KPMG Taseer Hadi & Co.
Chartered Accountants

Sona Welfare Foundation

Financial Statements
For the year ended 31 December 2014

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INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES

We have audited the accompanying financial statements of **Sona Welfare Foundation** ("the Foundation") which comprise the balance sheet as at 31 December 2014 and income and expenditure account, statement of comprehensive income, cash flows statement and statement of changes in fund balance for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

The Board of Trustees ("the Board") is responsible for the preparation and fair presentation of these financial statements in accordance with the approved accounting standards as applicable in Pakistan, and for such internal controls as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Foundation as of 31 December 2014 and of its financial performance, changes in funds and its cash flows for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

KPMG Taseer Hadi & Co

Islamabad
Date: 15 June 2015

KPMG Taseer Hadi & Co
Chartered Accountants
Engagement Partner: ***Riaz Pesnani***

Sona Welfare Foundation
Balance Sheet
As at 31 December2014

	Note	2014 (Rupees)	2013 (Rupees)
FUND BALANCE			
Fund balance		**93,178,708**	89,333,259
NON-CURRENT LIABILITIES			
Deferred grant	4	**3,821,192**	4,681,288
Restricted grant	5	**285,232,764**	561,261,945
Staff retirement benefits	6	**2,095,242**	42,533,329
Total non current liabilities		**291,149,198**	608,476,562
CURRENT LIABILITIES			
Current portion of staff retirement benefits	6	**54,123,207**	-
Due to Fauji Fertilizer Company		**1,915,630**	-
Accrued and other liabilities	7	**22,368,076**	4,646,206
Total current liabilities		**78,406,913**	4,646,206
TOTAL FUND AND LIABILITIES		**462,734,819**	702,456,027
Contingencies and commitments	8		

	Note	2014 (Rupees)	2013 (Rupees)
NON-CURRENT ASSETS			
Property and equipment	9	**3,821,192**	4,681,288
CURRENT ASSETS			
Due from Fauji Fertilizer Company Limited - unsecured, considered good		-	39,476,936
Short term investment		-	26,695,205
Advances, prepayments and other receivables	10	**7,158,103**	4,761,814
Bank balances	11	**451,755,524**	626,840,784
Total current assets		**458,913,627**	697,774,739
TOTAL ASSETS		**462,734,819**	702,456,027

The annexed notes from 1 to 18 form an integral part of these financial statements.

Trustee
CHIEF OPERATING OFFICER

Trustee
CHAIRMAN

Sona Welfare Foundation
Income and Expenditure Account
For the year ended 31 December 2014

	Note	2014 (Rupees)	2013 (Rupees)
Service charges	*12*	**360,371,847**	352,454,598
Amortization of deferred grant	*4*	**1,548,420**	1,004,666
Amount transferred from restricted grant	*5*	**413,704,043**	99,236,658
Interest income from short term investments		**10,190,068**	5,702,536
Interest income from bank deposits		**41,921,086**	28,187,844
Other income		**288**	60,000
		827,735,752	486,646,302
Salaries and related expenses	*13*	**(327,610,771)**	(314,133,893)
Administrative and general expenses	*14*	**(27,731,762)**	(21,844,211)
Welfare expenses	*15*	**(468,547,770)**	(104,336,658)
Surplus of income over expenditure		**3,845,449**	46,331,540

The annexed notes from 1 to 18 form an integral part of these financial statements.

Trustee
CHIEF OPERATING OFFICER

Trustee
CHAIRMAN

Sona Welfare Foundation

Statement of Comprehensive Income

For the year ended 31 December 2014

	Note	2014 (Rupees)	2013 (Rupees)
Surplus of income over expenditure for the year		**3,845,449**	46,331,540
Actuarial loss on defined benefit obligations	*6.1*	-	(6,358,446)
Total comprehensive income for the year		3,845,449	39,973,094

The annexed notes from 1 to 18 form an integral part of these financial statements.

