Financial Statement

2014

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INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE AMAN FOUNDATION

We have audited the annexed balance sheet of The Aman Foundation (the Foundation) as at June 30, 2014 and the related income and expenditure account, statement of comprehensive income, statement of changes in fund account and cash flow statement together with the notes forming part thereof (here-in-after referred to as the financial statements), 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.

Trustee's responsibility for the financial statements

It is the responsibility of the Foundation's trustees to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved accounting standards as applicable in Pakistan. Our responsibility is to express an opinion on these financial statements based on our audit.

Auditor's responsibility

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 financial statements are free of any material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

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, statement of changes in fund account and cash flow statement together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan, in the manner so required and respectively give a true and fair view of the state of the Foundation's affairs as at June 30, 2014 and of the deficit, total comprehensive loss, changes in fund account and its cash flows for the year then ended.

Other Matter

The financial statements for the year ended June 30, 2013 were audited by another firm of Chartered Accountants who vide their audit report dated May 19, 2014 expressed an unqualified opinion thereon.

Chartered Accountants
Karachi
Date: August 31, 2015

Engagement Partner: Waqas A. Sheikh

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Balance Sheet

As at June 30, 2014

	Note	2014	2013 (Restated)	2012 (Restated)
		Rupees		
Assets				
Non-current assets				
Property, plant and equipment	5	447,746,226	461,588,494	402,951,228
Intangible assets	6	4,753,760	8,818,449	13,849,144
Long term deposits		6,948,275	6,928,510	7,061,936
Advance against purchase of shares	7	21,627,461	3,615,625	–
		481,075,722	480,951,078	423,862,308
Current assets				
Stock of consumables		525,330	609,529	198,369
Loans to employees	8	1,700,856	1,159,365	704,024
Advances, prepayments and other receivables	9	36,898,372	19,504,190	70,041,570
Short term investments	10	21,078,411	21,013,315	115,565,671
Cash and bank balances	11	182,710,241	57,354,211	223,537,161
		242,913,210	99,640,610	410,046,795
Total assets		723,988,932	580,591,688	833,909,103
Funds and liabilities				
Funds				
General fund	12	5,436,387,021	3,702,175,220	2,584,804,711
Accumulated deficit		(4,789,006,777)	(3,230,093,411)	(1,840,691,942)
Remeasurement of post employment benefits - Actuarial gain/(loss)	2.1.4	(9,913,538)	(6,226,659)	4,234,491
		637,466,706	465,855,150	748,347,260
Liabilities				
Non-current liabilities				
Provision for gratuity	13	43,661,038	23,295,246	8,314,130
Zakat fund	14	4,196,422	24,352,152	–
Deferred income	15	–	302,717	1,424,690
		47,857,460	47,950,115	9,738,820
Current liabilities				
Trade and other payables	16	38,664,766	66,786,423	75,823,023
Commitments	17			
Total funds and liabilities		723,988,932	580,591,688	833,909,103

The annexed notes 1 to 31 form an integral part of these financial statements.

Chief Executive Officer

Chairman / Trustee

Income and Expenditure Account

For the year ended June 30, 2014

	Note	2014	2013 (Restated)
		Rupees	
Income			
Donations		11,094,027	14,160,083
Income on investments	18	1,454,964	11,728,041
Profit on savings bank accounts		2,598,353	2,626,139
Amortisation of deferred income	15	302,717	1,121,973
Food income		6,165,089	3,623,410
Other income	19	10,472,638	5,842,642
		32,087,788	39,102,288
Expenditure			
Salaries, wages and other benefits		133,263,561	104,200,371
Travelling and accomodation charges	20	225,500,000	–
Gratuity expense		20,170,696	4,853,248
Rent, rates and taxes		7,212,163	5,683,373
Fuel		5,766,353	4,985,535
Entertainment		1,073,845	349,651
Travelling and conveyance		9,318,043	7,301,683
Utilities		8,299,213	4,253,134
Printing and stationery		621,067	211,619
Supplies		3,043,947	2,777,320
Legal and professional charges	21	4,431,883	13,739,634
Hiring and training	22	4,454,842	3,839,717
Donations	23	837,639,409	1,003,258,269
Grants	24	263,211,332	207,301,061
Depreciation	5.2	21,526,325	13,563,596
Amortisation	6.2	1,643,586	1,364,513
Auditors' remuneration	25	693,766	375,000
Insurance		2,268,032	2,642,577
Communication		6,243,635	6,650,224
Repairs and maintenance		2,481,530	5,339,408
Marketing and sponsorship		14,647,917	16,006,263
Other receivables written-off		–	6,216,986
Food expense		14,576,799	11,394,255
Others		2,913,210	2,196,320
		1,591,001,154	1,428,503,757
Deficit for the year		(1,558,913,366)	(1,389,401,469)

The annexed notes 1 to 31 form an integral part of these financial statements.

Chief Executive Officer

Chairman / Trustee

Aman Foundation

Statement of Comprehensive Income

For the year ended June 30, 2014

	Note	2014 Rupees	2013 Rupees (Restated)
Deficit for the year		(1,558,913,366)	(1,389,401,469)
Other comprehensive income / (loss):			
Items that will not be reclassified to income and expenditure account:			
- Remeasurement of post employment benefits obligation - Actuarial loss	2.1.4	(3,686,879)	(10,461,150)
Total comprehensive loss for the year		(1,562,600,245)	(1,399,862,619)

The annexed notes 1 to 31 form an integral part of these financial statements.

