

**SONA WELFARE FOUNDATION**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
DECEMBER 31, 2020**



April 28, 2021  
949

The Board of Trustees  
Sona Welfare Foundation (the Foundation)  
Sona tower, 156, The Mall  
Rawalpindi

Dear Sirs

**FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020**

We enclose three copies of the above referred financial statements with our draft report thereon initialed by us for identification purposes. We shall be pleased to sign our report in present or amended form after:

- a) the financial statements have been approved by the Board of Trustees (the Board) and signed by the Chairman and a trustee authorized by the Board in this behalf;
- b) we have received the Board's specific approval for the items listed as under:
  - i) Inter Project transfers between budget heads under restricted fund as referred to in note 5 to the accompanying financial statements
  - ii) Welfare expenses as referred to in note 11 to the accompanying financial statements
  - iii) Utilization of an amount of Rs 1,428,733 from return earned on restricted grant for general and administrative expenses
- c) we have received response to our request for direct confirmation for advances for welfare activities from Pakistan Red Crescent Society and National Disasters Management Authority;
- d) we have reviewed trustees report presented to the Board along with these financial statements; and
- e) we have received a representation letter on the lines of the enclosed draft, duly signed by the Chief Operation Officer and Finance Manager of the Foundation.

**2. Responsibilities of the auditors and the management in relation to the financial statements**

The responsibilities of the independent auditors, in a usual examination of financial statements, are explained in the International Standard on Auditing – 200 "Overall Objectives of the Independent Auditor and Conduct of an Audit in Accordance with International Standards on

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
74-East, 2nd Floor, Blue Area, Jinnah Avenue, P.O.Box 3021, Islamabad-44000, Pakistan  
Tel: +92 (51) 2273457-60/2604934-37; Fax: +92 (51) 2277924, 2206473; < www.pwc.com/pk >

Auditing". While the auditors are responsible for forming and expressing their opinion on the financial statements, the responsibility for preparation of the financial statements is primarily that of the Foundation's Trustees. The management's responsibilities include the maintenance of adequate accounting records and internal controls, the selection and application of accounting policies, safeguarding the assets of the Foundation and prevention and detection of frauds and irregularities.

### **3. Tax status of the Foundation**

The Foundation's request for seeking the renewal of being a Not for Profit Organization (NPO) under section 2(36) of the Income Tax Ordinance, 2001 (the Ordinance) is still pending for approval before tax authorities. We recommend that efforts be made for early resolution of the matter.

### **4. Welfare expenses**

4.1 We noted certain instances where the welfare expense was recognized upfront upon disbursement of fund to donee instead of routing it through advances to donee and thereafter, recognizing the settlement of advances as expense upon verification of supporting documents or fulfillment of any other grant condition. However, we have been apprised by the management that practice of recognizing the advances to donee and settlement thereafter has been aligned towards the year end.

4.2 We also noted that no grant agreements were entered into by the Foundation with the recipients of the Foundation's support.

4.3 We further noted that the Foundation does not have any process in place to assess that the expenses / disbursement requests are in line with the objectives specified in the trust deed of the Foundation and regulatory regime prevalent.

We recommend that a formal procedure is developed and implemented for appropriate controls enshrining donations and welfare expenses. Such manual may contain procedures relating to selection/due diligence of the donee, need assessment for assistance solicited, monitoring of spent, requirement or restriction on Foundation's branding, controls and documentation requirement for recipient, monitoring and evaluation process for respective types of assistance offered and settlement of project / activity closing balance along its objective and impact assessment.

### **5. Income tax suffered at source**

We noted that the Foundation has carried income tax refund of Rs. 14.143 million at the year end as recoverable from the tax authorities. We have been given to understand that the related amount pertains substantially to prior years and management is confident that refunds would be received. We recommend that the matter may be duly reviewed and appropriate adjustments, if any required, be incorporated in the books of account of the Foundation.

