



KPMG Taseer Hadi & Co.
Chartered Accountants

Sona Welfare Foundation

Financial Statements

For the year ended
31 December 2017



KPMG Taseer Hadi & Co.
Chartered Accountants
Sixth Floor, State Life Building No. 5
Jinnah Avenue, Blue Area
Islamabad, Pakistan

Telephone + 92 (51) 282 3558
+ 92 (51) 282 5956
Fax + 92 (51) 282 2671
Internet www.kpmg.com.pk

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

Opinion

We have audited the financial statements of Sona Welfare Foundation ("the Foundation"), which comprise the statement of financial position as at 31 December 2017, and the statement of comprehensive income, statement of changes in surplus 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 present fairly, in all material respects, the financial position of the Foundation as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) as issued by International Accounting Standards Board (IASB), as applicable in Pakistan and Accounting Standard for Not for Profit Organizations issued by Institute of Chartered Accountants of the Pakistan (ICAP).

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditors' 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 Board of Trustees is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS for SMEs as issued by IASB, as applicable in Pakistan and Accounting Standard for Not for Profit Organizations issued by ICAP, and for such internal control as the Board of 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, the Board of Trustees is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using 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.



Auditors' 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 as applicable in Pakistan 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.

As part of an audit in accordance with ISAs as applicable in Pakistan, 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 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 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 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.

Date: 15 March 2018
ISLAMABAD

KPMG TASEER HADI & Co.
CHARTERED ACCOUNTANTS
Engagement Partner: Riaz Pesnani

Sona Welfare Foundation
Statement of Financial Position
As at 31 December 2017

	Note	2017 (Rupees)	2016 (Rupees)	Note	2017 (Rupees)	2016 (Rupees)
ACCUMULATED SURPLUS		19,860,473	35,158,222			
NON-CURRENT LIABILITIES						
Restricted grant	4	102,441,986	165,453,872			
CURRENT LIABILITIES						
Accrued and other liabilities	5	1,196,457	2,482,658	7	9,162,223	8,375,554
TOTAL SURPLUS AND LIABILITIES		<u>123,498,916</u>	<u>203,094,752</u>	8	<u>114,336,693</u>	<u>194,719,198</u>
CONTINGENCIES AND COMMITMENTS	6				<u>123,498,916</u>	<u>203,094,752</u>

1000000

The annexed notes from 1 to 12 form an integral part of these financial statements.


Chief Operating Officer
Trustee

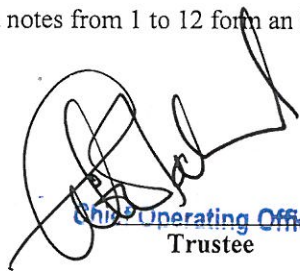

CHAIRMAN
Trustee

Sona Welfare Foundation
Statement of Comprehensive Income
For the year ended 31 December 2017

	Note	2017 (Rupees)	2016 (Rupees)
Income			
Amount transferred from restricted grant	4	158,706,604	132,969,464
Interest income from bank deposits		7,866,696	12,164,171
Other income		-	454
		<u>166,573,300</u>	<u>145,134,089</u>
Expenditure			
Administrative and general expenses	9	(1,125,608)	(5,046,388)
Welfare expenses	10	(180,745,441)	(169,025,728)
Deficit for the year		<u>(15,297,749)</u>	<u>(28,938,027)</u>
Other comprehensive income for the year		-	-
Total comprehensive income for the year - (deficit)		<u><u>(15,297,749)</u></u>	<u><u>(28,938,027)</u></u>

14/12/17

The annexed notes from 1 to 12 form an integral part of these financial statements.


