

Financial  
Statement

2015



**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, 2015 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 misstatement. 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, 2015 and of the deficit, total comprehensive loss, changes in fund account and its cash flows for the year then ended.

**Chartered Accountants  
Karachi  
Date: April 19, 2016**

**Engagement partner: Waqas A. Sheikh**

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## Balance Sheet

As at June 30, 2015

	Note	Rupees	
		2015	2014
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	427,852,601	447,746,226
Intangible assets	5	2,348,228	4,753,760
Long term deposits	6	12,062,966	6,948,275
Advance against purchase of shares	7	47,402,645	21,627,461
		<b>489,666,440</b>	<b>481,075,722</b>
<b>Current assets</b>			
Stock of consumables		1,301,389	525,330
Loans to employees	8	1,923,743	1,700,856
Advances, prepayments and other receivables	9	44,086,830	36,898,372
Short term investments	10	20,878,398	21,078,411
Cash and bank balances	11	25,941,449	182,710,241
		<b>94,131,809</b>	<b>242,913,210</b>
<b>Total assets</b>		<b>583,798,249</b>	<b>723,988,932</b>
<b>Funds and liabilities</b>			
<b>Funds</b>			
General fund	12	6,891,551,237	5,436,387,021
Accumulated deficit		(6,441,521,344)	(4,798,920,315)
		<b>450,029,893</b>	<b>637,466,706</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Provision for gratuity	13	46,046,537	43,661,038
Zakat fund	14	3,341,618	4,196,422
		<b>49,388,155</b>	<b>47,857,460</b>
<b>Current liabilities</b>			
Trade and other payables	15	81,742,155	38,664,766
Deferred income	16	2,638,046	–
		<b>84,380,201</b>	<b>38,664,766</b>
Commitments	17		
<b>Total funds and liabilities</b>		<b>583,798,249</b>	<b>723,988,932</b>

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



Chief Executive Officer



Chairman / Trustee

## Income and Expenditure Account

For the year ended June 30, 2015

	Note	Rupees	
		2015	2014
<b>Income</b>			
Donations	18	14,193,705	11,094,027
Grant income		3,600,159	–
Income on investments	19	1,681,276	1,454,964
Profit on savings bank accounts		4,519,395	2,598,353
Amortisation of deferred income	16	8,772,595	302,717
Food income		–	6,165,089
Other income	20	17,165,089	10,472,638
		<b>49,932,219</b>	<b>32,087,788</b>
<b>Expenditure</b>			
Salaries, wages and other benefits		150,632,388	133,263,561
Travelling and accomodation charges	21	185,730,000	225,500,000
Gratuity expense		20,597,141	20,170,696
Rent, rates and taxes		8,625,889	7,212,163
Fuel expense		4,962,541	5,766,353
Entertainment		1,417,874	1,073,845
Travelling and conveyance		18,884,875	9,318,043
Utilities		7,677,815	8,299,213
Printing and stationery		1,218,901	621,067
Supplies		2,128,299	3,043,947
Legal and professional charges	22	6,473,841	4,431,883
Hiring and training	23	7,668,690	4,454,842
Donations	24	755,655,469	837,639,409
Grants	25	478,301,374	263,211,332
Depreciation	4.5	17,406,264	21,526,325
Amortisation	5.2	1,543,317	1,643,586
Auditors' remuneration	26	537,550	693,766
Insurance		2,832,081	2,268,032
Communication		5,168,103	6,243,635
Repairs and maintenance		6,795,570	2,481,530
Marketing and sponsorship		10,446,742	14,647,917
Food expense		2,411,110	14,576,799
Others		1,675,867	2,913,210
		<b>1,698,791,701</b>	<b>1,591,001,154</b>
<b>Deficit for the year</b>		<b>(1,648,859,482)</b>	<b>(1,558,913,366)</b>

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



Chief Executive Officer



Chairman / Trustee

## Statement of Comprehensive Income

For the year ended June 30, 2015

	Note	Rupees	
		2015	2014
Deficit for the year		(1,648,859,482)	(1,558,913,366)
<b>Other comprehensive income / (loss):</b>			
Items that will not be reclassified to income and expenditure account:			
Remeasurement of post employment benefits obligation - Actuarial gain / (loss)	13.3	6,258,453	(3,686,879)
<b>Total comprehensive loss for the year</b>		<b>(1,642,601,029)</b>	<b>(1,562,600,245)</b>