### **6. Facility availed without consideration**

We noted that the Foundation is operating without any fixed assets and is using various resources and facilities of the Fauji Fertilizer Company (the Company). In this respect, we have been confirmed that the related amounts are insignificant for the Company and neither any

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amount in this respect is charged by the Company nor would be charged to the Foundation thus no such amount is recognized as expense by the management of the Foundation.

We recommend that the related matter be appropriately assessed in light of respective requirements including taxation and accounting covenants. Further, terms of business and support by the Company be formally documented and approved by the concerned.

#### **7. Management and operations of the Foundation**

We have been apprised that the Foundation is yet to update / finalize certain policies and procedures including those relating to internal audit, monitoring and evaluation, receipt of grant, selection of donees and other grant specific matters.

We recommend that an updated procedures manual is developed by the Foundation to facilitate its operations and welfare action as to ensure timely compliance with various statutory and governance requirements. Further need for appropriately functional internal audit department as well as monitoring and evaluation team should also be assessed in light of plans of the Foundation and steps be taken to strengthen these functions accordingly.

#### **8. Controls over Non-Corporate Donations**

We noted that the Foundation does not have any controls defined in relation to acceptance of non-corporate donations. We recommend that matter be addressed as per the related banking and legislative framework attracted towards the Foundation. Further, the banks of the Foundation be advised on procedures for identification of donor if any such donations are to be received.

#### **9. Akhuwat Islamic Microfinance**

9.1 In accordance with para 3(vii) of the Memorandum of Understanding (MOU) dated December 3, 2019 between the Foundation and Akhuwat Islamic Microfinance (AIM), the Foundation is required to obtain quarterly progress report from AIM. However, we noted that progress reports obtained from AIM were deficient in identifying the identity of the beneficiaries and the amount of disbursements to them.

9.2 In accordance with para 3(ix) of the MOU, AIM was required to create Sharia compliant endowment fund in order to meet operational expenses of the project. Initially endowment fund was to be created out of 50% of the Grant amount provided by the Foundation for this project and balance 50% of the Grant amount was to be utilized for the revolving credit pool. No documentary evidence was available to apprise on progress made by AIM for related compliance with the same.

We recommend putting in place, an effective process of monitoring and evaluation to assess progress / compliance with MOU to ensure achievement of desired objectives specified in the MoU.

#### **10. Commitments against welfare activities spending**

We noted that welfare costs incurred during the year amounted to Rs 138 million as against the budgeted commitments of Rs 182 million. Further, for the year ending December 31, 2021, an amount of Rs 87 million is represented in the financial statements as contracted commitment for welfare expenses. In this respect, we recommend that the budgets be analyzed

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in light of the prevailing pandemic situation and circumstances / likelihood of the execution of project activities be evaluated. Further, due consideration be accorded to projected cashflows, donor commitments etc, and in light thereof, estimates / commitments be updated and communicated to the concerned stakeholders of the Foundation for their timely responsiveness.

11. We may add that our normal audit/review procedures are designed primarily with a view to expressing our opinion on the year-end financial statements as a whole and not to provide an independent assurance on the internal control structure. Further, an audit/review is undertaken on a test basis thus due to sampling and inherent limitation all items under a specific account head may not be subject to our procedures. Accordingly, the matters identified in this letter represent only certain of those items which came to our notice during the course of the review and same should not be construed to have included all the possible accounting and critical matters which a more extensive or directional special examination might reveal.

12. We wish to place on record our appreciation of the cooperation and courtesy extended to us by all concerned during the audit.

Yours truly

A handwritten signature in blue ink, appearing to read 'A.F. Ferguson &amp; Co.', written in a cursive style.

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## INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES OF SONA WELFARE FOUNDATION

### Opinion

We have audited the financial statements of the Sona Welfare Foundation (the Foundation), which comprise the statement of financial position as at December 31, 2020, statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Foundation as at December 31, 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards for Small & Medium Sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB) and the Accounting Standard for Not for Profit Organization (NPOs) issued by the Institute of Chartered Accountants of Pakistan (ICAP).