Operating Officer
Trustee

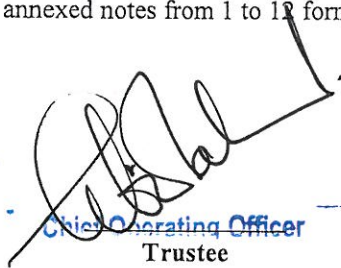

CHAIRMAN
Trustee

Sona Welfare Foundation
Statement of Changes in Surplus
For the year ended 31 December 2017

	2017 (Rupees)	2016 (Rupees)
Accumulated surplus at beginning of the year	35,158,222	64,096,249
Total comprehensive income for the year - (deficit)	(15,297,749)	(28,938,027)
Accumulated surplus at end of the year	<u>19,860,473</u>	<u>35,158,222</u>

19/12/17

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

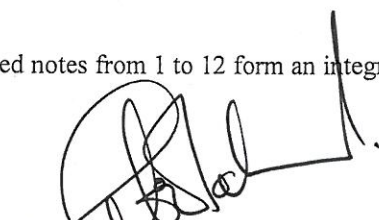

Chief Operating Officer
Trustee


CHAIRMAN
Trustee

Sona Welfare Foundation
Statement of Cash Flows
For the year ended 31 December 2017

	2017 (Rupees)	2016 (Rupees)
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficit for the year	(15,297,749)	(28,938,027)
<i>Adjustments for:</i>		
Staff retirement gratuity	-	440,422
Other income	-	(454)
Interest income from bank deposits	(7,866,696)	(12,164,171)
Restricted grant recognized as income	4 (158,706,604)	(132,969,464)
	<u>(181,871,049)</u>	<u>(173,631,694)</u>
Changes in:		
Advances and prepayments	-	35,635
Accrued and other liabilities	(1,286,201)	(9,081,796)
Cash used in operating activities	(1,286,201)	(9,046,161)
Interest received	7,866,696	12,164,171
Taxes paid	(786,669)	(1,216,417)
Staff retirement gratuity paid	-	(2,210,124)
Net cash used in operating activities	(176,077,223)	(173,940,225)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash from investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Grant received during the year	4 <u>95,694,718</u>	<u>116,434,692</u>
Net cash from financing activities	95,694,718	116,434,692
Net decrease in cash and cash equivalents	(80,382,505)	(57,505,533)
Cash and cash equivalents at beginning of the year	<u>194,719,198</u>	<u>252,224,731</u>
Cash and cash equivalents at end of the year	8 <u><u>114,336,693</u></u>	<u><u>194,719,198</u></u>

The annexed notes from 1 to 12 form an integral part of these financial statements.


Chief Operating Officer
Trustee


CHAIRMAN
Trustee

Verma

Sona Welfare Foundation
Notes to the Financial Statements
For the year ended 31 December 2017

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 Sona Tower, 156 The Mall, Rawalpindi.

Operations of the Foundation are directly overseen by Fauji Fertilizer Company Limited ("FFC"). FFC has confirmed that it will continue to provide financial and operational support to the Foundation to carry out public welfare and related activities.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) issued by International Accounting Standards Board (IASB) as applicable in Pakistan and Accounting Standard for Not for Profit Organizations (NPOs) issued by Institute of Chartered Accountants of Pakistan (ICAP). In case requirements differ, the requirements of the IFRS for SMEs prevail.

The Foundation's financial statements for the previous years were prepared in accordance with International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board as are notified under the Companies Ordinance, 1984. The change has been made to align the Foundation's financial reporting framework with recommended financial reporting framework for NPOs by ICAP. The adoption of the new standards does not have any impact on the Foundation's financial statements.

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 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.

10/11/17

Sona Welfare Foundation
Notes to the Financial Statements
For the year ended 31 December 2017

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 of liabilities 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. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Deferred grant

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

3.2 Taxation

The Foundation is registered as not for profit organization under section 2(36) of the Income Tax Ordinance, 2001. The Foundation is eligible for tax credit under Section 100C of the Income Tax Ordinance, 2001 from grants, voluntary contributions, profits on short term deposit receipts, profits on saving bank accounts, investments in the securities of the Federal Government and so much of the income chargeable under the head "income from business" as is expended in Pakistan for the purposes of carrying out welfare activities. Accordingly, provision for taxation has not been made in these financial statements.

3.3 Revenue recognition

Unrestricted grant

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

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.