Chief Executive Officer

Chairman / Trustee

Statement of Changes in Fund Account

For the year ended June 30, 2014

	General fund (Note 12) Rupees	Accumulated deficit Rupees	Remeasurement Actuarial (loss) / gain of Post Employment Benefits Rupees	Total Rupees
Balance as at July 1, 2012 - as previously reported	2,584,804,711	(1,840,691,942)	–	744,112,769
Effect of change in accounting policy due to application of IAS - 19 (Revised) - note 2.1.4 (a)	–	–	4,234,491	4,234,491
Balance as at July 1, 2012 - restated	2,584,804,711	(1,840,691,942)	4,234,491	748,347,260
Deficit for the year - restated	–	(1,389,401,469)	–	(1,389,401,469)
Other comprehensive loss for the year	–	–	(10,461,150)	(10,461,150)
Transactions with Trustees				
Contributions received from Trustees	1,143,933,382	–	–	1,143,933,382
Transfer to Zakat Fund	(26,562,873)	–	–	(26,562,873)
Balance as at June 30, 2013 - restated	3,702,175,220	(3,230,093,411)	(6,226,659)	465,855,150
Deficit for the year	–	(1,558,913,366)	–	(1,558,913,366)
Other comprehensive loss for the year	–	–	(3,686,879)	(3,686,879)
Transactions with Trustees				
Contributions received from Trustees	1,734,211,801	–	–	1,734,211,801
Balance as at June 30, 2014	5,436,387,021	(4,789,006,777)	(9,913,538)	637,466,706

The annexed notes 1 to 31 form an integral part of these financial statements.

Chief Executive Officer

Chairman / Trustee

Aman Foundation

Cash Flow Statement

For the year ended June 30, 2014

	Rupees	
	2014	2013 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficit for the year	(1,558,913,366)	(1,389,401,469)
Adjustment for:		
Depreciation	37,475,866	18,397,716
Amortisation	5,020,848	5,030,695
Provision for gratuity	20,170,696	4,853,248
Provision for gratuity transferred from related parties	592,559	4,459,518
Provision for leave encashment	5,348,793	1,472,987
Loss / (Gain) on disposal of operating fixed assets	104,500	(338,769)
Income on investments	(1,454,964)	(11,728,041)
Profit on saving accounts	(2,598,353)	(2,626,139)
Amortisation of deferred income	(302,717)	(1,121,973)
	(1,494,556,138)	(1,371,002,227)
Working capital changes:		
(Increase) / Decrease in operating assets		
Stock of consumables	84,199	(411,160)
Loans to staff	(541,491)	(455,341)
Advances, prepayments and other receivables	(17,394,182)	46,921,755
	(17,851,474)	46,055,254
Increase / (Decrease) in operating liabilities		
Trade and other payables	(33,270,126)	(10,385,112)
	(51,121,600)	35,670,142
Long term deposits - net	(19,765)	133,426
Gratuity paid	(4,084,342)	(4,792,800)
Zakat fund - net	(20,155,730)	(2,210,721)
Leave encashment paid	(200,324)	(124,475)
Net cash utilised in operating activities	(1,570,137,899)	(1,342,326,655)
CASH FLOWS FROM INVESTING ACTIVITIES		
Profit received on savings bank accounts	2,598,353	14,114,904
Income received on Short term investments - net	1,389,868	94,552,356
Purchase of intangible assets	(956,159)	–
Capital expenditure	(23,738,098)	(77,296,213)
Advance for purchase of shares	(18,011,836)	–
Proceeds from disposal of operating fixed assets	–	600,000
Net cash generated from / (utilised in) investing activities	(38,717,872)	31,971,047
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions received from Trustees - General Fund	1,734,211,801	1,143,933,382
Net increase / (decrease) in cash and cash equivalents	125,356,030	(166,422,226)
Cash and cash equivalents at beginning of the year	57,354,211	223,776,437
Cash and cash equivalents at end of the year	182,710,241	57,354,211

The annexed notes 1 to 31 form an integral part of these financial statements.

Chief Executive Officer

Chairman / Trustee

Notes to the Financial Statements

For the year ended June 30, 2014

1 LEGAL STATUS AND OPERATIONS

The Aman Foundation (the Foundation), was registered under the Trust Act, 1882 on September 18, 2008 for charitable purposes. The registered office of the Foundation is situated at plot 333, Korangi Township Karachi.

The principal activities of the Foundation are the promotion and well being of society, community welfare or development, promotion and advancement of education, provision of health care and medical facilities which encompass establishing, maintaining, running, operating, managing, administrating and support of educational institutions, schools, colleges, medical clinics, mental health, surgical and non-surgical hospitals, sanatoriums, medical camps, medical schools and colleges, libraries and reading rooms, research institutions, laboratories, hospices and retirement homes for the benefit of humanity at large.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

2.1.1 These financial statements have been prepared under the historical cost convention except for obligation in respect of unfunded gratuity scheme which is measured at present value.

2.1.2 These financial statements have been prepared in accordance with requirements of 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 by Securities and Exchange Commission of Pakistan (SECP).

2.1.3 The preparation of financial statements in conformity with the above requirements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Foundation's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

2.1.4 Initial application of standards, amendments or interpretations to existing standards

a) Standards, amendments to published standards and interpretations effective in 2013-14 and relevant

The following standards and amendments to published standards are mandatory for the financial year beginning on July 1, 2013:

- IAS 19 'Employee Benefits' was revised in June 2011. The revised standard (i) requires past service cost to be recognised immediately in the profit or loss; (ii) replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year; and (iii) introduced a new term 'remeasurements' which is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost. The revised standard eliminates the corridor approach and requires to recognise all remeasurement gains or losses / actuarial gains or losses in the 'Other Comprehensive Income' (OCI) immediately as they occur. In accordance with the transitional provisions as set out in IAS 19 (Revised), the Foundation has applied the revised standard retrospectively and, consequently the earliest periods presented in the Balance sheet, Income and Expenditure account and Statement of changes in fund account have been restated. The impact of retrospective application of IAS 19 (Revised) is as follows:

	Provision for gratuity	Accumulated Deficit	OCI - Remeasurement of post employment benefits - Actuarial gain / (loss)
	Rupees		
Balance as at June 30, 2012/ July 1, 2012, as previously reported	12,548,621	1,840,691,942	–
Restatement – recognition of remeasurement gain / (loss) in OCI	(4,234,491)	–	4,234,491
Balance as at June 30, 2012 / July 1, 2012 - Restated	8,314,130	1,840,691,942	4,234,491
Balance as at June 30, 2013/July 1, 2013, as previously reported	13,205,820	3,226,230,644	–
Restatement – recognition of remeasurement gain / (loss) in OCI			
- For the year ended June 30, 2012	(4,234,491)	–	4,234,491
- For the year ended June 30, 2013	14,323,917	3,862,767	(10,461,150)
Balance as at June 30, 2013 - Restated	23,295,246	3,230,093,411	(6,226,659)

- IAS 1 (Amendment) 'Financial statement presentation'. The main change resulting from this amendment is a requirement for entities to group items presented in 'Other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendment does not address which items are presented in OCI. The amendment only affects the disclosures in the Foundation's financial statements, which have been made.