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Foundation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Trustees are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS for SMEs and Accounting Standard for NPOs, and for such internal control as trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, trustees are responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
74-East, 2nd Floor, Blue Area, Jinnah Avenue, P.O.Box 3021, Islamabad-44000, Pakistan  
Tel: +92 (51) 2273457-60/2604934-37; Fax: +92 (51) 2277924, 2206473; < [www.pwc.com/pk](http://www.pwc.com/pk)>



As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Accountants  
Islamabad: June 30, 2021

Engagement Partner: JehanZeb Amin

**SONA WELFARE FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2020**

	2020	2019		2020	2019
	Rupees	Rupees		Rupees	Rupees
<b>FUNDS</b>					
Endowment Fund	4	10,000,000		10,000,000	
Restricted grant	5	143,384,333		100,449,915	
<b>CURRENT LIABILITIES</b>			<b>CURRENT ASSETS</b>		
Accrued and other liabilities	6	2,872,422	Short Term Investment	8	-
			Advances and Other receivables	9	43,243,509
			Bank balances	10	113,013,246
<b>TOTAL SURPLUS AND LIABILITIES</b>		<u><u>156,256,755</u></u>	<b>TOTAL ASSETS</b>		<u><u>156,256,755</u></u>
<b>CONTINGENCIES AND COMMITMENTS</b>	7				<u><u>111,249,915</u></u>

The annexed notes from 1 to 19 form an integral part of these financial statements.

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**Brig Arshad Mahmood (Retd)**  
Chief Operating Officer  
Trustee

  
**Lt. General Tariq Khan (Retd)**  
Chairman  
Trustee



**SONA WELFARE FOUNDATION  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Note	2020 Rupees	2019 Rupees
<b>INCOME</b>			
Grant income recognized through restricted grant	5	139,653,110	165,109,148
<b>EXPENDITURE</b>			
Welfare expenses	11	(138,224,377)	(164,554,176)
Administrative and General expenses	12	<u>(1,428,733)</u>	<u>(554,972)</u>
		<b>(139,653,110)</b>	<b>(165,109,148)</b>
<b>SURPLUS FOR THE YEAR</b>		-	-
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>			
Items not to be reclassified to comprehensive income in subsequent periods		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>-</u>	<u>-</u>

The annexed notes from 1 to 19 form an integral part of these financial statements.

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Brig Arshad Mahmood (Retd)  
Chief Operating Officer  
Trustee

  
Lt. General Tanq Khan (Retd)  
Chairman  
Trustee

**SONA WELFARE FOUNDATION  
STATEMENT OF CHANGES IN FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>Endowment Fund</b>	<b>Restricted Fund</b>	<b>Total</b>
	-----Rupees-----		
Balance as at January 01, 2019	10,000,000	87,898,446	97,898,446
Receipts during the year	-	177,660,617	177,660,617
Total comprehensive income for the year	-	-	-
Utilized during the year	-	(165,109,148)	(165,109,148)
Balance as at December 31, 2019	<u>10,000,000</u>	<u>100,449,915</u>	<u>110,449,915</u>
Receipts during the year	-	182,587,528	182,587,528
Total comprehensive income for the year	-	-	-
Utilized during the year	-	(139,653,110)	(139,653,110)
Balance as at December 31, 2020	<u>10,000,000</u>	<u>143,384,333</u>	<u>153,384,333</u>

The annexed notes from 1 to 19 form an integral part of these financial statements.