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

## Statement of Changes in Fund Account

For the year ended June 30, 2015

	General fund (Note 12)	Rupees	
		Accumulated deficit	Total
Balance as at June 30, 2013	3,702,175,220	(3,236,320,070)	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)
<b>Transactions with Trustees</b>			
Contributions received from Trustees	1,734,211,801	–	1,734,211,801
<b>Balance as at June 30, 2014</b>	<b>5,436,387,021</b>	<b>(4,798,920,315)</b>	<b>637,466,706</b>
- Net assets of Aman Ghar transferred to Aman Health Care Services - note 12.2	(629,598)	–	(629,598)
Deficit for the year	–	(1,648,859,482)	(1,648,859,482)
Other comprehensive income for the year	–	6,258,453	6,258,453
<b>Transactions with Trustees</b>			
Contributions received from Trustees	1,455,793,814	–	1,455,793,814
<b>Balance as at June 30, 2015</b>	<b>6,891,551,237</b>	<b>(6,441,521,344)</b>	<b>450,029,893</b>

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



Chief Executive Officer



Chairman / Trustee



Chief Executive Officer



Chairman / Trustee

# Cash Flow Statement

For the year ended June 30, 2015

	Rupees	
	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Deficit for the year	(1,648,859,482)	(1,558,913,366)
Adjustment for:		
Depreciation	38,574,266	37,475,866
Amortisation	4,558,515	5,020,848
Provision for gratuity	20,597,141	20,170,696
Provision for gratuity transferred from / (to) related parties	(3,417,995)	592,559
Transfer of assets from associated companies	(1,057,588)	-
Provision for leave encashment	960,782	5,348,793
Loss / (Gain) on disposal of operating fixed assets	(49,732)	104,500
Income on investments	(1,681,276)	(1,454,964)
Profit on savings bank accounts	(4,519,395)	(2,598,353)
Amortisation of deferred income	(8,772,595)	(302,717)
	(1,603,667,359)	(1,494,556,138)
Working capital changes:		
(Increase) / Decrease in current assets		
Stock of consumables	(1,033,733)	84,199
Loans to staff	(262,052)	(541,491)
Advances, prepayments and other receivables	(7,188,458)	(17,394,182)
	(8,484,243)	(17,851,474)
<b>Increase / (Decrease) in current liabilities</b>		
Trade and other payables	43,291,138	(33,270,126)
	34,806,895	(51,121,600)
Long term deposits - net	(5,114,691)	(19,765)
Gratuity paid	(8,358,427)	(4,084,342)
Deferred income	11,410,641	-
Zakat fund - net	(854,804)	(20,155,730)
Leave encashment paid	(833,393)	(200,324)
Net cash utilised in operating activities	(1,572,611,138)	(1,570,137,899)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Profit received on savings bank accounts	4,519,395	2,598,353
Income received on short term investments - net	1,881,289	1,389,868
Purchase of intangible assets	(2,152,983)	(956,159)
Capital expenditure	(18,649,377)	(23,738,098)
Advance for purchase of shares	(25,775,184)	(18,011,836)
Proceeds from disposal of operating fixed assets	308,916	-
Net cash utilised in investing activities	(39,867,944)	(38,717,872)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions received from Trustees - General Fund	1,455,793,814	1,734,211,801
Cash transferred to Aman Health Care Services in respect of Aman Ghar	(83,524)	-
Net cash generated from financing activities	1,455,710,290	1,734,211,801
Net increase / (decrease) in cash and cash equivalents	(156,768,792)	125,356,030
Cash and cash equivalents at beginning of the year	182,710,241	57,354,211
Cash and cash equivalents at end of the year	25,941,449	182,710,241

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



Chief Executive Officer



Chairman / Trustee

# Notes to the Financial Statements

For the year ended June 30, 2015

## 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 supporting 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 the 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 high 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 2014-2015

The following amendments are effective for the year ended June 30, 2015 and are relevant to the Foundation:



- IAS 24 'Related party disclosures'. The standard has been amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the 'management entity'). Disclosure of the amounts charged to the reporting entity is required. This amendment only impacts the disclosures in the Foundation's financial statements.
- IAS 32 (Amendment), 'Financial instruments: Presentation'. 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 date. The amendment clarifies that right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The Foundation's current accounting treatment for set-off of financial assets and liabilities is in line with this amendment.