Amendments to following standards as a result of annual improvements to International Financial Reporting Standards 2011 issued by IASB in May 2012:

- IAS 1 (Amendment) 'Financial statement presentation'. The amendment clarifies the disclosure requirements for comparative information when an entity provides a third balance sheet as required by IAS 8, 'Accounting policies, changes in accounting estimates and errors'. When an entity produces an additional balance sheet as required by IAS 8, the balance sheet should be as at the date of the beginning of the preceding period, i.e. the opening position. No notes are required to support this balance sheet.

b) Standards, amendments to published standards and interpretations that are effective in 2013-14 but not relevant

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 1, 2013 are considered not to be relevant or to have any significant effect on the Foundation's financial reporting and operations.

c) Standards, amendments to published standards and interpretations that are not yet effective and have not been early adopted by the Foundation

The following new standards and amendments to published standards are not effective for the financial year beginning on July 1, 2013 and have not been early adopted by the Foundation:

- IFRS 13 'Fair value measurement' .This standard is yet to be notified by the SECP. The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.

- IAS 19 (Amendment) regarding defined benefit plans (effective for the periods beginning on or after July 1, 2014). These amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The amendment will not have any impact on the Foundation's financial statements.

- IAS 32 (Amendment), 'Financial instruments: Presentation' (effective for periods beginning on or after January 1, 2014). This amendment updates the application guidance in IAS 32, 'Financial instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. It is unlikely that that the amendment will have any significant impact on the Foundation's financial statements.

- IAS 36 (Amendment) 'Impairment of assets' (effective for the periods beginning on or after January 1, 2014). This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendment will only affect the disclosures in the Foundation's financial statements in event of any impairment.

- IFRS 9 (Amendment) 'Financial instruments' (effective for periods beginning on or after January 1, 2015). This standard is yet to be notified by the SECP. IFRS 9 replaces the parts of IAS 39, 'Financial instruments: recognition and measurement' that relate to classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories; those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the requirements of IAS 39. The main change is that, incase the fair value option is taken for financial liabilities, the part of a fair value change due to entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Foundation is yet to assess the full impact of IFRS 9, however, initial indications are that it may not affect the Foundation's financial statements.

There are a number of other standards, amendments and interpretations to the published standards that are not yet effective and are also not relevant to the Foundation and therefore, have not been presented here.

2.2 Property, plant and equipment

Operating fixed assets

These are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset. Donated assets are initially measured at fair value and subsequently carried at valuation less accumulated depreciation and accumulated impairment, if any. Depreciation is charged to income on straight line basis at the rates specified in note 5 to these financial statements. Normal repairs and maintenance are charged to income and expenditure account as and when incurred. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. Gains and losses on disposal of assets are included in income and expenditure account currently.

Capital work-in-progress

Capital work-in-progress is stated at cost less impairment, if any. These costs are transferred to operating fixed assets as and when they are available for use.

2.3 Intangible assets

Intangible assets are initially stated at cost and subsequently carried at cost less accumulated amortisation and impairment losses, if any. Intangible assets are amortised on a straight-line basis over their estimated useful lives unless such lives are indefinite.

Costs that are directly associated with identifiable software products and have probable economic benefit beyond one year are recognised as intangible assets. Costs associated with maintaining computer software are recognised as an expense as and when incurred.

2.4 Stock of consumables

These are valued at lower of cost determined on weighted average basis and net realisable value. Net realisable value signifies the estimated selling price in the ordinary course of the business less estimated cost incurred thereon.

2.5 Financial instruments

2.5.1 Financial assets

The Foundation classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise trade debts, loans, deposits, other receivables and cash and bank balances in the balance sheet.

c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. These are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date.

d) Held to maturity financial assets

Financial assets with fixed or determinable payments and fixed maturity, where management has intention and ability to hold till maturity are classified as held to maturity.

All financial assets are recognised at the time when the Foundation becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognised on trade-date - the date on which the Foundation commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed to the income and expenditure account. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Foundation has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income and expenditure account within 'other income / operating expenses' in the period in which they arise. Dividend income from financial assets at 'fair value through profit or loss' is recognised in the income and expenditure account as part of 'other income' when the Foundation's right to receive payments is established. Gains or losses on sale of investments at 'fair value through profit or loss' are recognised in the income and expenditure account as 'gains and losses from investment securities'.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income and expenditure account. as gains and losses from investment securities. Interest on available-for-sale securities calculated using the effective interest method is recognised in the income and expenditure account as part of 'other income.' Dividends on available-for-sale equity instruments are recognised in the income and expenditure accountas part of 'other income' when the Foundation's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Foundation measures the investments at cost less impairment in value, if any. Changes in the fair value of securities classified as available-for-sale are recognised in other comprehensive income.

2.5.2 Financial liabilities

All financial liabilities are recognised at the time when the Foundation becomes a party to the contractual provisions of the instrument.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the income and expenditure account.

2.5.3 Offsetting of financial assets and liabilities
A financial asset and a financial liability are offset and the net amount is reported in the balance sheet if the Foundation has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.6 Other receivables
Other receivables are recognised initially at fair value plus directly attributable cost, if any and subsequently measured at amortised cost. A provision for impairment of other receivables is established when there is objective evidence that the Foundation will not be able to collect all amounts due according to the original terms of receivables.