*SAJAL*

*Arshad*

**Brig Arshad Mahmood (Retd)  
Chief Operating Officer**

**Trustee**

*Tariq Khan*

**Lt. General Tariq Khan (Retd)  
Chairman**

**Trustee**

**SONA WELFARE FOUNDATION  
STATEMENT OF CASHFLOW  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Note	2020 Rupees	2019 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Surplus for the year		-	-
<b>Adjustments for:</b>			
Restricted grant recognized as income		<u>(139,653,110)</u>	<u>(165,109,148)</u>
		<b>(139,653,110)</b>	<b>(165,109,148)</b>
<b>Changes in working capital:</b>			
(Decrease) in accrued and other liabilities		<u>2,072,422</u>	<u>(348,080)</u>
(Increase) in advances, prepayments and other receivables		<u>(29,057,275)</u>	<u>(42,500)</u>
		<b>(26,984,853)</b>	<b>(390,580)</b>
Taxes paid		<u>(2,508,531)</u>	<u>(1,821,280)</u>
<b>Net cash used in operating activities</b>		<b>(169,146,494)</b>	<b>(167,321,008)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Grant received during the year		<u>182,587,528</u>	<u>177,660,617</u>
<b>Net cash generated from financing activities</b>		<b>182,587,528</b>	<b>177,660,617</b>
Net increase in cash and cash equivalents		13,441,034	10,339,609
Cash and cash equivalents at beginning of the year		<u>99,572,212</u>	<u>89,232,603</u>
Cash and cash equivalents at end of the year	13	<u><u>113,013,246</u></u>	<u><u>99,572,212</u></u>

The annexed notes from 1 to 19 form an integral part of these financial statements.

*Signature*

*Signature*  
Brig Arshad Mahmood (Retd)  
Chief Operating Officer  
Trustee

*Signature*  
Lt. General Tariq Khan (Retd)  
Chairman  
Trustee



**SONA WELFARE FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**1. THE ENTITY AND ITS OPERATIONS**

Sona Welfare Foundation ("the Foundation") was registered in Rawalpindi, Pakistan on May 4, 2011 under the Societies Registration Act, XXI of 1860. The Foundation was established by the Fauji Fertilizer Company Limited (the Company), through trustees. The principal office of the Foundation is situated at Sona Tower, 156 The Mall, Rawalpindi.

The principal objective of the Foundation is to carry out benefit and welfare activities. All the income generated by the Foundation is to be applied towards furtherance of its objectives. The business of the Foundation is conducted under the overall supervision of its Board of Trustees.

The Company has confirmed that it will continue to provide financial and operational support to the Foundation to carry out public welfare and related activities in foreseeable future.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB); and
- Accounting standard for Not for Profit Organisations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan.

**2.2 Accounting convention**

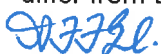
These financial statements have been prepared on the basis of historical cost convention.

**2.3 Functional and presentation currency**

Items included in the financial statements are measured using the currency of primary economic environment in which the Foundation operates. The financial statements are presented in Pakistan Rupees, which is the Foundation's functional currency.

**2.4 Summary of significant accounting estimates**

The preparation of financial statements in conformity with the approved accounting standards require management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.



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

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are discussed in the ensuing paragraphs.

**i) Provisions**

The Foundation reviews the carrying amount on a regular basis and appropriate amount of provision is made as and when necessary.

**ii) Impairment**

The carrying amount of the Foundation's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated in order to determine the extent of the impairment loss, if any.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted in the preparation of these financial statements are as follows:

**3.1 RESTRICTED GRANTS**

Restricted grants received for specific purpose are deferred when received and charged to income to the extent of actual expenditure incurred. Expenditure incurred against grant committed but not received is accrued and recognised in income and is reflected as fund receivable. Unspent portion of such fund are reflected as restricted fund in the statement of financial position. Returns, if any accruing or arising on balance of restricted grants are accumulated thereto and unless restricted by the donor, are considered to be utilized for objectives and activities of the Foundation upon approval by the Trustees of the Foundation. Any surplus / (deficit) after completion of milestone or interest income received on placements with bank is transferred to unrestricted grant If not specifically earmarked by the donor for anyother activity.

**3.2 ACCRUED AND OTHER LIABILITIES**

Liabilities for accrued and other payables are carried at cost, which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Foundation.