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 1, 2014 are considered not to be relevant or to have any significant effect on the Foundation's financial reporting and operations.

**b) Standards and amendments to published standards that are not yet effective and have not been early adopted by the Foundation**

- IAS 19 'Employee benefits' (effective for annual periods beginning on or after July 1, 2016). The amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, not the country where they arise. The assessment of whether there is a deep market in high-quality corporate bonds is based on corporate bonds in that currency, not corporate bonds in a particular country. Similarly, where there is no deep market in high-quality corporate bonds in that currency, government bonds in the relevant currency should be used. The amendment is retrospective but limited to the beginning of the earliest period presented. It is unlikely that the amendment will have any significant impact on the Foundation's financial statements.

There are 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

### 2.2.1 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 4 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.

### 2.2.2 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 weighted average cost except for items in transit which are stated at invoice value plus other charges paid thereon till the balance sheet.

## 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) 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 loans to employees, deposits, other receivables and cash and bank balances in the balance sheet.

#### c) Available-for-sale

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. There are no available-for-sale financial assets at the balance sheet date.

#### d) Held to maturity

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 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 account as 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 financial liabilities

Financial assets and liabilities are off-set and the net amount is reported in the financial statements only when the Foundation has a legally enforceable right to off-set the recognised amounts and the Foundation 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 the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

#### 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. Remeasurement gain/losses are recognised in other comprehensive income.

#### 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 the assets from the date the assets are available for intended use.
- Income from other sources is recorded on receipt basis.
- Income on term deposit receipts and savings bank accounts is recognised on time proportion basis taking into account the implicit rate of return on 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 has been granted approval as a non-profit organization under section 2(36) of the Income Tax Ordinance, 2001 (the Ordinance) by the Commissioner of Income Tax. Therefore, the management of the Foundation, based on the advice of its tax consultant, is of the view that its income would not be liable to tax in view of tax credit available under section 100C of the Ordinance.

**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**

The 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 rate prevailing at the dates of transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and 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 Grants**

Funds received directly for specific purposes, are classified as grants. Funds provided or utilised for the purchase of capital items from grants are shown in the balance sheet as deferred income and a portion of the grant is recognised as income in the income and expenditure account to match the depreciation and amortisation recognised during the year on the related capital items. Grants utilised for operations are credited to income and expenditure account to the extent of related actual operating expenses. Committed grant is accrued in case where it is probable that the economic benefits of such grant will flow to the Foundation.

**2.19 General fund**

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

**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 the 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 the appropriateness of the rate of amortisation and useful life used in the calculation of 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 staff 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 13 to these financial statements.

**4****PROPERTY, PLANT AND EQUIPMENT**

	Rupees	
	2015	2014
Operating fixed assets - note 4.1	420,652,601	447,746,226
Capital work in progress - note 4.2	7,200,000	-
	<b>427,852,601</b>	447,746,226