2.7 Cash and cash equivalents
Cash and cash equivalents include cash in hand, balance with banks on current, deposit and savings accounts and short-term investments with original maturities of three months or less.

2.8 Impairment
The carrying amount of the Foundation's assets is reviewed at each balance sheet date to determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such evidence exists, the asset or group of assets' recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income and expenditure account.

2.9 Trade and other payables
Trade and other payables are recognised initially at fair value plus directly attributable cost, if any, and subsequently measured at amortised cost.

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

2.11 Staff retirement benefits
The Foundation operates an unfunded gratuity scheme for all of its permanent employees. Annual provision is recognised for the scheme based on actuarial recommendations. The actuarial valuations are carried out using the Projected Unit Credit Method. Actuarial gains or losses are recognised in the income and expenditure account in the year in which they arise.

2.12 Employees' compensated absences
The liability for accumulated compensated absences of employees is recognised in the period in which employees render services that increases their entitlement to future compensated absences.

2.13 Income
Income is recognised to the extent it is probable that the economic benefits will flow to the Foundation and the income can be measured reliably. Income is measured at the fair value of the consideration received or receivable and is recognised on the following basis:

- Donations are accounted for on receipt basis. Donations in kind are recognised at fair value determined at the time when the donations are received. Donations in kind are recognised as deferred income and amortised over the life of assets from the date the asset are available for intended use.

- Income from other sourcesis recorded on receipt basis.

- Income on term deposit receipts and savingsbank accounts is recognised on time proportion basis taking into account the implicit rate of return on the investments on accrual basis.

2.14 Expenses
All expenses are recognised in the income and expenditure account on an accrual basis.

2.15 Taxation
The Foundation considers provision for taxation on the basis of taxability of certain income streams and exemptions provided under Clause (59) and (60) of the Second Schedule to the Income Tax Ordinance, 2001.The Foundation is also exempt from minimum tax under clause 10A Part (iv) of Second Schedule to the Income Tax Ordinance 2001.

2.16 Borrowing costs
Borrowing costs are recognised as an expense in the period in which these are incurred, except to the extent that they are directly attributable to the acquisition or construction of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) in which case these are capitalised as part of cost of that asset.

2.17 Foreign currency transactions and translation
These financial statements are presented in Pakistan Rupees, which is the Foundation's functional currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income and expenditure account.

2.18 Fund accounting
The financial statements are maintained substantially in accordance with the principles of fund accounting. Under these principles, resources are classified, for accounting and reporting purposes, into funds that are in accordance with the activities specified by the respective donor of the Fund. In the financial statements, two main groups of funds are distinguished - General funds and Specific funds.

2.18.1 General fund
Revenue generated by the Foundation through contribution from the trustees and other donors, without any specific purpose or activityis classified as unrestricted funds. Accordingly, any income generated and expenses incurred with respect to normal operations of the Foundation and which are not related to Specific funds/activities are charged to income and expenditure account.

Aman Foundation

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Foundation makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

3.1 Property, plant and equipment

The Foundation reviews appropriateness of the rate of depreciation, useful life and residual values used for recording the depreciation on annual basis. Further where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis.

3.2 Intangible assets

The Foundation reviews appropriateness of the rate of amortisation and useful life used in the calculation for amortisation. Further where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis.

3.3 Provision for retirement and other service benefits

The present value of these obligations depends on a number of factors that are determined on an actuarial basis, using a number of assumptions. Any changes in these assumptions will impact the carrying amount of these obligations. The present values of these obligations and the underlying assumptions are disclosed in note 14 to these financial statements.

4 CORRECTION OF ERROR

During the year ended June 30, 2013 charge for the defined benefit plan - gratuity was understated by Rs. 10,089,425, as the revision in actuarialvaluation carried out as at June 30, 2013 was not accounted for in the financial statements for the year ended June 30, 2013. Accordingly, comparative figures in these financial statements have been updated and the correction has been accounted for retrospectively in accordance with the requirements of IAS 8: "Accounting Policies, Changes in Accounting Estimates and Errors". Had this error not been corrected, prior period deficit and provision for gratuity would have been lower by Rs. 10,089,425.

The effects of the above corrections are as follows:

	Rupees	
	2013	
	Restated	Previously Reported
Income and expenditure account		
Gratuity expense	11,079,906	990,481
Balance sheet		
Provision for gratuity	23,295,245	13,205,820

5 PROPERTY, PLANT AND EQUIPMENT

5.1 Operating fixed assets

Rupees

	Freehold land	Leasehold improvements	Vehicles	Furniture and fixtures	Computer and related accessories	Equipment and tools	Total
As at July 1, 2012							
Cost	233,593,000	35,298,150	23,478,091	16,039,105	6,821,607	11,044,438	326,274,391
Accumulated depreciation	–	(2,475,057)	(10,088,222)	(1,086,122)	(4,106,994)	(3,072,459)	(20,828,854)
Net book value	233,593,000	32,823,093	13,389,869	14,952,983	2,714,613	7,971,979	305,445,537
Year ended June 30, 2013							
Opening net book value	233,593,000	32,823,093	13,389,869	14,952,983	2,714,613	7,971,979	305,445,537
Additions	–	121,877,772	2,274,100	5,261,981	18,671,252	26,716,799	174,801,904
Disposals							
Cost	–	–	(1,920,580)	–	–	–	(1,920,580)
Accumulated depreciation	–	–	1,659,349	–	–	–	1,659,349
	–	–	(261,231)	–	–	–	(261,231)
Depreciation charge	–	(4,464,792)	(4,670,577)	(1,670,340)	(2,854,254)	(4,737,753)	(18,397,716)
Closing net book value	233,593,000	150,236,073	10,732,161	18,544,624	18,531,611	29,951,025	461,588,494
As at June 30, 2013							
Cost	233,593,000	157,175,922	23,831,611	21,301,086	25,492,859	37,761,237	499,155,715
Accumulated depreciation	–	(6,939,849)	(13,099,450)	(2,756,462)	(6,961,248)	(7,810,212)	(37,567,221)
Net book value	233,593,000	150,236,073	10,732,161	18,544,624	18,531,611	29,951,025	461,588,494
Year ended June 30, 2014							
Opening net book value	233,593,000	150,236,073	10,732,161	18,544,624	18,531,611	29,951,025	461,588,494
Additions	–	11,116,233	3,795,317	1,196,986	6,017,412	1,612,150	23,738,098
Disposals							
Cost	–	–	–	–	(104,500)	(13,140)	(117,640)
Accumulated depreciation	–	–	–	–	–	13,140	13,140
	–	–	–	–	(104,500)	–	(104,500)
Depreciation charge	–	(16,263,201)	(4,636,420)	(2,169,066)	(7,924,089)	(6,483,090)	(37,475,866)
Closing net book value	233,593,000	145,089,105	9,891,058	17,572,544	16,520,434	25,080,085	447,746,226
As at June 30, 2014							
Cost	233,593,000	168,292,155	27,626,928	22,498,072	31,405,771	39,360,247	522,776,173
Accumulated depreciation	–	(23,203,050)	(17,735,870)	(4,925,528)	(14,885,337)	(14,280,162)	(75,029,947)
Net book value	233,593,000	145,089,105	9,891,058	17,572,544	16,520,434	25,080,085	447,746,226
Annual rate of depreciation (%)		10%	20%	10%	33%	10% to 20%	