**3.3 PROVISION**

A provision is recognised in the financial statements when the Foundation has a 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.

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### **3.4 TAXATION**

The Foundation obtained status of a not for profit organization under the Income Tax Ordinance, 2001 (Ordinance), thus it claims exemption from income tax in accordance with the related provisions of the Ordinance. As per procedure, Foundation's application for renewal of aforesaid approval has been submitted to tax authorities. Further, no provision for taxation has been made in the financial statements since the Foundation is not engaged in any activity chargeable to income tax.

### **3.5 ADVANCES AND OTHER RECEIVABLES**

These are recognized at cost, which is the fair value of the consideration given. However, an assessment is made at each statement of financial position date to determine whether there is an indication that an asset may be impaired. If such an indication exists, the estimated recoverable amount of that asset is determined and an impairment loss is recognized for the difference between the recoverable amount and the carrying value.

Disbursements made for the purposes of activity support to recipients / donee are recognised as advances at the time of actual disbursement. These advances are recognised as an expense on the basis of activity performed, details and supporting documents submitted by recipient / donee for the expenditure relating to the year.

### **3.6 INVESTMENTS**

Investments with fixed or determinable payments and fixed maturity, which the Foundation has the positive intent and ability to hold to maturity, are carried at amortised cost, using the effective interest rate method less impairment losses, if so determined.

### **3.7 CASH AND CASH EQUIVALENTS**

Cash in hand and in banks is carried in the statement of financial position at cost. Cash and cash equivalents for the purpose of statement of cash flows comprise of cash and bank balances and short term investments, with a maturity period of less than three months.

### **3.8 Revenue recognition**

#### **(i) Unrestricted grant**

Grants received without any conditions are recognized as income during the year of receipt.

#### **(ii) Restricted grant**

Grants received to undertake the welfare activities are initially recognised as restricted grant and are recognised as income over the period in which the Foundation recognizes the related costs for which grants are intended to compensate.

#### **(iii) Interest Income**

Profit on 'investments at amortised cost' and bank deposits are recognised on time proportion basis by reference to the principal outstanding and the applicable rate of return.

(iv) Free of cost facilities provided by the Company are not valued and accordingly, are not recognized in the financial statements as income of the Foundation.



### 3.9 Impairment

#### *Financial assets*

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of estimated cash flows discounted at the original effective interest rate.

Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in income and expenditure account.

#### *Non-financial assets*

The carrying amount of the Foundation's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated in order to determine the extent of impairment loss, if any. Impairment losses are recognised as expense in the income and expenditure account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

### 4. ENDOWMENT FUND

This represents the amount contributed by the Company and endowed upon Trustees of the Foundation upon registration of the Foundation as per the trust deed of the Foundation.


