	2016 Rupees
15 DONATION IN KIND	15.1	<u>1,227,490</u>	<u>1,292,949</u>
15.1 It includes Rs. 1,209,025 and Rs. 18,465 in respect of items of necessities and insurance services respectively.			
16 VOLUNTARY PARTICIPATION FROM PARENTS	16	<u>7,256,572</u>	<u>5,518,682</u>

16.1 This represents voluntary payments from the parents of students against the educational services being rendered by the Company for their children and is not binding on the parents. The description of the accounting head has been changed to reflect the fair presentation and nature of the transaction.

	Note	2017 Rupees	2016 Rupees
17 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT			
17.1 Financial Instruments by Category			
Financial Assets			
Long term deposits	6	4,325,044	1,372,428
Long term loans	7	1,910,160	1,912,500
Short term loans	8	1,438,893	1,710,682
Short term investments	10	89,246,791	63,022,222
Interest accrued		215,938	215,938
Other receivables		87,006	-
Cash and bank balances	11	93,576,994	36,012,353
		<u>190,800,826</u>	<u>104,246,123</u>
Financial Liabilities			
Accrued liabilities		<u>2,752,619</u>	<u>138,358</u>

17.2 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:

17.2.1 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.

	Note	2017 Rupees	2016 Rupees
<i>The carrying amounts of financial assets represent the maximum credit exposures as specified below:</i>			
Long term deposits	6	4,325,044	1,372,428
Long term loans	7	1,910,160	1,912,500
Short term loans	8	1,438,893	1,710,682
Short term investments	10	89,246,791	63,022,222
Interest accrued		215,938	215,938
Other receivables		87,006	-
Bank balances	11	91,759,579	35,002,787
		<u>188,983,411</u>	<u>103,236,557</u>

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:-

2017	Carrying amount	Six months or less	More than six months
	-----Rupees-----		
Accrued liabilities	2,752,619	2,752,619	-
2016	Carrying amount	Six months or less	More than six months
	-----Rupees-----		
Accrued liabilities	138,358	138,358	-

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.

	<i>2017</i> <i>Rupees</i>	<i>2016</i> <i>Rupees</i>
Foreign currency bank accounts	<u>581,375</u>	<u>1,086,824</u>
<i>The following exchange rates have been applied:</i>		
	<i>2017</i>	<i>2016</i>
Euro to Rupees	<u>119.6331</u>	<u>116.8013</u>
USD to Rupees	<u>104.8540</u>	<u>104.8344</u>

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:

	<i>2017</i> <i>Rupees</i>	<i>2016</i> <i>Rupees</i>
Effect on surplus	<u>58,138</u>	<u>108,682</u>

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:

	<i>2017</i> <i>Rupees</i>	<i>2016</i> <i>Rupees</i>
<i>Variable rate instruments</i>		
Term Deposit Receipts	27,000,000	52,500,000
Deposit accounts	<u>16,362,372</u>	<u>11,980,856</u>
	<u>43,362,372</u>	<u>64,480,856</u>

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) 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 2016.

	<i>Profit and loss change due to 100 bp</i>	
	<i>increase</i>	<i>decrease</i>
	<i>(Rupees in '000')</i>	
<i>As at June 30, 2017</i>		
Cash flow sensitivity	<u>433,624</u>	<u>(433,624)</u>
<i>As at June 30, 2016</i>		
Cash flow sensitivity	<u>644,809</u>	<u>(644,809)</u>

c) Price risk

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

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

	<i>Profit and loss change due to 10%</i>	
	<i>increase</i>	<i>(decrease)</i>
	<i>Rupees</i>	
<i>As at June 30, 2017</i>		
Investment at fair value through profit or loss	<u>6,224,679</u>	<u>(6,224,679)</u>
<i>As at June 30, 2016</i>		
Investment at fair value through profit or loss	<u>1,052,222</u>	<u>(1,052,222)</u>

18 CAPITAL RISK MANAGEMENT

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

19 RELATED PARTY TRANSACTIONS

The Company has not executed any transaction with related party during the year except for remuneration to chief executive as disclosed in note 20 to these financial statements.

20 REMUNERATION TO CHIEF EXECUTIVE

	<i>Chief Executive</i>		<i>Directors</i>		<i>Total</i>	
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
	----- <i>Rupees</i> -----					
Managerial remuneration	<u>193,000</u>	<u>210,000</u>	<u>-</u>	<u>-</u>	<u>193,000</u>	<u>210,000</u>
Number of person	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>

During the current year, Chief Executive Officer has voluntarily reduced his remuneration.

21 GENERAL

21.1 Figures have been rounded off to the nearest Rupees.

21.2 Number of employees as at June 30, 2017 are 236 (2016: 205) and average number of employees during the year are 221 (2016: 200).

22 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Director of the Company on 15 SEP 2017.


Director


Director


Chief Executive