

SONA WELFARE FOUNDATION

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
DECEMBER 31, 2019**



October 9, 2020
310

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, 2019

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 Chief Executive and a director 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 554,972 from return earned on restricted grant for general and administrative expenses
 - iv) Restatement of prior year financial statements as disclosed in note 17 to the financial statement
- c) we have received response to our request for direct confirmation from Chaudhry Abdul Rab, the legal advisor to the Foundation;
- d) we have reviewed letter of support from the Fauji Fertilizer Company Limited for continued support to the Foundation;
- e) we have reviewed trustees report presented to the Board alongwith these financial statements; and
- f) 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.

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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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 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. Welfare expenses

3.1 We noted various 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.

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

3.3 We further noted that the Foundation does not have any process in place to assess that the expenses / disbursement request 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.

4. Income tax suffered at source

We noted that the foundation has carried income tax refund of Rs. 11.635 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.

5. 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 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.

Signature



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.

6. Management and operations of the Fund

We have been apprised that the operational procedures of the entity are substantially inspired from the policies and practices of the Company. Further, the Foundation is yet to finalise its own policies and procedures manual.

We recommend that an updated procedures manual is developed by the Foundation to facilitate its operations, welfare action, 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 taken to strengthen these functions accordingly.

7. Recognition under the Income Tax Ordinance, 2001

In accordance with Rule 211 (g) of the Income tax rules, 2002 a not for profit organization approved under clause (36) of section 2 of the Income Tax Ordinance, 2001 is required to submit, a detailed report with regard to the performance of the organization for achieving its aims and objects. We recommend that necessary steps be taken for timely and appropriate compliance with the aforesaid requirement.

8. 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.

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

Yours truly

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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, 2019, 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, 2019 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.

Other Matter

The financial statements of the Foundation for the year ended December 31, 2018 were audited by another auditor who expressed unmodified opinion on those statements on July 19, 2019.

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.

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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.

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: October 22, 2020

Engagement Partner: JehanZeb Amin

**SONA WELFARE FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019**

	2019	Restated 2018	2019	Restated 2018
	Rupees	Rupees	Rupees	Rupees
	Note		Note	
FUNDS				
Endowment Fund	4	10,000,000		
Restricted grant	5	100,449,915		
		87,898,446		
CURRENT LIABILITIES				
Accrued and other liabilities	6	800,000	8	75,112,705
		1,148,081	9	11,677,703
			10	24,459,507
				-
TOTAL SURPLUS AND LIABILITIES		<u>111,249,915</u>		<u>111,249,915</u>
CONTINGENCIES AND COMMITMENTS	7			<u>99,046,527</u>
		<u>99,046,527</u>		<u>99,046,527</u>

The annexed notes from 1 to 20 form an integral part of these financial statements.

W.F.F.


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, 2019**

	Note	2019 Rupees	Restated 2018 Rupees
INCOME			
Grant income recognized through restricted grant	5	165,109,148	114,180,644
EXPENDITURE			
Welfare expenses	11	(164,554,176)	(113,840,399)
Administrative and General expenses	12	(554,972)	(340,245)
		<u>(165,109,148)</u>	<u>(114,180,644)</u>
SURPLUS FOR THE YEAR		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR			
Items not to be reclassified to comprehensive income in subsequent periods		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>-</u>	<u>-</u>

The annexed notes from 1 to 20 form an integral part of these financial statements.