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5.2 Depreciation expense

	Rupees 2014	2013
Depreciation on operating assets	**37,475,866**	18,397,716
Less: Allocated to (note 5.3):		
- Teach for Pakistan	**(2,940,418)**	(825,355)
- Aman Health Care Services	**(10,477,850)**	(2,876,215)
- Aman Institute for Vocational Training	**(2,531,273)**	(1,132,550)
	(15,949,541)	(4,834,120)
	21,526,325	13,563,596

5.3 Depreciation allocated to the associated undertakings has been recorded as donations (note 23).

6 INTANGIBLE ASSETS

Note	Rupees 2014	2013
Net carrying value		
Balance at beginning of the year	**8,818,449**	13,849,144
Add: Additions at cost	**956,159**	–
Less: Amortisation charge for the year	**(5,020,848)**	(5,030,695)
Balance at end of the year	**4,753,760**	8,818,449
Gross carrying value		
Cost	**16,168,124**	15,211,965
Less: Accumulated amortisation	**(11,414,364)**	(6,393,516)
Net book value	**4,753,760**	8,818,449

6.1 The cost is being amortised over a period of 3 years.

6.2 Amortisation expense

Amortisation on intangible assets	**5,020,848**	5,030,695
Less: Allocated to (note 6.3):		
- Teach for Pakistan	**(413,879)**	(475,994)
- Aman Health Care Services	**(1,805,384)**	(1,943,532)
- Aman Institute for Vocational Training	**(1,157,999)**	(1,246,656)
	(3,377,262)	(3,666,182)
	1,643,586	1,364,513

6.3 Amortisation allocated to the associated undertakings has been recorded as donations (note 23).

7 ADVANCE AGAINST PURCHASE OF SHARES

This represents advance payment made to Karachi Organic Energy (Private) Limited (KOEL) against issuance of shares to the Foundation. KOEL is in the process of obtaining approval from the Securities and Exchange Commission of Pakistan and completing the necessary legal formalities for the issuance of shares to the Foundation.

8 LOANS TO EMPLOYEES

This represents interest free loans given to employees which are adjustable against their monthly salary within a year.

9 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

	Rupees 2014	2013
Advances to:		
- suppliers	**3,945,793**	5,265,994
- employees against salary	**–**	74,670
- employees against expenses	**255,070**	150,325
	4,200,863	5,490,989
Prepayments	**608,583**	37,378
Advance tax - note 9.1	**14,808,063**	13,975,823
Other receivables - note 9.2	**17,280,863**	–
	36,898,372	19,504,190

9.1 This represents withholding tax deducted by the banks on profit on savings accounts.

9.2 This represents receivable of Rs. 10,680,863 from BasicNeeds and Rs.6,600,000 from INJAZ Pakistan for funds given for operations to these entities. BasicNeeds is a franchise of the BasicNeeds Model and has been implemented in collaboration with British Asian Trust and BasicNeeds UK. INJAZ Pakistan, initiated and incubated by the Aman Foundation, is a member of Junior Achievement Worldwide.

10 SHORT TERM INVESTMENTS

	Rupees 2014	2013
Term deposit receipts - note 10.1	**20,900,367**	20,854,510
Defense Savings Certificates - note 10.2	**178,044**	158,805
	21,078,411	21,013,315

10.1 These deposit receipts are maturing on various dates by June 3, 2015. Return on these investments range from 7.25% to 10.25% (2013: 8.4% to 12%) per annum. These are pledged against bank guarantee given to Pakistan State Oil Company Limited for vehicle fuel charges.

10.2 These carry effective interest rate of 12.16% (2013: 12.16%) per annum and have maturity date of June 19, 2019.

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11 CASH AND BANK BALANCES

Rupees

	2014	2013 (Restated)
Current accounts		
- Local currency	**186,157**	3,387,308
- Foreign currency	**86,382**	675,438
	272,539	4,062,746
Saving accounts		
- Local currency - notes 11.1 and 11.2	**182,407,620**	53,291,465
	182,680,159	57,354,211
Cash in hand	**30,082**	–
	182,710,241	57,354,211

11.1 This includes balance pertaining to Zakat Fund amounting to Rs. 5,539,544 (2013: Rs. 31,195,000).

11.2 Profit rates on savings accounts rangesbetween 5.26% to 8.85% (2013: 4.92% to 6 %) per annum.

12 GENERAL FUND

This represents voluntary contributions received from the trustees of the Foundation, and are not restricted for any specific project of the Foundation. Prior to incorporation of the Foundation, trustees made donations amounting to Rs. 596,630,000 on Foundation's behalf. Such donations are not reflected in the General Fund.