#### 4.1 Operating fixed assets

	Rupees						
	Freehold land	Leasehold improvements	Vehicles	Furniture and fixtures	Computer and related accessories	Equipment and tools	Total
<b>As at July 1, 2013</b>							
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)
<b>Net book value</b>	<b>233,593,000</b>	<b>150,236,073</b>	<b>10,732,161</b>	<b>18,544,624</b>	<b>18,531,611</b>	<b>29,951,025</b>	<b>461,588,494</b>
<b>Year ended June 30, 2014</b>							
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
<b>Disposals</b>							
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)
<b>Closing net book value</b>	<b>233,593,000</b>	<b>145,089,105</b>	<b>9,891,058</b>	<b>17,572,544</b>	<b>16,520,434</b>	<b>25,080,085</b>	<b>447,746,226</b>
<b>As at June 30, 2014</b>							
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)
<b>Net book value</b>	<b>233,593,000</b>	<b>145,089,105</b>	<b>9,891,058</b>	<b>17,572,544</b>	<b>16,520,434</b>	<b>25,080,085</b>	<b>447,746,226</b>
Opening net book value	233,593,000	145,089,105	9,891,058	17,572,544	16,520,434	25,080,085	447,746,226
Additions (note 4.3)	–	2,010,432	2,167,532	336,200	5,338,191	2,654,610	12,506,965
<b>Disposals (note 4.4)</b>							
Cost	–	(1,907,126)	(2,716,802)	(31,200)	(218,388)	(2,872,771)	(7,746,287)
Accumulated depreciation	–	1,571,081	2,640,251	10,178	145,226	2,353,227	6,719,963
	–	(336,045)	(76,551)	(21,022)	(73,162)	(519,544)	(1,026,324)
Depreciation charge	–	(16,573,360)	(3,893,992)	(2,253,302)	(9,458,072)	(6,395,540)	(38,574,266)
<b>Closing net book value</b>	<b>233,593,000</b>	<b>130,190,132</b>	<b>8,088,047</b>	<b>15,634,420</b>	<b>12,327,391</b>	<b>20,819,611</b>	<b>420,652,601</b>
<b>As at June 30, 2015</b>							
Cost	233,593,000	168,395,461	27,077,658	22,803,072	36,525,574	39,142,086	527,536,851
Accumulated depreciation	–	(38,205,329)	(18,989,611)	(7,168,652)	(24,198,183)	(18,322,475)	(106,884,250)
<b>Net book value</b>	<b>233,593,000</b>	<b>130,190,132</b>	<b>8,088,047</b>	<b>15,634,420</b>	<b>12,327,391</b>	<b>20,819,611</b>	<b>420,652,601</b>
<b>Annual rate of depreciation (%)</b>		10	20	10	33	10 to 20	

4.2 This represents electrical and civil work in progress at the Head Office Building.

4.3 Includes transfer of assets amounting to Rs. 914,560 (2014: 2,322,615) and Rs. 143,028 (2014: Nil) from Aman Health Care Services and Aman Institute for Vocational Training, respectively.

4.4 "Includes transfer of assets relating to Aman Ghar to Aman Health Care Services amounting to Rs. 767,140 (2014: Nil)"

#### 4.5 Depreciation expense

	Rupees	
	2015	2014
Depreciation on operating fixed assets	<b>38,574,266</b>	37,475,866
Less: Allocated to (note 4.5.1):		
Teach for Pakistan	<b>(1,912,478)</b>	(2,940,418)
Aman Health Care Services	<b>(7,799,464)</b>	(10,477,850)
Aman Institute for Vocational Training	<b>(11,456,060)</b>	(2,531,273)
	<b>(21,168,002)</b>	(15,949,541)
	<b>17,406,264</b>	21,526,325

4.5.1 Depreciation allocated to the associated undertakings has been recorded as donations (note 24).

## 5 INTANGIBLE ASSETS - Computer software

	Note	Rupees	
		2015	2014
<b>Net carrying value</b>			
Balance at beginning of the year		<b>4,753,760</b>	8,818,449
Add: Additions at cost		<b>2,152,983</b>	956,159
Less: Amortisation charge for the year		<b>(4,558,515)</b>	(5,020,848)
Balance at end of the year		<b>2,348,228</b>	4,753,760
<b>Gross carrying value</b>			
Cost		<b>18,321,107</b>	16,168,124
Less: Accumulated amortisation		<b>(15,972,879)</b>	(11,414,364)
Net book value		<b>2,348,228</b>	4,753,760
5.1 Amortisation rate per annum (%)		<b>33.33</b>	33.33

#### 5.2 Amortisation expense

	2015	2014
Amortisation on intangible assets	<b>4,558,515</b>	5,020,848
Less: Allocated to (note 5.2.1):		
- Teach for Pakistan	<b>(530,047)</b>	(413,879)
- Aman Health Care Services	<b>(1,078,188)</b>	(1,805,384)
- Aman Institute for Vocational Training	<b>(1,406,963)</b>	(1,157,999)
	<b>(3,015,198)</b>	(3,377,262)
	<b>1,543,317</b>	1,643,586

5.2.1 Amortisation allocated to the associated undertakings has been recorded as donations (note 24).

## 6 LONG TERM DEPOSITS

Includes deposit paid to lessor against rental premises. During the year, allocated deposit amounting to Rs. 5,280,000 which had been transferred to Aman Institute for Vocational Training, has been transferred back to the Foundation, after the approval / finalization of allocation basis / mechanism of common expenses incurred by the Foundation.