Arshad

Arshad
Brig Arshad Mahmood (Retd)
Chief Operating Officer

Trustee

Tariq Khan
Lt. General Tariq Khan (Retd)
Chairman

Trustee

**SONA WELFARE FOUNDATION
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Endowment Fund	Restricted Fund	Accumulated surplus	Total
	-----Rupees-----			
Balance as at December 31, 2017 - as previously reported	-	102,441,986	19,860,473	122,302,459
Receipts during the year	-	83,317,350	-	83,317,350
Total comprehensive income for the year		-	3,175,919	3,175,919
Utilized during the year	-	(110,897,282)	-	(110,897,282)
Balance as at December 31, 2018	<u>-</u>	<u>74,862,054</u>	<u>23,036,392</u>	<u>97,898,446</u>
Restatement of prior year financial statements - reclassification from accumulated surplus to:				
Endowment Fund	10,000,000	-	(10,000,000)	-
Restricted Fund		13,036,392	(13,036,392)	-
Balance as at December 31, 2018 - restated	<u>10,000,000</u>	<u>87,898,446</u>	<u>-</u>	<u>97,898,446</u>
Receipts during the year	-	177,660,617	-	177,660,617
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>-</u>	<u>110,449,915</u>

The annexed notes from 1 to 20 form an integral part of these financial statements.



Brig. Arshad Mahmood (Retd)
Chief Operating Officer

Trustee


Lt. General Tariq Khan (Retd)
Chairman

Trustee

**SONA WELFARE FOUNDATION
STATEMENT OF CASHFLOW
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Note	2019 Rupees	2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		-	-
Adjustments for:			
Restricted grant recognized as income		<u>(165,109,148)</u>	(114,180,644)
		(165,109,148)	(114,180,644)
Changes in working capital:			
(Decrease) in accrued and other liabilities		<u>(348,081)</u>	(48,376)
(Increase) in advances, prepayments and other receivables		<u>(42,500)</u>	-
Cash used in operating activities		(165,499,729)	(114,229,020)
Taxes paid		<u>(1,821,280)</u>	(651,701)
Net cash used in operating activities		(167,321,009)	(114,880,721)
CASH FLOWS FROM FINANCING ACTIVITIES			
Grant received during the year		<u>177,660,617</u>	89,776,631
Net cash generated from financing activities		177,660,617	89,776,631
Net decrease in cash and cash equivalents		10,339,608	(25,104,090)
Cash and cash equivalents at beginning of the year		89,232,603	114,336,693
Cash and cash equivalents at end of the year	13	<u>99,572,212</u>	<u>89,232,603</u>

The annexed notes from 1 to 20 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
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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 Company 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.

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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 Fund upon approval by the Trustees of the Fund. 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 any other 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 holds 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 and therefore, no provision for taxation has been made in these financial statements.

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.

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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