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5. RESTRICTED GRANTS

Donor/Source	Project Name/Nature	Balance as at January 01, 2020	Received during the year	Inter project transfers	Transferred to income and Expense	Balance
<b>Fauji Fertilizer Company</b>						
	Sona Welfare Society, Mirpur Mathelo	-	31,300,000	6,270,000	(37,570,000)	-
	Hazrat Bilal Trust Hospital, Goth Machhi	-	4,000,000	-	(4,000,000)	-
	Foundation University Islamabad	96,313	-	-	-	96,313
	Al Mujtaba Education Trust, Rawalpindi	36,781	3,000,000	-	(2,250,000)	750,000
	School Adoption Program, Goth Machhi	3,506,000	5,000,000	-	(4,544,550)	492,231
	Agriculture Value Chain Project, Lahore	5,394,511	-	-	-	3,506,000
	Sona Ward of Farmer Scholarship	1,000,000	5,000,000	-	(3,624,105)	6,770,406
	Construction of classrooms with verandah at school in Ahmedpur Lamma	-	-	-	-	1,000,000
	Sona annual golf tournament	-	1,200,000	-	(1,200,000)	-
	Donation for Sports (Hockey, Football, Volleyball, Kabaddi, Dangal Etc.) Goth Machhi	610,000	2,500,000	-	(1,225,000)	1,885,000
	Financial assistance on humanitarian grounds to individual	14,000	-	-	-	14,000
	Medical assistance program for local population, Goth Machhi	164,683	-	-	-	164,683
	Tree Plantation Drive	-	5,000,000	(1,500,000)	(252,000)	3,248,000
	Food Security and Agriculture Centre of Excellence, Ahmedpur Lamma	5,572,090	69,423,000	-	(41,455,008)	33,540,082
	CSR Health Support	1,000,000	1,000,000	(1,000,000)	-	1,000,000
	Liaquat National Hospital	250,000	-	-	-	250,000
	Establishment of women vocational training center, Goth Machhi	163,494	-	-	-	163,494
	Relaying of floor of science lab of Government Girl Higher Secondary School, Old Sadiqabad	2,236	-	-	-	2,236
	Construction of left over road Basti Khai To Goth Machhi	250,000	2,500,000	-	(2,279,400)	470,600
	Community welfare, Ahmed Pur Lamma, Goth Machhi	2,000,000	-	-	-	2,000,000
	Merit Scholarship program, Goth Machhi	386,000	750,000	-	(267,000)	839,000
	Miscellaneous welfare activities	3,292,411	11,450,000	-	(8,979,115)	5,763,296
	Scholarship to children of deceased employee - matric	-	30,000	-	(14,820)	15,180
	Community Uplift Program	-	10,000,000	(2,000,000)	-	8,000,000
	Construction of Low Cost House for Earthquake Affectees	-	2,000,000	(2,000,000)	-	-
	Donation for Mass Awareness against Drug Abuse	-	1,270,000	(1,270,000)	-	-
	Contribution for CSR Events	-	550,000	-	-	550,000
	Participation fee UN Leaders Summit	-	-	1,500,000	-	-
	Annual Funfair - Mirpur Mathelo	-	3,500,000	-	(1,500,000)	550,000
	Construction of 3 classrooms with verandah and furniture in Govt elementary school basti khai	-	500,000	-	(3,165,930)	334,070
	Provision of Notebooks and Stationery to Students of School in the vicinity of Plant site	-	500,000	-	(500,000)	-
	Medical assistance program	-	500,000	-	(289,022)	210,978
	Clean and green tree plantation	-	1,000,000	-	(1,000,000)	-
	Donation received for undertaking public welfare and related projects - note 5.1	42,377,874	-	-	(23,933)	42,353,941
		66,086,393	164,473,000	-	(114,139,883)	116,419,510
<b>Askari Bank Limited</b>	Food Security and Agriculture Centre of Excellence, Ahmedpur Lamma	10,000,000	-	-	-	10,000,000
		10,000,000	-	-	-	10,000,000
<b>FFC Energy Limited</b>	Technical Training Centre Jhampir	1,728,085	872,480	-	(2,364,867)	235,698
<b>Mira Pakistan</b>		-	610,488	-	-	610,488
		1,728,085	1,482,968	-	(2,364,867)	846,186
<b>Others</b>		165,524	20,000	-	-	185,524
<b>Return on Donors Fund</b>		22,469,913	16,611,560	-	(23,148,360)	15,933,113
		22,635,437	16,631,560	-	(23,148,360)	16,118,637
		<b>100,449,915</b>	<b>182,587,528</b>	-	<b>(139,653,110)</b>	<b>143,384,333</b>
		<b>87,898,446</b>	<b>177,660,617</b>	-	<b>(165,109,148)</b>	<b>100,449,915</b>
		<b>2019</b>				

\* This includes an amount of Rs 1,428,733 (2019 554,972) utilised to meet general and administrative expenses of the foundation upon approval of the Trustees of the Foundation.