## 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 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	
	2015	2014
Advances to:		
- suppliers	8,769,809	3,945,793
- employees against expenses	454,866	255,070
	9,224,675	4,200,863
Prepayments	87,535	608,583
Taxes recoverable - note 9.1	14,962,530	14,808,063
Other receivables - note 9.2	19,812,090	17,280,863
	44,086,830	36,898,372

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

9.2 This represents receivable of Rs. 17,581,681 (2014: Rs. 10,680,863) from BasicNeeds, Rs. 955,909 (2014: Rs. 6,600,000) from INJAZ Pakistan for funds given to these entities for running of operations and Rs. 1,274,500 from K-Electric Limited for shared cost of iftar boxes paid on their behalf. 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	
	2015	2014
- Term deposit receipts - note 10.1	20,678,775	20,900,367
- Defense Savings Certificates - note 10.2	199,623	178,044
	20,878,398	21,078,411

10.1 These deposit receipts are maturing on various dates by June 3, 2016. Return on these investments range from 7.25% to 8.7% (2014: 7.25% to 10.25%) 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 of 12.16% (2014: 12.16%) per annum and are maturing on June 19, 2019.

## 11 CASH AND BANK BALANCES

	Rupees	
	2015	2014
Current accounts		
- Local currency	4,609,772	186,157
- Foreign currency	1,390,746	86,382
	6,000,518	272,539
Saving accounts		
- Local currency - notes 11.1 and 11.2	19,899,323	182,407,620
	25,899,841	182,680,159
Cash in hand	41,608	30,082
	25,941,449	187,710,241

11.1 This includes balance pertaining to Zakat Fund amounting to Rs. 4,841,541 (2014: Rs. 5,539,544)

11.2 Profit rates on savings bank accounts ranges between 5% to 8% (2014: 5.26% to 8.85%) per annum.

## 12 GENERAL FUND

12.1 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.

12.2 During the year, net assets of Aman Ghar amounting to Rs. 629,598, a project initiated and operated by the Foundation, were transferred to the Aman Health Care Services, at net book value.

## 13 PROVISION FOR GRATUITY

The Foundation operates an unfunded gratuity scheme for all its employees. The latest actuarial valuation of gratuity scheme was carried out as at June 30, 2015 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	
	2015	2014
Balance at beginning of the year	43,661,038	23,295,246
Transferred from Aman Institute for Vocational Training	-	363,175
Transferred (to) / from Aman Health Care Services - note 13.1.1	(3,594,762)	229,384
Charge for the year - note 13.2	20,597,141	20,170,696
Payments made during the year	(8,358,427)	(4,084,342)
Remeasurement recognised in OCI	(6,258,453)	3,686,879
Balance at end of the year	46,046,537	43,661,038

13.1.1 Includes gratuity relating to Aman Ghar amounting to Rs. 176,767 (2014: Nil).

**13.2 Amount recognised in income and expenditure account**

	Rupees	
	2015	2014
Current service cost	17,920,970	17,705,710
Interest cost	4,934,933	2,464,986
Curtailement gain	(2,258,762)	–
	<b>20,597,141</b>	<b>20,170,696</b>

**13.3 Remeasurement recognized in Other Comprehensive Income:**

<b>Remeasurement of obligation</b>		
(Gain) / Loss from change in financial assumptions	(2,156,239)	408,746
Experience (gains) / losses	(4,102,214)	3,278,133
	<b>(6,258,453)</b>	<b>3,686,879</b>

**13.4 Analysis of present value of defined benefit obligation:**

Vested Benefits	5,159,850	2,537,689
Non-Vested Benefits	40,886,687	41,123,349
	<b>46,046,537</b>	<b>43,661,038</b>

**13.5 Principal actuarial assumptions used in the actuarial valuation:**

<b>Financial assumptions</b>		
Discount rate	10.50%	13.50%
Expected per annum rate of increase in salaries - long term	10.50%	13.50%
<b>Demographic assumptions</b>		
Expected mortality rate	Adjusted SLIC 2001-2005	Adjusted SLIC 2001-2005
Expected withdrawal rate	Moderate	Moderate

**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%	42,070,968	50,750,913
Long Term Salaries	1%	50,704,985	42,037,560
		Light	Heavy
Withdrawal rates		46,062,538	46,032,533

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 recognized within the balance sheet.