Donors	Project name	Balance as at January 1 2019 (Restated)	Received during the year	Inter project transfers	Transferred to income and expenditure account	Balance as at December 31 2019
Rupees-----						
Fauji Fertilizer Company	Construction of Diemer Bhashta and Mohmand Dams	-	50,000,000	-	(50,000,000)	-
	Sona Welfare Society, Mirpur Mathelo	-	31,800,000	4,700,000	(36,500,000)	-
	Akhuwat Foundation, Lahore	-	-	10,000,000	(10,000,000)	-
	Hazrat Bilal Trust, Goth Machhi	-	5,000,000	-	(5,000,000)	-
	Foundation University Islamabad	96,313	-	-	-	96,313
	Al Mujtaba Education Trust, Rawalpindi	-	3,000,000	-	(3,000,000)	-
	Pakistan Kidney Patients Association, Rawalpindi	-	1,000,000	-	(1,000,000)	-
	Army Burn Hall College, Abbottabad	-	-	1,000,000	(1,000,000)	-
	National Disaster Management Authority, Islamabad	-	-	1,500,000	(1,500,000)	-
	School Adoption Program, Goth Machhi	1,166	3,000,000	2,391,794	(5,356,179)	36,781
	Agriculture Value Chain Project, Lahore	6,000	21,200,000	(17,700,000)	-	3,506,000
	Sona Ward of Farmer Scholarship	4,634,560	5,000,000	-	(4,240,049)	5,394,511
	Provision of soiling and sewerage to three colonies of T-Chowk, Goth Machhi	3,374,894	-	-	(3,374,894)	1,000,000
	Construction of classrooms with verandah at school in Ahmedpur Lamma	-	1,200,000	-	(1,200,000)	-
	Annual Golf Tournament, Goth Machhi	-	1,500,000	-	(1,140,000)	610,000
	Donation for Sports (Hockey, Football, Volleyball, Kabaddi, Dargal Etc.) Goth Machhi	250,000	690,000	-	(676,000)	14,000
	Financial assistance on humanitarian grounds to individual	179,000	750,000	-	(573,000)	356,000
	Merit Scholarship program, Goth Machhi	126,806	500,000	-	(462,123)	164,683
	Medical assistance program for local population, Goth Machhi	-	500,000	-	(500,000)	-
	Tree plantation, Goth Machhi	-	500,000	-	(627,910)	5,572,090
	Food Security & Agriculture Centre of Excellence, Ahmedpur Lamma	-	1,000,000	-	-	1,000,000
	CSR Health Support	-	7,000,000	(7,000,000)	-	-
	Collaboration & restructuring of FCC'S Vocational Training Center at GM & MM	250,000	-	-	-	250,000
	Liaquat National Hospital	163,494	-	-	-	163,494
	Establishment of women vocational training center, Goth Machhi	-	2,000,000	(2,000,000)	-	-
	CSR Initiatives for marketing Lahore	2,236	1,000,000	(1,000,000)	-	2,236
	Donation to Bright Star Mobile Library	250,000	-	-	-	250,000
	Relaying of floor of science lab of Government Girl Higher Secondary School, Old Saddiqabad	-	-	-	-	-
	Construction of left over road Basti Khali To Goth Machhi	-	-	-	-	-
	Community welfare, Ahmed Pur Lamma, Goth Machhi	-	-	-	-	-
	Miscellaneous welfare activities	2,994,500	13,958,750	(3,591,794)	(10,069,045)	2,000,000
		12,328,969	150,098,750	(2,500,000)	(136,219,200)	3,292,411
FFC General Fund	Received from FFC	62,521,874	-	-	-	62,521,874
	Donation to Fauji Foundation for Yaum-e-Shahada Ceremony	-	-	-	(20,000,000)	(20,000,000)
	Financial Assistance on Humanitarian Grounds	62,521,874	-	-	(144,000)	(144,000)
		-	-	-	(20,144,000)	42,377,874
Askari Bank Limited	Food Security & Agriculture Centre of Excellence, Ahmedpur Lamma	-	10,000,000	-	-	10,000,000
		-	10,000,000	-	-	10,000,000
FFC Energy Limited	Technical Training Centre - Jhangpur	11,211	1,716,874	-	-	1,728,085
EFU General Insurance		-	1,000,000	-	(1,000,000)	-
Others (Govt/PAK State, Reserve Bank & Merit Pension 158,000)		-	358,500	2,500,000	(2,692,976)	165,524
Donor specific grant/expenses		13,036,392	14,486,493	-	(5,052,972)	22,469,913
Return on donor Funds		13,047,603	17,561,867	2,500,000	(8,745,948)	24,363,522
		87,898,446	177,660,617	-	(165,109,148)	100,449,915
		112,302,459	89,776,631	-	(114,180,644)	87,898,446

note 10

* This includes an amount of Rs 554,972 (2018 340,245) utilised to meet general and administrative expenses of the foundation upon approval of the Trustees of the Foundation.

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	Note	2019 Rupees	2018 Rupees
6. ACCRUED AND OTHER LIABILITIES			
Audit fee		300,000	200,000
Retention money		500,000	948,081
		<u>800,000</u>	<u>1,148,081</u>
7. CONTINGENCIES AND COMMITMENTS			
7.1 There are no known contingencies at the year end (2018: Nil).			
7.2 Commitment for welfare activities spending		<u>35,602,455</u>	<u>13,154,113</u>
8. SHORT TERM INVESTMENT			
Term deposit receipt - (TDR)	7.1	75,000,000	-
Accrued markup		112,705	-
		<u>75,112,705</u>	<u>-</u>
8.1 This represent TDR of Habib Bank Limited with maturity of 3 months at the rate of 13.75 percent per annum.			
	Note	2019 Rupees	2018 Rupees
9. ADVANCES AND OTHER RECEIVABLES			
Imprest Account - SSM		25,000	-
Advance Income Tax	9.1	11,635,203	9,813,924
Due from Fauji Fertilizer Company Limited		17,500	-
		<u>11,677,703</u>	<u>9,813,924</u>
9.1 This represents advance income tax suffered by the Foundation on bank deposits in savings accounts with scheduled banks.			
	Note	2019 Rupees	2018 Rupees
10. BANK BALANCES			
Local currency current account		798,382	1,319,525
Local currency saving accounts	10.1	23,661,125	87,913,078
		<u>24,459,507</u>	<u>89,232,603</u>
10.1 These carry interest rate of 9.25% - 12.4% (2018: 4.5% - 9.25%) per annum.			