Interest income

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

Amir

Sona Welfare Foundation
Notes to the Financial Statements
For the year ended 31 December 2017

3.4 Provisions

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.

3.5 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 recognised amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.6 Cash and cash equivalents

Cash and cash equivalents represent balances with banks.

3.7 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 the statement of comprehensive income.

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 statement of comprehensive income. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

14/11/2018

Sona Welfare Foundation
Notes to the Financial Statements
For the year ended 31 December 2017

4 RESTRICTED GRANT

	2017 - (Rupees)					Total
	Nordex	Fauji Foundation Complex	FFC - others	Global Giving	Individuals	
			Note 4.1.1	Note 4.1.2	Note 4.1.3	Note 4.1.4
Balance at 01 January 2017	-	-	165,453,872	-	-	165,453,872
Grant received during the year - net	-	-	93,476,434	189,329	1,472,955	95,568,718
Transfers	-	-	126,000	-	-	126,000
Transferred to statement of comprehensive income	-	-	(156,906,322)	(189,329)	(1,472,955)	(158,706,604)
Balance at 31 December 2017	-	-	102,149,984	-	-	102,441,986
	2016 - (Rupees)					
Balance at 01 January 2016	17,634	23,968,065	158,002,945	-	-	181,988,644
Grant received during the year - net	-	-	116,434,692	-	-	116,434,692
Transfers	(17,634)	(19,452,065)	19,469,699	-	-	-
Transferred to statement of comprehensive income	-	(4,516,000)	(128,453,464)	-	-	(132,969,464)
Balance at 31 December 2016	-	-	165,453,872	-	-	165,453,872

4.1.1 Rs. 96,000 and Rs. 30,000 were transferred from retention money payable to M/s Lucky Builders (construction works at Government Girls Primary School Wahid Baksh Lahar) and to M/s So Safe Water Technologies (Water Supply Scheme Keenjhar Lake, Jhampir) respectively.

4.1.2 The Foundation raised Rs. 189,329 during the year using Global Giving, a US-based non-profit online crowdfunding platform, whereby individuals donated funds to the Foundation for financial assistance of students under projects managed through Sona Welfare Society, Mirpur Mathelo, Sindh.

4.1.3 This represents restricted funds received from individuals for Hazrat Bilal Trust Hospital, Goth Machi, Punjab.

4.1.4 This represents restricted funds received from FFC Energy Limited for construction of technical training center in Jhampir, Sindh.

Urmond

Sona Welfare Foundation
Notes to the Financial Statements
For the year ended 31 December 2017

	2017 (Rupees)	2016 (Rupees)
5 ACCRUED AND OTHER LIABILITIES		
Audit fee	200,000	200,000
Retention money	996,457	2,282,658
	<u>1,196,457</u>	<u>2,482,658</u>

6 CONTINGENCIES AND COMMITMENTS

6.1 There are no contingencies at the year end (2016: Nil).

6.2 Commitment for welfare activities spending	<u>22,580,056</u>	<u>26,782,340</u>
--	-------------------	-------------------

7 ADVANCE INCOME TAX

This represents income tax withheld on profit on bank deposits in savings accounts with scheduled banks.

	Note	2017 (Rupees)	2016 (Rupees)
8 BANK BALANCES			
Local currency current account		4,753,691	576,509
Local currency saving accounts	8.1	<u>109,583,002</u>	<u>194,142,689</u>
		<u>114,336,693</u>	<u>194,719,198</u>

8.1 These carry interest rate of 4.5% - 5% (2016: 4.5% - 5%) per annum.

	Note	2017 (Rupees)	2016 (Rupees)
9 ADMINISTRATIVE AND GENERAL EXPENSES			
Salaries and other benefits	9.1	-	3,827,420
Consultancy and professional charges		862,850	871,760
Auditors' remuneration		200,000	200,000
Travelling and related expenses		-	7,483
Miscellaneous expenses		12,538	89,936
Printing, stationery and office supplies		48,850	44,200
Utilities		-	3,520
Bank charges		1,370	2,069
		<u>1,125,608</u>	<u>5,046,388</u>