13 PROVISION FOR GRATUITY

The Foundation operates an unfunded gratuity scheme for all its employees. The actuarial valuation of gratuity scheme was carried out as at June 30, 2014 using the Projected Unit Credit Method. Details of the scheme as per the actuarial valuation are as follows:

13.1 Movement in defined benefit obligation

Rupees

	2014	2013 (Restated)
Opening balance	**23,295,246**	8,314,130
Transferred from Teach for Pakistan	**–**	146,438
Transferred from Aman Institute for Vocational Training	**363,175**	3,500,792
Transferred from Aman Health Care Services	**229,384**	812,288
Charge for the year - note 13.2	**20,170,696**	4,853,248
Payments made during the year	**(4,084,342)**	(4,792,800)
Remeasurement recognized in OCI	**3,686,879**	10,461,150
Closing balance	**43,661,038**	23,295,246

13.2 Amount recognised in income and expenditure account

Rupees

	2014	2013 (Restated)
Current service cost	**17,705,710**	3,885,580
Interest cost	**2,464,986**	967,668
	20,170,696	4,853,248

13.3 Remeasurement recognized in Other Comprehensive Income:

Remeasurement of obligation		
Loss from change in financial assumptions	**408,746**	2,329,525
Experience losses	**3,278,133**	8,131,625
	3,686,879	10,461,150

13.4 Principal actuarial assumptions used in the actuarial valuation:

Financial assumptions		
Discount rate	**13.50%**	11.50%
Expected per annum rate of increase in salaries - long term	**13.50%**	11.50%
Demographic assumptions		
Expected mortality rate	Adjusted SILC 2001-2005	Adjusted SILC 2001-2005
Expected withdrawal rate	Moderate	Moderate

13.5 Historical information

Rupees

	2014	2013 (Restated)	2012 (Restated)
Present value of defined benefit obligation	**43,661,037**	23,295,246	8,314,130

13.6 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Rupees

	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	39,470,274	48,589,028
Long term salaries	1%	48,752,352	39,265,155
		Light	Heavy
Withdrawal rates		43,757,092	43,451,464

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the liability recognised within the balance sheet.

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13.7 Based on actuarial advice, the Foundation intends to charge an amount of approximately Rs. 23,185,210 in respect of unfunded gratuity scheme in the financial statements for the year ending June 30, 2015.

13.8 The weighted average duration of the defined benefits obligation is 10.4 years.

14 ZAKAT FUND

	Rupees 2014	2013
Balance at beginning of the year	**24,352,152**	–
Zakat income for the year	**3,179,399**	3,638,089
Transfer from General Fund	**–**	26,562,873
	27,531,551	30,200,962
Amount utilised during the year - note 14.1	**(23,335,129)**	(5,848,810)
	4,196,422	24,352,152

14.1 This represents expenses incurred of Rs. 10,126,250 (2013: Rs. 5,848,810) by Aman Health Care Services on account of free of cost ambulance service provided to deserving patients and expense incurred of Rs. 9,370,156 (2013: Nil) by Aman Institute of Vocational Training on account of sponsoring the cost of training of zakat eligible students.

15 DEFERRED INCOME

	Rupees 2014	2013
Balance at beginning of the year	**302,717**	1,424,690
Amortisation	**(302,717)**	(1,121,973)
	–	302,717

15.1 The operations of the Foundation commenced in March 2008, whereas the Foundation acquired legal status as a Trust on September 18, 2008. Until such time, the activities of the Foundation were managed by M/s N.H. Consultants under a consultancy agreement with the Trustees. Prior to registration of the Foundation, the expenses incurred on the operations by M/s N.H Consultants was Rs. 8,212,075 and the capital expenditure was Rs.5,735,945. Such operational expenditure has not been accounted for in the books of the Foundation, whereas the operating fixed assets were transferred to the Foundation at agreed values. The related deferred income equivalent to the realisation of such operating fixed assets is being credited to income and expenditure account on a straight line basis over 5 years.

16 TRADE AND OTHER PAYABLES

	Rupees 2014	2013
Creditors	**12,932,263**	38,955,058
Payable to INJAZ Pakistan - note 16.1	**–**	2,618,715
Accrued expenses	**10,074,931**	5,203,267
Payable to Aman Health Care Services - note 16.2	**–**	5,590,800
Withholding tax payable	**2,160,528**	3,437,836
Retention money	**5,143,134**	7,775,306
Provision for leave encashment	**8,353,910**	3,205,441
	38,664,766	66,786,423

16.1 This represents net payable to INJAZ Pakistan Project in respect of grant received amounting to Rs. 17,665,000 after adjustment of expenses amounting to Rs. 15,046,285 incurred by the Foundation on its behalf.

16.2 This represents payable to Aman Health Care Services on account of reimbursement of ambulance service charges for deserving patients.

17 COMMITMENTS

17.1 Foundation has committed certain grants as follows, the outlay of which is expected in the foreseeable future.

	Rupees 2014	2013
The Institute of Business Administration, Karachi	**396,263,374**	421,263,374
Pakistan Life Saving Foundation	**13,500,000**	18,900,000
KASHF Microfinance Bank Limited	**3,500,000**	–
South Asia Institute's Founders Club Fund (US$ 800,000)	**79,000,000**	88,920,000
Leaps programme for micro credit initiative (US$ 50,000)	**4,937,500**	4,940,000
INJAZ Pakistan (US$ 122,111)	**12,058,461**	13,032,807
BasicNeeds Pakistan (GBP 239,951)	**40,342,962**	39,372,986
Developments in Literacy Trust (GBP 45,000)	**7,565,850**	6,885,000
Karachi Organic Energy (Private) Limited	**22,610,296**	40,622,132
Moin Khan Sports Academy	**–**	5,000,000
Aman Health Care Services - Sukh Initiative (US$ 5,000,000)	**494,000,000**	–
United World Colleges (US$ 3,229,137)	**319,038,778**	–
Food Bank	**941,000**	–

17.2 Commitment in respect of payment to the operators of Hajj Scheme amounts to Rs.184,500,000.

18 INCOME ON INVESTMENTS

	Rupees 2014	2013
Profit on term deposit receipts	**1,435,725**	4,060,539
Capital gain on sale of shares - note 18.1	**–**	7,608,697
Income from Defense Savings Certificates	**19,239**	58,805
	1,454,964	11,728,041

18.1 This represents capital gain on sales of 21,739,131 shares of KASHF Microfinance Bank Limited. These shares were purchased by the Foundation at a cost of Rs. 50 million.