**13.7** Based on actuarial advice, the Foundation intends to charge an amount of Rs. 18,310,255 approximately.

**13.8 Maturity profile**

The expected maturity analysis of undiscounted obligation under the scheme is as follows:

	Rupees
Time in years	2015
Year 1	1,072,635
Year 2	970,775
Year 3	1,333,905
Year 4	809,213
Year 5	1,063,038
Year 6 to Year 10	43,500,708
Year 11 and above	162,174,195

**13.9** The weighted average duration of the defined benefits obligation is 10.35 years.

## 14 ZAKAT FUND

	Rupees	
	2015	2014
Balance at beginning of the year	4,196,422	24,352,152
Zakat income for the year	3,230,600	3,179,399
	<b>7,427,022</b>	<b>27,531,551</b>
less:		
Amount utilised during the year - note 14.1	(4,085,404)	(23,335,129)
	<b>3,341,618</b>	<b>4,196,422</b>

**14.1** This represents expenses incurred amounting to Nil (2014: Rs. 10,126,250) by Aman Health Care Services on providing free of cost ambulance services to deserving patients and expenses incurred amounting to Rs. 4,085,404 (2014: Rs. 9,370,156) by Aman Institute of Vocational Training on sponsoring the cost of training of zakat eligible students.

## 15 TRADE AND OTHER PAYABLES

	Rupees	
	2015	2014
Creditors	23,129,561	12,932,263
Accrued expenses	10,156,309	9,522,921
Salaries payable	34,646,040	552,010
Withholding tax payable	1,771,329	2,160,528
Retention money	3,557,617	5,143,134
Provision for leave encashment	8,481,299	8,353,910
	<b>81,742,155</b>	<b>38,664,766</b>

## 16 DEFERRED INCOME

	Rupees	
	2015	2014
Balance at beginning of the year	–	302,717
Add:		
– Grant received during the year - note 16.1	11,219,466	–
– Profit accrued on grant received	191,175	–
	11,410,641	–
Less: Grant credited to income during the year	(8,772,595)	(302,717)
	2,638,046	–

16.1 This represents milestone based cost reimbursable grant received from DAI Europe Limited in respect of the Foundation's project titled 'Practically Digital' for the period December 31, 2014 to July 30, 2015.

## 17 COMMITMENTS

17.1 Commitments in respect of capital expenditure contracted for but not incurred as at June 30, 2015 amounts to Rs. 4,805,794 (2014: Rs. 1,493,162).

17.2 Commitments in respect of purchase of certain commodities/services as at June 30, 2015 amounts to Rs. 11,570,405 (2014: Rs. 41,271,400).

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

	Rupees	
	2015	2014
The Institute of Business Administration, Karachi	93,763,374	396,263,374
Pakistan Life Saving Foundation	8,100,000	13,500,000
KASHF MicroFinance Bank Limited	3,500,000	3,500,000
South Asia Institute's Founders Club Fund (US\$ 800,000)	82,480,000	79,000,000
Leaps programme for micro credit initiative (US\$ 50,000)	5,155,000	4,937,500
INJAZ Pakistan (US\$ 122,111)	–	12,058,461
BasicNeeds Pakistan (GBP 239,951)	38,572,123	40,342,962
Developments in Literacy Trust	–	7,565,850
Karachi Organic Energy (Private) Limited	22,610,296	22,610,296
Aman Health Care Services - Sukh Initiative [US\$ 4,000,000 (2014: US\$ 5,000,000)]	412,400,000	494,000,000
United World Colleges (US\$ 3,112,527)	320,901,534	319,038,778
Food Bank	–	941,000
Ahmed E. H. Jaffer Foundation	50,000,000	–

## 18 DONATIONS

Donation includes amount received from i-Care Foundation amounting to Rs. 608,358 (2014: Nil).

## 19 INCOME ON INVESTMENTS

	Rupees	
	2015	2014
Profit on term deposit receipts	1,659,697	1,435,725
Income from Defence Savings Certificates	21,579	19,239
	1,681,276	1,454,964

## 20 OTHER INCOME

	Rupees	
	2015	2014
Exchange gain	10,651,176	4,778,413
Gain on disposal of operating fixed assets	49,732	–
Others - note 20.1	6,464,181	5,694,225
	17,165,089	10,472,638

20.1 Includes liability written back amounting to Rs. 1,643,387 (2014: Nil).

21 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.