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11. WELFARE EXPENSES	Note	2019 Rupees	2018 Rupees
Through restricted grant			
Financial assistance to :			
Fauji Foundation, for			
- Construction of Diامر Bhasha and Mohmand Dams		50,000,000	-
- Yaum-e-Shahuda Ceremony		20,000,000	20,000,000
Sona Welfare Society, Mirpur Mathelo		36,500,000	35,171,250
Akhuwat Foundation Lahore		10,000,000	-
Hazrat Bilal Trust, Goth Machhi		5,000,000	8,000,000
Foundation University Islamabad		-	3,503,687
Al Mujtaba Education Trust, Rawalpindi		3,000,000	-
National Disaster Management Authority, Islamabad		1,500,000	-
Pakistan Kidney Patients Association, Rawalpindi		1,000,000	1,000,000
Pink Ribbon Pakistan		-	1,000,000
Army Burn Hall College, Abbotabad		1,000,000	-
Activity support for :			
School Adoption Program, Goth Machhi		5,356,179	4,703,212
Agriculture Value Chain Project, Lahore		-	8,994,000
Sona Ward of Farmer Scholarship		4,240,049	-
Provision of soiling and sewerage to three colonies of T-Chowk, Goth Machhi		3,374,894	6,625,106
Technical Training Centre - Jhampir		3,692,976	3,205,791
Construction of classrooms with verandah at school in Ahmedpur Lamma		-	2,500,000
Sona Urea 7s rugby championship, Goth Machhi		-	1,000,000
Annual Golf Tournament, Goth Machhi		1,200,000	1,200,000
Sponsors for Sports event (Hockey, Football, Volleyball, Kabaddi, Dungal etc), Goth Machhi		1,140,000	-
Environmental conservation activities, Goth Machhi		-	1,000,000
Dowry Assistance Program, Goth Machhi		-	1,000,000
Financial assistance on humanitarian Grounds to individuals		820,000	1,184,500
Merit Scholarship program, Goth Machhi		573,000	-
Medical assistance program for local population, Goth Machhi		462,123	-
Tree plantation, Goth Machhi		500,000	-
Food Security & Agriculture Centre of Excellence, Ahmedpur Lamma		627,910	-
Construction of vocational training center, Goth Machhi		-	936,506
Miscellaneous welfare activities		10,069,045	9,873,230
		160,056,176	110,897,282
General Fund			
Activity support for :			
Financial assistance on humanitarian grounds		883,000	216,000
Shelter homes, Azad Jammu & Kashmir		3,000,000	-
Chak Maulvi, Mauza Nohan Wali (Muzaffar Garh)		-	396,670
Sponsorship for National Hockey Team Players (Junior Squad)		-	700,000
Annual Fun Fair, Goth Machhi		-	700,000
Annual Fun Fair, Mirpur Mathelo		-	700,000
Support for Students - Raj Bakhsh Trust School Sauwal Campus		-	100,000
Teacher training program, Goth Machhi & Mirpur Mathelo		-	15,000
Fight against breast cancer in collaboration with Pink Ribbon		-	115,447
ITF Pakistan Junior Tennis Championship, Islamabad		300,000	-
Down Syndrome Club, Islamabad		100,000	-
Provision of winter items for Panah Ghas in twin cities		200,000	-
Squash tournament		15,000	-
		4,498,000	2,943,117
		164,554,176	113,840,399

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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.