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19 OTHER INCOME

	Rupees 2014	2013
Exchange gain	**4,778,413**	4,179,288
Gain on disposal of operating fixed assets	**–**	338,769
Others	**5,694,225**	1,324,585
	10,472,638	5,842,642

20 Represents expenditure incurred on sending 1,000 individuals for Hajj including air tickets, hotel rentals, food, etc. through M/s. Al Shakoor Services (Private) Limited and M/s. Ritual Tours (Private) Limited.

21 LEGAL AND PROFESSIONAL CHARGES

	Rupees 2014	2013
Legal charges	**776,591**	133,431
Professional fee	**3,655,292**	12,346,203
Project consultation charges	**–**	1,260,000
	4,431,883	13,739,634

22 HIRING AND TRAINING COST

	Rupees 2014	2013
Hiring cost	**2,142,749**	2,226,159
Staff training cost	**2,312,093**	816,955
Stipends paid to trainees	**–**	490,544
Others	**–**	306,059
	4,454,842	3,839,717

23 DONATIONS

	Rupees 2014	2013
Aman Health Care Services	**534,411,289**	613,540,819
Aman Institute for Vocational Training	**276,987,268**	311,033,332
Teach for Pakistan	**17,316,368**	71,720,886
The Indus Hospital	**7,418,784**	6,688,132
Others - note 23.1	**1,505,700**	275,100
	837,639,409	1,003,258,269

23.1 None of the Trustees or their spouses had any interest in any of the donees, except for Mr. Ahsan Jamil who is on the Board of the 'i-care Foundation' and the Foundation has made an annual contribution of US$ 10,000 for expenses and purposes of i-care Foundation.

24 GRANTS

	Rupees 2014	2013
Institute of Business Administration - note 24.1	**225,000,000**	149,822,383
BasicNeeds Pakistan - note 24.2	**12,498,659**	5,923,684
South Asia Institute's Founders Club Fund (Harvard University) - note 24.3	**10,445,000**	9,787,000
Pakistan Life Saving Foundation - note 24.4	**5,400,000**	5,400,000
Kashf Foundation - note 24.5	**3,500,000**	–
INJAZ Pakistan - note 24.6	**2,754,079**	–
United World Colleges (UWC) - note 24.7	**1,638,522**	–
Four Corners Group (Private) Limited - note 24.8	**1,587,234**	–
Ibrahim Hyderi Sports Academy - note 24.9	**316,950**	–
I-Genius	**70,888**	–
Centre of Economic Research in Pakistan - note 24.10	**–**	19,136,638
Developments In Literacy Trust - note 24.11	**–**	13,500,000
Aga Khan University - note 24.12	**–**	3,731,356
	263,211,332	207,301,061

24.1 This represents grants made to the Institute of Business Administration (IBA) -Karachi for construction of Aman Centre for Entrepreneurship Development and Aman Tower.

24.2 This represents grant to BasicNeeds Pakistan entity, to support and initiate programs for mentally ill people of Pakistan in collaboration with BasicNeeds, UK.

24.3 This represents grant to South Asia Institute's Founders Club Fund (SAIFCF) to support innovative and far-reaching research and education across the University focusing on Pakistan, notably exploring the areas of urbanization, innovation, education, health and nutrition.

24.4 This represents grants to Pakistan Life Saving Foundation (PALS) to support Critical Mass Welfare Organization for expenses being incurred to recruit and manage PALS.

24.5 This represents grant to Kashf Foundation for establishment of two branches in Karachi that would increase thefinance facilities for its beneficiaries, especially women.

24.6 This represents grant to INJAZ Pakistan to encourage continuing support through Junior Achievement program.

24.7 This represents grant to United World Colleges for providing increased numberof education opportunities to young people from Pakistan during the period from 2013 to 2020.

24.8 This represents grant to Four Corners Group (Private) Limited for the purposes of research study to measure urban food security in perspective to demand and supply in Karachi.

24.9 This represents grant to Ibrahim Hyderi Sports Academy in respect of construction of boundary wall and sanitary work.

24.10 This represents grant to Centre of Economic Research in Pakistan (CERP) against amount committed for providing cash grant to minimum 300 schools.

24.11 This represents grants to Developments In Literacy Trust (DIL Trust) for capacity building of the DIL Trust in order to provide quality education to disadvantaged children by establishing and operating schools in the underdeveloped regions of Pakistan.

24.12 This represents grant to Aga Khan University (AKU) against amount committed to conduct study in order to assess the quality of health care provision for maternal newborn care in Karachi.

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25 AUDITORS' REMUNERATION

	2014	2013
	Rupees	
Audit fee	**375,000**	345,000
Other advisory services	**173,120**	–
Out of pocket expenses	**145,646**	30,000
	693,766	375,000

26 REMUNERATION OF CHIEF EXECUTIVE

The aggregate amount charged in the financial statements for remuneration including certain benefits to the Chief Executive of the Foundation are as follows:

	2014	2013
	Rupees	
Managerial remuneration	**29,659,168**	18,111,879
Medical allowance	**1,138,108**	830,588
Leave encashment	**1,127,632**	714,164
Retirement benefits	**2,631,136**	1,810,206
	34,556,044	21,466,837