Trustee
CHIEF OPERATING OFFICER

Trustee
CHAIRMAN

Sona Welfare Foundation

Cash flow Statement

For the year ended 31 December 2014

	Note	2014 (Rupees)	2013 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES			
Surplus of income over expenditure for the year		**3,845,449**	46,331,540
Adjustments:			
- Depreciation charge for the year	9	**1,548,420**	1,004,666
- Staff retirement benefits - net		**13,685,120**	22,418,173
- Amortization of deferred grant	4	**(1,548,420)**	(1,004,666)
- Interest income from short term investments		**(10,190,068)**	(5,702,536)
- Interest income from bank deposits		**(41,921,086)**	(28,187,844)
- Restricted grant recognized as income	5	**(413,704,043)**	(99,236,658)
Operating deficit before working capital changes		**(448,284,628)**	(64,377,325)
Changes in working capital:			
Decrease / (increase) in due from / to Fauji Fertilizer Company Limited - unsecured, considered good		**41,392,566**	(40,550,453)
Decrease / (increase) in advances, prepayments and other receivables		**451,852**	(2,745,449)
Increase in accrued and other liabilities		**17,721,870**	4,609,219
		59,566,288	(38,686,683)
Interest received during the year		**52,111,154**	33,890,380
Taxes paid during the year		**(2,848,141)**	(484,991)
Net cash used in operating activities		**(339,455,327)**	(69,658,619)
CASH FLOW FROM INVESTING ACTIVITIES			
Addition to property and equipment	9	**(688,324)**	(3,066,503)
Short term investment - net		**26,695,205**	480,683
Net cash generated from / (used in) investing activities		**26,006,881**	(2,585,820)
CASH FLOW FROM FINANCING ACTIVITIES			
Net cash generated from financing activities - Grant received during the year	5	**138,363,186**	481,405,180
Net (decrease) / increase in cash and cash equivalents		**(175,085,260)**	409,160,741
Cash and cash equivalents at the beginning of the year		**626,840,784**	217,680,043
Cash and cash equivalents at the end of the year	11	**451,755,524**	626,840,784

The annexed notes from 1 to 18 form an integral part of these financial statements.

Trustee
CHIEF OPERATING OFFICER

Trustee
CHAIRMAN

Sona Welfare Foundation
Statement of Changes in Fund Balance
For the year ended 31 December 2014

	2014 (Rupees)	2013 (Rupees)
Opening balance as at 01 January	**89,333,259**	49,360,165
Surplus of income over expenditure for the year	**3,845,449**	46,331,540
Other comprehensive income for the year	-	(6,358,446)
Balance as at 31 December	**93,178,708**	89,333,259

The annexed notes from 1 to 18 form an integral part of these financial statements.

Trustee
CHIEF OPERATING OFFICER

Trustee
CHAIRMAN

1 THE FOUNDATION AND ITS OPERATIONS

Sona Welfare Foundation ("the Foundation") is a non-profit organization. The Foundation was established in May 2011 and is registered in Pakistan as a society under the Societies Registration Act, XXI of 1860.

The principal objective of the Foundation is to carry out public welfare and related activities. All the income generated by the Foundation is applied towards furtherance of its objectives. The principal office of the Foundation is situated at 64-A, Harley Street, Rawalpindi.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984.

2.2 Basis of measurement

These financial statements have been prepared under historical cost convention.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is also the Foundation's functional currency. All financial information presented in Pak Rupees has been rounded off to the nearest Rupee.

2.4 Significant accounting estimates

The preparation of financial statements in conformity with the approved accounting standards requires 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 recognized 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 recognized in the financial statements are discussed in the ensuing paragraphs:

i) Property and equipment

The Foundation reviews the useful lives and residual value of property and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property and equipments with a corresponding effect on depreciation charge and impairment, if any.

ii) Provisions

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

iii) 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 SIGNIFICANT ACCOUNTING POLICIES

3.1 Property and equipment

These are stated at cost less accumulated depreciation and impairment loss, if any. Cost of an item of fixed assets comprises purchase price, import duties and other costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the management.

Depreciation is provided on a straight-line basis and charged to income and expenditure account to write off the depreciable amount of each asset over its estimated useful life at the rates specified in note 9. Depreciation on property and equipment is charged from the date when the asset becomes available for use up to the date of its disposal.