5.1 This represent amounts received from the Company to undertake public welfare and related projects





	Note	2020 Rupees	2019 Rupees
<b>6. ACCRUED AND OTHER LIABILITIES</b>			
Audit fee		400,000	300,000
Others		375,063	-
Retention money		2,097,359	500,000
		<u>2,872,422</u>	<u>800,000</u>
<b>7. CONTINGENCIES AND COMMITMENTS</b>			
7.1 There are no known contingencies at the year end (2019: Nil).			
7.2 Commitment for welfare activities spending		<u>86,952,869</u>	<u>35,602,455</u>
<b>8. SHORT TERM INVESTMENT</b>			
Term deposit receipt - (TDR)		-	75,000,000
Accrued markup		-	112,705
		<u>-</u>	<u>75,112,705</u>
<b>9. ADVANCES AND OTHER RECEIVABLES</b>			
Imprest Account - SSM		25,000	25,000
Advance Income Tax	9.1	14,143,734	11,635,203
Advance to vendors		33,300	-
Advance for welfare activities		29,023,975	-
Due from Fauji Fertilizer Company Limited		17,500	17,500
		<u>43,243,509</u>	<u>11,677,703</u>
9.1 This represents advance income tax suffered by the Foundation on bank deposits in savings accounts with scheduled banks.			
<b>10. BANK BALANCES</b>			
Local currency current account		173,561	798,382
Local currency saving accounts	10.1	112,839,685	23,661,125
		<u>113,013,246</u>	<u>24,459,507</u>

10.1 These carry interest rate of 6.15% - 12.40% (2019: 9.25% - 12.40%) per annum.

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	Note	2020 Rupees	2019 Rupees
<b>11. WELFARE EXPENSES</b>			
<b>Through restricted grant</b>			
<b>Financial assistance to :</b>			
Fauji Foundation, for			
- Construction of Diامر Bhasha and Mohmand Dams		-	50,000,000
- Yaum-e-Shahuda Ceremony		-	20,000,000
Sona Welfare Society, Mirpur Mathelo		46,570,000	36,500,000
Akhuwat Foundation Lahore		-	10,000,000
Hazrat Bilal Trust, Goth Machhi		4,000,000	5,000,000
Al Mujtaba Education Trust, Rawalpindi		2,250,000	3,000,000
National Disaster Management Authority, Islamabad		-	1,500,000
Pakistan Kidney Patients Association, Rawalpindi		-	1,000,000
Army Burn Hall College, Abbotabad		-	1,000,000
<b>Activity support for :</b>			
School Adoption Program, Goth Machhi		4,544,550	5,356,179
Sona Ward of Farmer Scholarship		3,624,105	4,240,049
Provision of soiling and sewerage to three colonies of T-Chowk, Goth Machhi		-	3,374,894
Technical Training Centre - Jhampir		2,364,867	3,692,976
Annual Golf Tournament, Goth Machhi		1,200,000	1,200,000
Sponsors for Sports event (Hockey, Football, Volleyball, Kabaddi, Dangal etc), Goth Machhi		1,225,000	1,140,000
Financial assistance on humanitarian Grounds to individuals		-	820,000
Merit Scholarship program, Goth Machhi		-	573,000
Medical assistance program for local population, Goth Machhi		289,022	462,123
Tree plantation, Goth Machhi		1,252,000	500,000
Food Security & Agriculture Centre of Excellence, Ahmedpur Lamma		41,455,008	627,910
Construction of 3 classrooms with verandah and furniture in Govt elementary		3,165,930	-
Construction of leftover road basti khai		2,279,400	-
Miscellaneous welfare activities		8,526,485	10,069,045
		<b>122,746,367</b>	<b>160,056,176</b>
<b>General Fund</b>			
<b>Activity support for :</b>			
Financial assistance on humanitarian grounds		5,137,030	883,000
Shelter homes, Azad Jammu & Kashmir		-	3,000,000
Annual Funfair - 2020, Goth Machhi		1,500,000	-
ITF Pakistan Junior Tennis Championship, Islamabad		-	300,000
Squash tournament		-	15,000
Provision of Ration Bags to daily wagers		7,500,000	-
Mass Awareness Campaign		340,980	-
Down Syndrome Club, Islamabad		-	100,000
Provision of winter items for Panah Ghas in twin cities		-	200,000
Construction/Maintenance of Road at village Kahya, Bhurban, Murree		1,000,000	-
		15,478,010	4,498,000
		<b>138,224,377</b>	<b>164,554,176</b>