27 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise Trustees of the Foundation, their close family members and other key management personnel. Remuneration and benefits to key management personnel of the Foundation are in accordance with the terms of their employment. Details of transactions and balances with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	2014	2013
	Rupees	
Transactions:		
Contributions received from Trustees	**1,734,211,801**	1,143,933,382
Remuneration to key management personnel	**71,651,311**	48,029,248
Transactions:		
Net assets transferred from Aman Health Care Services	**7,593,118**	–
Cash transferred to / (from):		
- Teach for Pakistan	**(5,297,800)**	50,230,562
- Aman Health Care Services	**359,828,452**	357,852,912
- Aman Institute for Vocational Training	**127,235,162**	165,973,225
Expenses incurred on behalf of:		
- Teach for Pakistan	**7,043,455**	8,758,954
- Aman Health Care Services	**123,535,158**	208,141,017
- Aman Institute for Vocational Training	**54,576,779**	58,481,678
Zakat to Aman Health Care Services	**10,126,250**	5,848,810
Zakat to Aman Institute for Vocational Training	**9,370,156**	–

	2014	2013
	Rupees	
Zakat received on behalf of:		
- Aman Health Care Services	**–**	250,000
- Aman Institute for Vocational Training	**–**	250,000
Provision for gratuity transferred from		
- Teach for Pakistan	**–**	146,438
- Aman Health Care Services	**229,384**	812,288
- Aman Institute for Vocational Training	**363,175**	3,500,792
Expenses allocated to:		
- Teach for Pakistan	**15,570,713**	12,584,931
- Aman Health Care Services	**58,411,413**	46,734,602
- Aman Institute for Vocational Training	**94,812,152**	83,077,607

28 FINANCIAL RISK MANAGEMENT

The Foundation's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Board of Trustees has overall responsibility for the establishment and oversight of Foundation's risk management framework. The Board of Trustees is also responsible for developing and monitoring the Foundation's risk management policies.

28.1 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Foundation's income or the value of its holdings of financial instruments. The Foundation is not exposed to any market risk.

a) 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 change in market interest rates.

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

	2014		2013	
	Effective interest rate (in Percent)	Carrying amount (Rupees)	Effective interest rate (in Percent)	Carrying amount (Rupees)
Term deposit receipts	**7.25-10.25%**	**20,900,367**	8.4%-12%	20,854,510
Defence savings certificates	**12.16%**	**178,044**	12.16%	158,805
Saving accounts - Daily progressive account	**5.26% - 8.85%**	**182,407,620**	4.92% - 6%	53,291,465

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

Further, the Foundation has no floating rate financial assets / liabilities that expose the Foundation to interest rate risk.

b) 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.

The Foundation is exposed to currency risk on bank balances denominated in US Dollars as follows.

	Rupees	
	2014	2013
Bank balances		
- Citibank N.A.	**14,875**	578,703
- Habib Bank Limited	**65,255**	66,008
- Standard Chartered Bank (Pakistan) Limited	**6,252**	30,727
	86,382	675,438

Sensitivity analysis
At June 30, 2014, if the Pak Rupee had strengthened/weakened by 10% against the US dollars with all other variables held constant, the effect on deficit for the year would have been lower/higher by the amount shown below, as a result of net foreign exchange loss/gain on translation of foreign bank balances account.

	Rupees	
	2014	2013
Effect on deficit		
US Dollars	**8,638**	67,544

c) Other price risk
Other 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). At reporting date the Foundation does not have financial instruments exposed to other price risk.

28.2 Credit risk
Credit risk represents the risk of financial loss being caused if counter party fails to discharge an obligation.

Credit risk of the Foundation arises from deposits with banks and financial institutions, trade debts, loans, deposits and other receivables. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The maximum exposure to credit risk is equal to the carrying amount of financial assets, as follows:

	Rupees	
	2014	2013
Financial assets:		
Long term deposits	**6,948,275**	6,928,510
Loans to employees	**1,700,856**	1,159,365
Other receivables	**17,280,863**	–
Short term investments	**20,900,367**	20,854,510
Bank balances	**182,710,241**	57,354,211
	229,540,602	86,296,596

Loans, deposits and other receivables
The Foundation has deposited various amounts as security against premises and loan to staff. The management does not expect to incur material losses on amounts and consider such amounts as receivable upon termination of services.

Short term investments
Short term investment represents investment in term deposit receipts. Investment in term deposit receipts is only made with reputable banks with high quality credit ratings.

Bank balances
Credit risk from bank deposits are managed by placing deposits with banks having sound credit ratings.The credit quality of the Foundation's major bank accounts is assessed with reference to external credit ratings which at balance sheet date are as follows:

Bank	Rating agency	Rating Short term	Rating Long term
Habib Bank Limited	JCR-VIS	A1+	AAA
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
Meezan Bank Limited	JCR-VIS	A1+	AA
Citibank N.A.	Moody's	P-1	A2
United Bank Limited	JCR-VIS	A1+	AA+

28.3 Liquidity risk
Liquidity risk represents the risk that the Foundation will encounter difficulties in meeting obligations associated with financial liabilities.

The Foundation's liquidity risk management implies maintaining sufficient cash and also involves projecting cash flows and considering the level of liquid assets necessary to meet these.

The table below analyses the Foundation's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity dates.

The following are the contractual maturities of the financial liabilities:

	2014			2013		
	Carrying amount/ Contracted cashflows	Six months or less	Six to twelve months	Carrying amount/ Contracted cashflows	Six months or less	Six to twelve months
Financial liabilities						
Trade and other payables	**28,150,328**	**23,007,194**	**5,143,134**	60,143,146	52,367,840	7,775,306

28.4 Fair value of financial instruments
The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Aman Foundation

29 FUND MANAGEMENT

The Foundation's objective when managing Fund balances is to safe guard its ability to continue as a going concern and to maintain a strong fund base to support the sustained development of its operations.

There are no externally imposed capital requirements on the Foundation.

30 CORRESPONDING FIGURES

During the year, for the purpose of better presentation, depreciation and amortisation expense amounting to Rs. 4,834,120 and Rs. 3,666,182, respectively, allocated to Aman Health Care Services, Teach for Pakistan and Aman Institute for Vocational Training has been reclassified from Other income as reported in financial statements for the year ended June 30, 2013and has been netted off with depreciation expense.

The effect of other reclassifications is not material.

31 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue in the Trustees meeting held on May 27, 2015.

Chief Executive Officer

Chairman / Trustee