The cost of replacing a part of item of fixed asset is recognized in the carrying amount of the item if it is probable that future economic benefits embodied within the part will flow to the Foundation and its cost can be measured reliably: The carrying amount of the replaced part is derecognized. The cost of the day-to-day servicing of the fixed assets are recognized in income and expenditure as incurred. Gains and losses on disposal are included in income.

3.2 Deferred grant

Grants related to plant and equipment are accounted for by setting up the grant as deferred grant. This is recognized as income on a systematic basis over the useful life of the related assets.

3.3 Taxation

A provision for current taxation has not been made in these financial statements as the Foundation has applied to the taxation authorities for grant of exemption from the date of its incorporation and management is confident of securing this exemption.

3.4 Revenue recognition

Services
Income from services is recognized when related services are provided and it is probable that economic benefits will flow to the Foundation.

Grants
Grant received for immediate financial support to the Foundation which may not be available for whole class of beneficiaries, is recognized as income in the period in which the Foundation qualifies to receive it. Grant received for welfare activities is recognized as income over the periods necessary to match with the related costs on a systematic basis.

Interest income
Interest income is recognized on a time proportion basis using the applicable interest rate.

3.5 Provisions

A provision is recognized 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.

3.6 Off-setting of financial assets and liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet, if the Foundation has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.7 Cash and cash equivalents

Cash and cash equivalents represent balances with banks.

3.8 Restricted funds

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

3.9 Loans and receivables

Investments are classified as loans and receivables which have fixed or determinable payments and are not quoted in an active market. These are measured at amortized cost using the effective interest method less impairment, if any.

3.10 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 recognized 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 recognized 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.

3.11 Approved accounting standards which are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2015:

- Amendments to IAS 19 "Employee Benefits" Employee contributions – a practical approach (effective for annual periods beginning on or after 1 July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria.

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on foundation's financial statements.

- Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

- IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. Certain further amendments have been made to IFRS 10, IFRS 12 and IAS 28 clarifying the requirements relating to accounting for investment entities and would be effective for annual periods beginning on or after 1 January 2016.

- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016. The adoption of this standard is not like to have an impact on Company's financial statements.

- IFRS 12 'Disclosure of Interest in Other Entities' (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place. The adoption of this standard is not likely to have an impact on foundation's financial statements.

- IFRS 13 'Fair Value Measurement' effective for annual periods beginning on or after 1 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The adoption of this standard is not like to have an impact on foundation's financial statements.

- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) [effective for annual periods beginning on or after 1 January 2016]. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

- Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:

- IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'.

- IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination.

- IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria.

- Amendments to IAS 16'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.

- IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.

- IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

- Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

- IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.

- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

4 DEFERRED GRANT	*Note*	**2014 (Rupees)**	2013 (Rupees)
Opening Balance		**4,681,288**	2,619,451
Property and equipment purchased during the year	*5 & 9*	**688,324**	3,066,503
Less: Amortization for the year	*9*	**(1,548,420)**	(1,004,666)
		3,821,192	4,681,288

5 RESTRICTED GRANT

	Note	**2014 - (Rupees)**			
		Nordex	**FF Complex** *Note 5.1*	**FFC - others**	**Total**
Opening balance		**2,760,250**	**346,198,837**	**212,302,858**	**561,261,945**
Grant received during the year - net	*5.1*	-	-	**138,363,186**	**138,363,186**
Transferred to deferred grant	*4 & 9*	-	-	**(688,324)**	**(688,324)**
Transferred to income and expenditure account		**(2,386,058)**	**(247,179,801)**	**(164,138,184)**	**(413,704,043)**
		374,192	**99,019,036**	**185,839,536**	**285,232,764**
		2013 - (Rupees)			
Opening balance		4,600,250	-	177,559,676	182,159,926
Grant received during the year - net	*5.1*	-	355,000,000	126,405,180	481,405,180
Transferred to deferred grant	*4 & 9*	-	-	(3,066,503)	(3,066,503)
Transferred to income and expenditure account		(1,840,000)	(8,801,163)	(88,595,495)	(99,236,658)
		2,760,250	346,198,837	212,302,858	561,261,945

5.1 Fauji Foundation (FF), Fauji Fertilizer Company Limited (FFC) and Sona Welfare Foundation (SWF) entered into an agreement for provision and development of infrastructure in the form of Three Fauji Foundation Complexes (Welfare Complexes) in Sindh. FF will provide the land for the purposes of building the Welfare Complexes (WC) and will own the WC and take over possession after completion of their construction. FFC has provided to SWF an amount of Rs. 355 million out of its CSR activities solely for construction (first phase) of the WC. SWF will be responsible for the construction of the WC and ensure that the amount is spent solely for the construction of WC which will be handed over to the FF at the end of the construction. Cumulative amount spent since inception on the construction of WC as at December 31, 2014 is Rs. 255.98 million.