## 22 LEGAL AND PROFESSIONAL CHARGES

	Rupees	
	2015	2014
Legal charges	842,125	776,591
Professional fee	5,631,716	3,655,292
	6,473,841	4,431,883

## 23 HIRING AND TRAINING COST

	Rupees	
	2015	2014
Hiring cost	3,777,157	2,142,749
Staff training cost	3,891,533	2,312,093
	7,668,690	4,454,842

## 24 DONATIONS

	Rupees	
	2015	2014
Aman Health Care Services	511,893,574	534,411,289
Aman Institute for Vocational Training	188,673,284	276,987,268
Teach for Pakistan	50,331,584	17,316,368
Ahmed E.H Jaffer Foundation	3,594,830	–
The Indus Hospital	–	7,418,784
Others - note 24.1	1,162,197	1,505,700
	<b>755,655,469</b>	<b>837,639,409</b>

24.1 None of the Trustees or their spouses had any interest in any of the donees, except for Mr. Arif Naqvi who is on the Board of 'i-Care Foundation' and the Foundation has made an annual contribution of US\$ 10,000 (2014: US\$ 10,000) towards i-Care Foundation.

## 25 GRANTS

	Rupees	
	2015	2014
Institute of Business Administration - note 25.1	302,500,000	225,000,000
Aman Health Care Services (Sukh Initiative) - note 25.2	101,500,000	–
Ahmed E.H. Jaffer Foundation - note 25.3	50,000,000	–
United World Colleges (UWC) - note 25.4	16,670,767	1,638,522
Pakistan Life Saving Foundation - note 25.5	5,400,000	5,400,000
Aman Sports - note 25.6	1,208,907	–
Four Corners Group (Private) Limited - note 25.7	1,021,700	1,587,234
BasicNeeds Pakistan - note 25.8	–	12,498,659
South Asia Institute's Founders Club Fund (Harvard University) - note 25.9	–	10,445,000
Kashf Foundation - note 25.10	–	3,500,000
INJAZ Pakistan - note 25.11	–	2,754,079
Ibrahim Hydri Sports Academy - note 25.12	–	316,950
I-Genius	–	70,888
	<b>478,301,374</b>	<b>263,211,332</b>

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

25.2 This represents grants made to Aman Health Care Services (Sukh Initiative) to increase the modern contraceptive prevalence rate amongst married women in 1 million population of Karachi, Pakistan and to test proof of concept that Karachi can effectively deliver quality information, counseling, supplies, referrals and services to women of reproductive age within their families.

25.3 This represents grant made to Ahmed E.H Jaffer Foundation to promote education, learning and knowledge and to establish, maintain and assist schools, colleges and other institutions.

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

25.5 This represents grant made to Pakistan Aquatic Life Saving Life Guard (PALS) to support Critical Mass Welfare Organization for expenses being incurred to recruit and manage PALS.

25.6 This represents grant made to Aman Sports for the disbursement of sports equipments to various schools for promoting sports activities.

25.7 This represents grant made 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.

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

25.9 This represents grant to South Asia's 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.

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

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

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

## 26 AUDITORS' REMUNERATION

	Rupees	
	2015	2014
Audit fee	412,500	375,000
Other advisory services	–	173,120
Out of pocket expenses	125,050	145,646
	<b>537,550</b>	<b>693,766</b>

## 27 REMUNERATION OF CHIEF EXECUTIVE

The aggregate amount charged during the year for remuneration, including certain benefits to the Chief Executive of the Foundation, are as follows:

	Rupees	
	2015	2014
Managerial remuneration	31,948,561	29,659,168
Medical allowance	1,464,309	1,138,108
Leave encashment	1,665,712	1,127,632
Retirement benefits	1,927,031	2,631,136
	<b>37,005,613</b>	<b>34,556,044</b>