	2019 Rupees	2018 Rupees
12. ADMINISTRATIVE AND GENERAL EXPENSES		
Salaries, wages and benefits	-	-
Consultancy and professional charges	141,000	31,500
Auditors' remuneration	300,000	200,000
Printing, stationery and office supplies	38,500	32,963
Bank charges	800	1,210
Miscellaneous expenses	74,672	74,572
	<u>554,972</u>	<u>340,245</u>

13. CASH AND CASH EQUIVALENTS		
Bank balances	24,459,507	89,232,603
Short term investments	75,112,705	-
	<u>99,572,212</u>	<u>89,232,603</u>

	Amortized cost		Total	
	2019 Rupees	2018 Rupees	2019 Rupees	2018 Rupees
14. FINANCIAL INSTRUMENTS				
Financial assets				
Advances and Deposits	11,677,703	9,813,924	11,677,703	9,813,924
Short term investments	75,112,705	-	75,112,705	-
Cash and bank balances	24,459,507	89,232,603	24,459,507	89,232,603
	<u>111,249,915</u>	<u>99,046,527</u>	<u>111,249,915</u>	<u>99,046,527</u>
Financial liabilities				
Accrued and other liabilities	800,000	1,148,081	800,000	1,148,081

15. **TRANSACTIONS WITH RELATED PARTIES**
 Related parties comprise of 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:

	2019 Rupees	2018 Rupees
Entity with significant influence over the Foundation - the Company		
Grants received during the year	150,098,750	80,392,350
Reimbursement of operational expense	1,084,886	-
Due from the Company	17,500	-
Others		
Donations paid during the year to Sona Welfare Society	(36,500,000)	(35,171,250)
Grants received during the year from group companies - note 5	11,716,874	2,022,982
Donations paid during the year to Fauji Foundation	(70,000,000)	(20,000,000)



16. NUMBER OF EMPLOYEES

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

17. RESTATEMENT OF PRIOR YEAR FINANCIAL STATEMENTS

In prior years, the foundation had not separately presented endowment fund and accumulation to restricted fund. For better presentation, endowment fund is presented separately in accordance with the approved accounting standards as applicable in Pakistan and restricted fund is updated to correctly reflect accumulation thereon. These have been presented retrospectively and the prior period financial statements have been restated. The effect of restatement for the year ended December 31, 2018 is summarized below.

	2018 Rupees
Statement of financial position	
Increase in Endowment Fund	10,000,000
Increase in Restricted grant	13,036,392
Decrease in accumulated surplus	<u>(23,036,392)</u>
	<u>-</u>
Statement of changes in Fund	
Increase in Endowment Fund	10,000,000
Increase in Restricted grant	13,036,392
Decrease in accumulated surplus	<u>(23,036,392)</u>
	<u>-</u>

The restatement has no impact on previously reported comprehensive income and statement of cash flows.

18. GENERAL

18.1 Figures have been rounded off to the nearest Rupee.

18.2 Prior year figures have been rearranged or reclassified wherever necessary

19. Non adjusting event after balance sheet date

Late in 2019 news first emerged from China about the COVID-19 (Coronavirus). The situation at year end was that a limited number of cases of an unknown virus had been reported to the World Health Organization. In the last few months of 2020, the virus had spread globally and its negative impact has gained momentum. Management considers this event to be non-adjusting post balance sheet event. While this is still an evolving situation at the time of issuing these financial statements, to date no discernible impact is attracted on the amounts being reported in the Foundation's statement of financial position as at December 31, 2019, however the future effects cannot be predicted. Management will continue to consider the potential impact and will take all steps possible to mitigate any effects.

20. DATE OF AUTHORIZATION FOR ISSUE

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

October 14, 2020

Arshad

Brig Arshad Mahmood (Retd)
Chief Operating Officer

Trustee

Lt. General Tariq Khan (Retd)
Chairman

Trustee