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**11.1** Activities of the Foundation are undertaken under the supervision of the Board of Trustees for the benefit and welfare of the community in general and specifically to encourage, assist and support the cause of education, teaching, research, science, medicine, healthcare, arts culture, human resource development, training and instruction, alleviation of poverty, human suffering, illiteracy and the advancement of any other object of general public utility and corporate social responsibility.

**11.2** This includes amount of Rs 3 million given to various units of the armed forces for purchase of administrative equipments such as generators, telecommunication equipments etc.

	2020 Rupees	2019 Rupees
<b>12. ADMINISTRATIVE AND GENERAL EXPENSES</b>		
Salaries, wages and benefits	-	-
Consultancy and professional charges	888,880	141,000
Auditors' remuneration	400,000	300,000
Printing, stationery and office supplies	48,621	38,500
Bank charges	1,218	800
Miscellaneous expenses	90,014	74,672
	<u>1,428,733</u>	<u>554,972</u>
<b>13. CASH AND CASH EQUIVALENTS</b>		
Bank balances	113,013,246	24,459,507
Short term investments	-	75,112,705
	<u>113,013,246</u>	<u>99,572,212</u>

	Amortized cost		Total	
	2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees
<b>14. FINANCIAL INSTRUMENTS</b>				
Financial assets				
Advances and Deposits	43,243,509	11,677,703	43,243,509	11,677,703
Short term investments	-	75,112,705	-	75,112,705
Cash and bank balances	113,013,246	24,459,507	113,013,246	24,459,507
	<u>156,256,755</u>	<u>111,249,915</u>	<u>156,256,755</u>	<u>111,249,915</u>
Financial liabilities				
Accrued and other liabilities	2,872,422	800,000	2,872,422	800,000

**15. TRANSACTIONS WITH RELATED PARTIES**

Related parties comprise of the company, trustees, key management personnel, entities under common directorship, group entities of the company and entity with significant influence over the Foundation. Transactions with related party are as follows:

	2020 Rupees	2019 Rupees
<b>Entity with significant influence over the Foundation - Fauji Fertilizer Company Ltd</b>		
Grants received during the year	164,473,000	150,098,750
Reimbursement of operational expense	210,000	1,084,886
Due from the Company	17,500	17,500
<b>Others</b>		
Donations paid during the year to Sona Welfare Society	(46,570,000)	(36,500,000)
Grants received during the year from group companies - note 5	872,480	11,716,874
Donations paid during the year to Fauji Foundation	-	(70,000,000)

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**16. NUMBER OF EMPLOYEES**

The employees of the Company extend necessary services to the Foundation on voluntary basis.

**17. GENERAL**

17.1 Figures have been rounded off to the nearest Rupee.

**18. IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS**

The spread of COVID - 19 as a pandemic and consequently imposition of lock down by Federal and Provincial Governments of Pakistan (Authorities) caused an overall economic slow down and disruption to various businesses. However, the operations are resuming as per relaxation given by the Authorities. Accordingly, as of the date of these financial statements, management believes there do not exist any particular material adverse impact to the entity's financial conditions and results of its operations. Management will continue to monitor the potential impact and will take all steps possible to mitigate any effects.

**19. DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were approved by the Board of Trustees of the Foundation on

May 25, 2021

*Arshad*

*Arshad*

**Brig Arshad Mahmood (Retd)  
Chief Operating Officer  
Trustee**

*Tariq Khan*

**Lt. General Tariq Khan (Retd)  
Chairman**

**Trustee**