27.1 The Chief Executive is provided with free use of the Company's owned and maintained car.



## 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:

	Rupees	
	2015	2014
Contributions received from Trustees	1,455,793,814	1,734,211,801
Remuneration to key management personnel	94,869,606	71,651,311
<b>Assets transferred from:</b>		
- Aman Institute for Vocational Training	143,028	-
- Aman Health Care Services	914,560	7,593,118
Net assets of Aman Ghar transferred to Aman Health Care Services	629,598	-
<b>Cash transferred to / (from):</b>		
- Teach for Pakistan	25,561,826	(5,297,800)
- Aman Health Care Services	333,050,696	359,828,452
- Aman Institute for Vocational Training	17,931,322	127,235,162
<b>Expenses incurred on behalf of:</b>		
- Teach for Pakistan	5,772,812	7,043,455
- Aman Health Care Services	118,996,869	123,535,158
- Aman Institute for Vocational Training	33,288,891	54,576,779
<b>Zakat to:</b>		
- Aman Health Care Services	-	10,126,250
- Aman Institute for Vocational Training	4,085,404	9,370,156
<b>Provision for gratuity transferred from / (to):</b>		
- Aman Health Care Services	(3,594,762)	229,384
- Aman Institute for Vocational Training	-	363,175
Food expense allocated by Aman Health Care Services	(3,650,677)	-
<b>Expenses allocated to:</b>		
- Teach for Pakistan	19,027,881	15,570,713
- Aman Health Care Services	68,006,008	58,411,413
- Aman Institute for Vocational Training	125,431,954	94,812,152

## FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

## 29.1 Financial assets

	Rupees	
	2015	2014
<b>Loans and receivables:</b>		
Long term deposits	12,062,966	6,948,275
Loans to employees	1,923,743	1,700,856
Other receivables	19,812,090	17,280,863
Short term investments	20,878,398	21,078,411
Cash and bank balances	25,941,449	182,710,241
	<b>80,618,646</b>	<b>229,718,646</b>

## 29.2 Financial liabilities

Trade and other payables	71,489,527	28,150,328
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## 29.3 Fair value of financial assets and liabilities

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. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

## 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.

## 30.1 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will 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 changes 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:

	2015		2014	
	Effective interest rate (in Percent)	Carrying amount (Rupees)	Effective interest rate (in Percent)	Carrying amount (Rupees)
Term deposit receipts	7.25%-8.7%	20,678,775	7.25%-10.25%	20,900,367
Defense savings certificates	12.16%	199,623	12.16%	178,044
Saving accounts - Daily progressive account	5%-8%	19,899,323	5.26%-8.85%	182,407,620

The Foundation does not carry 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. The Foundation's exposure to foreign currency risk on bank balances is as follows:

	Rupees	
	2015	2014
<b>Bank balances</b>		
- Citibank N.A.	556,131	14,875
- Habib Bank Limited	65,255	65,255
- Standard Chartered Bank (Pakistan) Limited	769,360	6,252
	<b>1,390,746</b>	<b>86,382</b>

**Sensitivity analysis**

As at June 30, 2015, if the Pak Rupee had strengthened / weakened by 10% against the US dollars with all other variables held constant, the effect on the deficit for the year would have been lower / higher by Rs. 137,771 (2014: 8,638), as a result of net foreign exchange loss / gain on translation of foreign bank balances account.

**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.

**30.2 Credit risk**

Credit risk represents the risk of financial loss being caused if counter parties fail to discharge an obligation.

Credit risk of the Foundation arises from deposits with banks and financial institutions, 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	
	2015	2014
<b>Financial assets:</b>		
Long term deposits	12,062,966	6,948,275
Loans to employees	1,923,743	1,700,856
Other receivables	19,812,090	17,280,863
Short term investments	20,678,775	20,900,367
Bank balances	25,899,841	182,680,159
	<b>80,377,415</b>	<b>229,510,520</b>

**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. With respect to the receivables, management believe that they bear minimum credit risk.

**Short term investments**

Short term investments represent 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 bank accounts can be assessed with reference to external credit ratings as follows:

Bank	Rating agency	Rating	
		Short term	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	P1	A2
United Bank Limited	JCR-VIS	A1+	AA+

**30.3 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 contractual maturity dates.

The following are the contractual maturities of the financial liabilities:

	2015			2014		
	Carrying amount/ Contracted cashflows	Six months or less	Six to twelve months	Carrying amount/ Contracted cashflows	Six months or less	Six to twelve months
<b>Financial liabilities</b>						
Trade and other payables	71,489,527	67,931,910	3,557,617	28,150,328	23,007,194	5,143,134

### 31 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.

### 32 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified for better presentation, wherever considered necessary, the effects of which are not material.

### 33 DATE FOR AUTHORISATION

These financial statements were authorised for issue by the Trustees of the Foundation in their meeting held on March 19, 2016.



Chief Executive Officer



Chairman / Trustee