		Note	2014 (Rupees)	2013 (Rupees)
6	**STAFF RETIREMENT BENEFITS**			
	Present value of defined benefit obligation	*6.1*	**56,218,449**	42,533,329
	Less: Current portion		**(54,123,207)**	-
			2,095,242	42,533,329
6.1	**Movement in liability recognized in the balance sheet:**			
	Net liability at beginning of the year		**42,533,329**	13,756,710
	Charge for the year	*6.2*	**16,193,474**	17,731,609
	Benefits paid during the year		**(2,508,354)**	(703,159)
	Current service cost - prior years		**-**	5,389,723
	Actuarial loss recognized in other comprehensive income		**-**	6,358,446
	Net liability at end of the year		**56,218,449**	42,533,329
6.2	**Expense recognized in profit and loss account**			
	Current Service cost		**9,553,769**	14,707,118
	Current service cost - prior years		**-**	5,389,723
	Net interest on net defined benefit liability		**6,639,705**	3,024,491
			16,193,474	23,121,332
6.3	**Actuarial assumptions**			
	Discount rate - per annum compound		**13%**	13%
	Salary increase - per annum compound		**13%**	13%

6.4 Gratuity figures are based on the actuarial valuation carried out as at 31 December 2013.

		2014 (Rupees)	2013 (Rupees)
7	**ACCRUED AND OTHER LIABILITIES**		
	Accrued expenses	**3,420,394**	2,843,993
	Hepatitis relief fund	**2,530,375**	1,756,925
	Retention money	**16,417,307**	-
	Others	**-**	45,288
		22,368,076	4,646,206

8 CONTINGENCIES AND COMMITMENTS

8.1 There are no contingencies at the year end (2013: Nil).

		2014 (Rupees)	2013 (Rupees)
8.2	Commitment to provide funds for welfare activities	**165,627,002**	353,658,837

9 PROPERTY AND EQUIPMENT

	Note	Vehicles	Computer and other equipment	Furniture and fixtures	Electrical, gas and office equipment	Total
				(Rupees)		
Cost						
As at 1 January 2013		1,910,185	976,830	18,900	58,424	2,964,339
Additions during the year		1,944,235	746,776	20,000	355,492	3,066,503
As at 31 December 2013		3,854,420	1,723,606	38,900	413,916	6,030,842
As at 1 January 2014		**3,854,420**	**1,723,606**	**38,900**	**413,916**	**6,030,842**
Additions during the year	*4 & 5*	**-**	**652,639**	**35,685**	-	**688,324**
As at 31 December 2014		**3,854,420**	**2,376,245**	**74,585**	**413,916**	**6,719,166**
Depreciation:						
As at 1 January 2013		140,473	200,713	2,501	1,201	344,888
Charge during the year		448,088	498,393	3,419	54,766	1,004,666
As at 31 December 2013		588,561	699,106	5,920	55,967	1,349,554
As at 1 January 2014		**588,561**	**699,106**	**5,920**	**55,967**	**1,349,554**
Charge during the year	*4*	**770,884**	**709,739**	**5,709**	**62,088**	**1,548,420**
As at 31 December 2014		**1,359,445**	**1,408,845**	**11,629**	**118,055**	**2,897,974**
Written down value as at						
- 31 December 2014		**2,494,975**	**967,400**	**62,956**	**295,861**	**3,821,192**
- 31 December 2013		3,265,859	1,024,500	32,980	357,949	4,681,288
Depreciation rates (%)		20%	33%	10%	15%	