9.1 This includes Rs. nil (2016: Rs. 0.44 million) in respect of charge for staff retirement benefits.

10/12/17

Sona Welfare Foundation
Notes to the Financial Statements
For the year ended 31 December 2017

10 WELFARE EXPENSES	2017 (Rupees)	2016 (Rupees)
<i>Donation for:</i>		
- Construction of Fauji Foundation Complex, Sindh	-	4,516,000
- Construction of teachers' hostel	-	11,257,000
- Construction of MP Hall TTC, Dharki	-	11,648,239
- Rehabilitation of Govt. Boys High School, Mirpur Mathelo	-	4,075,091
- Rehabilitation of Govt. Primary School Khattian	-	2,000,000
- Installation of water plant and solar system at Terpai Multan	-	3,152,900
- Rehabilitation of Keenjar Lake	-	2,012,500
- 30 seater bus to Munir Arshad Trust	-	5,900,000
- Construction of vocational training center, Goth Machi	8,900,000	-
- Agriculture Value Chain Project	4,716,600	-
- 1x Air Conditioned Van to SOS Village Rawalpindi	3,880,000	-
- Student Scholarship Ward of Farmers	3,083,440	-
- Dowry Assistance Program, Goth Machi	1,225,000	-
- School Adoption Program	3,958,588	-
- Sponsorship of national hockey junior squad	1,500,000	-
- Annual Golf Tournament	1,000,000	-
<i>Donation to:</i>		
- Sona Welfare Society, Mirpur Mathelo	41,776,329	43,950,000
- Fauji Foundation for Yaum-e-Shuhada Ceremony	54,000,000	31,500,000
- Hazrat Bilal Trust Hospital	9,472,955	8,000,000
- Pakistan Armed Services Board	-	5,000,000
- Abdul Razzaq Welfare Trust and Special Education Academy	-	4,737,000
- Raj Buksh Trust Model School	10,000,000	-
- Pakistan Poverty Alleviation Fund	-	1,220,000
- Al Shifa Eye Trust Hospital	3,684,000	-
- Helpcare Society	-	1,000,000
- NUST Trust Fund	2,000,000	-
- Heartfile	1,000,000	-
- Representatives of project committees for:		
- Renovation of St Paul's Church, Rawalpindi	3,364,000	-
- Uplift of mosque - Nohanwali district, Muzafargarh	1,500,000	-
- Upgradation of water supply scheme Sauwal, Tehsil PD Khan	13,647,000	-
- Community uplift work in Saiban Hills, Bharakhau	2,466,543	-
Miscellaneous welfare activities	9,570,986	29,056,998
	<u>180,745,441</u>	<u>169,025,728</u>

lemond

Sona Welfare Foundation
Notes to the Financial Statements
For the year ended 31 December 2017

11 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:

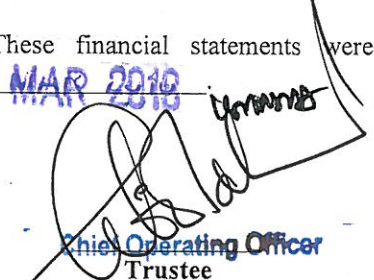
	2017 (Rupees)	2016 (Rupees)
Entity with significant influence over the Foundation		
Grant received during the year - net	<u>93,476,434</u>	<u>116,434,692</u>
Others		
Donation paid during the year to Fauji Foundation	<u>54,000,000</u>	<u>31,500,000</u>
Donation paid during the year to Sona Welfare Society	<u>41,776,329</u>	<u>43,950,000</u>
Grant received during the year from FFC Energy Limited	<u>430,000</u>	<u>-</u>

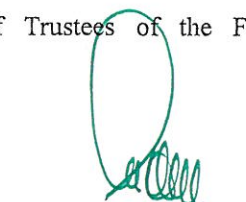
12 GENERAL

12.1 Figures have been rounded off to the nearest Rupee.

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

15 MAR 2018


Chief Operating Officer
Trustee


CHAIRMAN
Trustee