10 ADVANCES PREPAYMENTS AND OTHER RECEIVABLES

	2014 (Rupees)	2013 (Rupees)
Prepaid insurance	**702,743**	1,167,507
Prepaid rent	**201,314**	183,013
Advances to employees	**148,548**	233,051
Interest free loan to employees	**2,427,645**	1,639,997
Advance tax	**3,674,853**	826,712
Advances to vendors	**-**	711,254
Others	**3,000**	280
	7,158,103	4,761,814

	2014 (Rupees)
10.1 Taxation	
Surplus of income over expenditure	**3,845,449**
Provision for income tax @ 33%	**1,268,998**
Rebate under Section 100C of the Income Tax Ordinance, 2001	**(1,268,998)**
Net charge for the year	-

11 BANK BALANCES

	Note	2014 (Rupees)	2013 (Rupees)
Local currency current accounts		**3,555,919**	2,180,417
Local currency saving account	*11.1*	**448,199,605**	624,660,367
	11.2	**451,755,524**	626,840,784

11.1 These carry interest rate of 8.75% - 9.00% (2013: 8.75%) per annum.

11.2 This includes Rs. 23.29 million (2013: Rs. 22.33 million) ear-marked for the purpose of investment in Government Securities, investment scheme registered under Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, mutual funds, real estate investment trust approved under Real Estate Investment Trust Regulations, 2008 or scheduled banks pursuant to the requirements of the Memorandum of Association of the Foundation.

12 SERVICE CHARGES

This represents income from services provided to Fauji Fertilizer Company ("FFC") Limited pursuant to administrative support services agreement ("the Agreement") dated 22 August 2011. As per terms of the Agreement, the Foundation provides various support services to FFC including maintenance, warehousing, security and other services on actual cost reimbursement plus 10% service charge basis. Original term of the Agreement was for a period of one year. In the year ended 31 December 2012, the term of the agreement was extended for a further period of two years expired on 21 August 2014. In the year ended 31 December 2014, the term of agreement was extended for a further period of one year expiring on 21 August 2015, extendable with mutual consent of the Foundation and FFC.

13 SALARIES AND RELATED EXPENSES

	Note	2014 (Rupees)	2013 (Rupees)
Salaries and other benefits	*13.1*	**320,927,380**	308,090,637
Employee old age benefits		**4,102,460**	3,963,060
Travelling and related expenses		**2,580,931**	2,080,196
		327,610,771	314,133,893

13.1 This includes Rs. 15.81 million (2013: Rs. 22.77 million) in respect of charge for staff retirement benefits.

14 ADMINISTRATIVE AND GENERAL EXPENSES	Note	2014 (Rupees)	2013 (Rupees)
Salaries and other benefits	14.1	**16,353,227**	11,584,478
Consultancy and professional charges		**2,059,470**	2,873,040
Auditor's remuneration		**150,000**	100,000
Travelling and related expenses		**569,253**	1,189,161
Office rent		**2,287,661**	1,913,315
Employees training and development		**121,431**	-
Printing, stationary and office supplies		**1,627,003**	796,487
Bank charges		**85,656**	100,848
Depreciation	9	**1,548,420**	1,004,666
Utilities		**1,119,290**	849,020
Petrol and other transportation charges		**441,945**	344,744
Insurance expense		**77,431**	43,087
Entertainment charges		**600,859**	348,179
Repair and maintenance		**432,060**	436,233
Miscellaneous expenses		**258,056**	260,953
		27,731,762	21,844,211

14.1 This includes Rs. 0.38 million (2013: Rs. 0.35 million) in respect of charge for staff retirement benefits.

15 WELFARE EXPENSES	2014 (Rupees)	2013 (Rupees)
Construction of FF Complex in Sindh	**247,179,801**	8,801,163
Boarding / lodging of next of kins of Shuhadas for attending Yaum-e-Shuhada Ceremony	**27,500,000**	25,000,000
Equipment for Burn Centre, Sheikh Zayed Medical College & Hospital	**10,000,000**	-
Vehicles donated to Tameer-e-Millat Foundation	**7,345,500**	-
Donation for:		
- Internally Displaced Persons	**23,000,000**	-
- upgradation of Dera Izzat School, Bahawalpur	**20,000,000**	-
- construction of road & laying of sewerage line in Basti Khai	**13,243,863**	-
- Olympus Endoscopy System for peads' treatment	**12,000,000**	-
- construction of Mushtaq Baig Shaheed Hostel	**10,000,000**	-
- construction of Sona College (Computer Section), Mirpur Mathelo	**7,213,448**	-
- construction of Sona Medical Centre & Recreational Park	**-**	5,000,000
Donation to:		
- Sona Welfare Society, Mirpur Mathelo	**22,000,000**	-
- Hazrat Bilal Trust Hospital	**6,147,042**	-
- Prime Minister's Baluchistan Earthquake Relief Fund 2013	**5,000,000**	5,000,000
- Shaukat Khanum Memorial Trust	**10,000**	20,000,000
- Pakistan Red Cresent Society for construction of houses for flood affectees	**-**	12,764,625
Miscellaneous welfare activities	**57,908,116**	27,770,870
	468,547,770	104,336,658

16. FINANCIAL INSTRUMENTS

The Foundation has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk
- Market risk; and
- Interest rate risk.

The Board of Trustees has overall responsibility for the establishment and oversight of the Foundation's risk management framework. The Board is also responsible for developing and monitoring the Foundation's risk management policies.

The Foundation's risk management policies are established to identify and analyze the risks faced by the Foundation, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Foundation's activities. The Foundation, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Trustees oversees how management monitors compliance with the Foundation's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Foundation.

16.1 Credit risk

Credit risk is the risk of financial loss to the Foundation if a counterparty to a financial instrument fails to meet its contractual obligations. The Foundation's credit risk is primarily attributable to balances at banks. The Foundation believes that it is not exposed to major concentration of credit risk as the exposure is spread over a number of counter parties which are mainly banks with reasonable high credit ratings. The carrying amount of financial assets represents the maximum credit exposure at the reporting date as follows:

	2014 (Rupees)	2013 (Rupees)
Due from FFC - unsecured, considered good	-	39,476,936
Short term investment	-	26,695,205
Other receivable	**2,576,193**	1,873,328
Bank balances	**451,755,524**	626,840,784
	454,331,717	694,886,253

Geographically there is no concentration of credit risk. As at the year end the Foundation's most significant receivable was with a bank of Rs. 448.20 million (2013: Rs. 624.66 million). At the balance sheet date, management believes that no impairment allowance is necessary in respect of the Foundation's financial assets.

16.2 Liquidity risk

Liquidity risk is the risk that the Foundation will not be able to meet its financial obligations as they fall due. The Foundation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Foundation's reputation. The Foundation uses different methods which assist it in monitoring cash flow requirements and optimizing its cash return on investments. Typically the Foundation ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligation; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities:

	Carrying amount	Contractual cash flows	Within one year	Over one year
		(Rupees)		
2014				
Accrued and other liabilities	**19,837,701**	**(19,837,701)**	**(19,837,701)**	**-**
2013				
Accrued and other liabilities	2,889,281	(2,889,281)	(2,889,281)	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

16.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Foundation incurs financial liabilities to manage its market risk. All such activities are carried out with the appròval of the Board. The Foundation is not significantly exposed to market risk.

16.4 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 there is no interest rate risk as the Foundations's interest-bearing financial instruments are at fixed rates which are not

16.5 Fair value hierarchy

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

16.6 Determination of fair values

A number of the Foundation's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods:

Non - derivative financial assets
The fair value of non-derivative financial assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

Non-derivative financial liabilities
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. However since all significant assets and liabilities are due to be settled within one year, the fair value is approximate to their carrying values.

17 TRANSACTIONS WITH RELATED PARTIES

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

	2014 (Rupees)	2013 (Rupees)
Entity with significant influence over the Foundation		
Grants received during the year- net	**138,363,186**	481,405,180
Services provided during the year	**360,371,847**	352,454,598
Balance (payable) / receivable at the year end	**(1,915,630)**	39,476,936
Payments made during the year	**4,236,337**	3,466,578
Funding for rehabilitation of flood affected areas	-	2,000,000

18 DATE OF APPROVAL

These financial statements were approved by the Board of Trustees of the Foundation in their meeting held on 15·6·2015.

Trustee
CHIEF OPERATING OFFICER

Trustee
CHAIRMAN